



e n e r g y
DEVELOPMENT CORPORATION

ENERGY DEVELOPMENT CORPORATION

Rockwell Business Center Tower 3
Ortigas Avenue, Pasig City 1604, Philippines
Trunk line: +63 2 7-755 2332

FINAL OFFER SUPPLEMENT

Dated May 9, 2024

Offer of ₱6,000,000,000.00 Fixed Rate Bonds
With an Oversubscription Option of up to ₱4,000,000,000.00 Fixed Rate Bonds
under its ₱15,000,000,000.00 ASEAN Green Bond Program
consisting of

6.7478% p.a. Series C Bonds due 2027
6.8873% p.a. Series D Bonds due 2029
7.0626% p.a. Series E Bonds due 2031
at an Offer Price of 100.0% of Face Value

to be listed and traded through
the Philippine Dealing and Exchange Corp.

Joint Issue Managers for the Second Tranche Bonds



Joint Lead Underwriters and Joint Bookrunners



A REGISTRATION STATEMENT RELATING TO THE SHELF REGISTRATION OF FIXED RATE ASEAN GREEN BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF ₱15.0 BILLION WAS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ("SEC") AND WAS RENDERED EFFECTIVE ON JUNE 14, 2021. OF SUCH AMOUNT, ₱5.0 BILLION WAS ISSUED ON JUNE 25, 2021. THE REGISTRATION STATEMENT AND THE 2021 PROSPECTUS CAN BE ACCESSED THROUGH THE FOLLOWING LINK: <https://www.energy.com.ph/green-bond-issuances/>. UPDATES TO THE 2021 PROSPECTUS ARE COVERED BY THIS OFFER SUPPLEMENT (<https://www.energy.com.ph/wp-content/uploads/2024/05/EDC-Final-Offer-Supplement.pdf>). THE SEC HAS NOT APPROVED THESE SECURITIES NOR DETERMINED IF THIS OFFER SUPPLEMENT IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE SEC.

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Energy Development Corporation ("EDC" or the "Issuer" or the "Company") filed with the Securities and Exchange Commission ("SEC") a prospectus dated June 10, 2021 (the "Prospectus") relating to the shelf registration of fixed rate ASEAN green bonds in the aggregate principal amount of Fifteen Billion Pesos (₱15,000,000,000.00) (the "EDC ASEAN Green Bond Program").

The registration statement filed by the Company covering the EDC ASEAN Green Bond Program was rendered effective by the SEC under MSRD Order No. 28, Series of 2021, dated June 14, 2021. Pursuant to the SEC's rules on shelf registration of securities and the SEC Guidelines on the Issuance of Green Bonds under the ASEAN Green Bonds Standards in the Philippines ("SEC Guidelines on ASEAN Green Bonds"), the bonds to be issued under the EDC ASEAN Green Bond Program (the "Bonds") shall be issued and offered in one or more tranches within a period of three (3) years from the date of effectivity of the registration statement, or until June 14, 2024.

For the first tranche of the Bonds in the aggregate principal amount of Three Billion Pesos (₱3,000,000,000.00), with an oversubscription option of Two Billion Pesos (₱2,000,000,000.00), the SEC issued a Certificate of Permit to Offer Securities for Sale dated June 14, 2021. Hence, the first tranche of the Bonds had an aggregate principal amount of Five Billion Pesos (₱5,000,000,000.00) and were issued on June 25, 2021.

This Offer Supplement relates to the offer and sale (the "Offer") by EDC of the second tranche of the Bonds consisting of the three (3)-year bonds due in 2027 ("Series C Bonds"), five (5)-year bonds due in 2029 ("Series D Bonds"), and seven (7)-year bonds due in 2031 ("Series E Bonds") (the Series C Bonds, Series D Bonds, and Series E Bonds collectively, the "Second Tranche Bonds"), in the aggregate principal amount of Six Billion Pesos (₱6,000,000,000.00), with an oversubscription option of up to Four Billion Pesos (₱4,000,000,000.00) ("Oversubscription Option"), at an issue price of 100.0% of face value (the "Issue Price"). Assuming the Oversubscription Option is fully exercised, Ten Billion Pesos (₱10,000,000,000.00) of the Second Tranche Bonds will be issued by the Company.

The Second Tranche Bonds are expected to be issued on May 27, 2024, or such other date as may be agreed upon by the Issuer and the Joint Lead Underwriters and Joint Bookrunners with advice to the relevant entities. The Second Tranche Bonds will be issued in three (3) series, namely the: three (3)-year Series C Bonds due 2027, five (5)-year Series D Bonds due 2029, and seven (7)-year Series E Bonds due 2031. Upon issuance, the Second Tranche Bonds shall constitute the direct, unconditional, unsubordinated, and unsecured obligations of EDC and shall at all times rank *pari passu* and ratably without any preference or priority amongst themselves and at least *pari passu* with all other present and future unsubordinated and unsecured obligations of EDC, other than obligations preferred by law. The Second Tranche Bonds shall effectively be subordinated in right of payment to, among others, (i) all of EDC's secured debts (if any) to the extent of the value of the assets securing such debt; and (ii) all of its debt that is evidenced by a public instrument under Article 2244(14) of the Civil Code of the Philippines (see section on Ranking under "Description of the Second Tranche Bonds" on page 73).

The Second Tranche Bonds have been rated PRS Aaa, with a stable outlook, by the Philippine Rating Services Corporation ("PhilRatings") as of March 19, 2024. A rating of PRS Aaa is the highest credit rating on PhilRatings' long-term credit rating scale. Obligations rated PRS Aaa are of the highest quality with minimal credit risk. The obligor's capacity to meet its financial commitment on the obligation is extremely strong. The rating is not a recommendation to buy, sell, or hold securities, and is subject to an annual review, which may result in the revision, suspension, or withdrawal of the rating by PhilRatings.

The Second Tranche Bonds shall be offered to the public at face value through the Underwriters named herein. The Second Tranche Bonds shall be issued in scripless form, with the PDTC maintaining the Registry of Bondholders, as the Registrar of the Second Tranche Bonds. On Issue Date, the Second Tranche Bonds shall be listed on PDEX to facilitate secondary trading. The Second Tranche Bonds shall be issued in denominations of Fifty Thousand Pesos (₱50,000.00) each, as a minimum, and in multiples of Ten Thousand Pesos (₱10,000.00) thereafter, and traded in denominations of Ten Thousand Pesos (₱10,000.00) in the secondary market.

BDO Capital & Investment Corporation ("BDO Capital") and BPI Capital Corporation ("BPI Capital") have been appointed as the joint issue managers ("Joint Issue Managers"), and BDO Capital, BPI Capital, China Bank Capital Corporation ("Chinabank Capital"), and SB Capital Investment Corporation ("SB Capital") have been appointed as the joint lead underwriters and joint bookrunners (collectively, the "Joint Lead Underwriters and Joint Bookrunners" or the "Underwriters") for the Offer.

EDC expects to raise gross proceeds of Six Billion Pesos (₱6,000,000,000.00), and, assuming the full exercise of the Oversubscription Option, up to Ten Billion Pesos (₱10,000,000,000.00). The net proceeds of the Second Tranche Bonds are expected to be approximately ₱5,920,714,220.00 and, if the Oversubscription Option is fully exercised, ₱9,874,684,220.00. Proceeds of the Second Tranche Bonds will be used primarily by the Company to finance or refinance new and existing renewable energy projects that are considered Eligible Green Projects under the EDC Green Bond Framework. The net proceeds of the Second Tranche Bonds shall be used for the funding of the capital expenditure requirements of the Mahanagdong Geothermal Brine Optimization Plant ("Mahanagdong Binary Project"), Battery Energy Storage Systems ("BESS") projects, Bago Binary Geothermal Power Plant ("BBGPP") and other geothermal capital expenditures for natural catastrophe resiliency, powerplant equipment maintenance or upgrades, spare parts replacements, and other capital expenditures (see "Use of Proceeds" on page 59). The Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners shall receive a fee of up to 0.375% on the final aggregate nominal principal amount of the Second Tranche Bonds issued.

The Second Tranche Bonds will be offered exclusively in the Philippines and pursuant to the requirements under Philippine laws, rules and regulations, which may be different from those of other countries and jurisdictions. No action has been or will be taken by the Issuer or any person on behalf of the Issuer to permit an offering of the Second Tranche Bonds in any jurisdiction other than the Philippines, where action for that purpose is required. Accordingly, the Second Tranche Bonds may not be offered or sold, directly or indirectly, nor may any offering material relating to the Bonds be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable laws, rules and regulations of any such country or jurisdiction.

This Offer Supplement contains the final terms of the Second Tranche Bonds and must be read in conjunction with the Prospectus dated June 10, 2021 (the "Prospectus"). Unless defined in this Offer Supplement, terms used herein shall be deemed to be defined as set forth in the Prospectus. Full information on the Issuer and the Second Tranche Bonds is only available on the basis of the combination of the Offer Supplement and the Prospectus. All information contained in the Prospectus are deemed incorporated by reference in this Offer Supplement.

EDC confirms that this Offer Supplement contains material information relating to the Company, its Subsidiaries and affiliates, which is, in the context of the issue and offering of the Second Tranche Bonds, material (including all information required by applicable laws of the Republic of the Philippines), true, accurate, and correct in every respect. To the best of its knowledge and belief, there is no material misstatement or omission of fact, which would make any statement in this Offer Supplement misleading in any material respect. EDC confirms that it has made all reasonable inquiries in respect of the information, data and analysis provided to it by its advisors and consultants for inclusion into this Offer Supplement. EDC, however, has not independently verified any publicly available information, data, or analyses, including without limitation, information sourced from the DOE and ERC. Neither the delivery of this Offer Supplement nor any sale made pursuant to the Offer shall, under any circumstance, create any implication that the information contained or referred to in this Offer Supplement is accurate as of any time subsequent to the date hereof. Unless otherwise indicated, all information in this Offer Supplement is as of the date of this Offer Supplement.

No dealer, salesman or other person has been authorized by EDC and the Joint Lead Underwriters and Joint Bookrunners to give any information or to make any representation concerning the Second Tranche Bonds other than those contained herein, and, if given or made, any such other information or representation should not be relied upon as having been authorized by EDC or the Underwriters.

The price of securities can and does fluctuate, and any individual security may experience upward or downward movements, and may even become valueless. There is an inherent risk that losses may be incurred than profit made as a result of buying and selling securities. An investment in the Second Tranche Bonds, described in this Offer Supplement, involves a certain degree of risk. A prospective purchaser of the Second Tranche Bonds should carefully consider several risk factors (see "Risk Factors" on page 39 of this Offer Supplement), such as risks inherent to the Company, risks pertinent to the industry, risks pertinent to the Philippines, and risks inherent to the Second Tranche Bonds, in addition to the other information contained in this Offer Supplement, in deciding whether to invest in the Second Tranche Bonds.

In making an investment decision, investors must rely on their own examination of EDC and the terms of the Offer, including the material risks involved. The Offer is being made on the basis of this Offer Supplement, read in conjunction with the Prospectus.

The contents of this Offer Supplement are not to be considered legal, business, or tax advice. Each prospective purchaser of the Second Tranche Bonds receiving a copy of this Offer Supplement acknowledges that he has not relied on the Underwriters in his investigation on the accuracy of any information found in the Offer Supplement or in his investment decision. Prospective purchasers should consult their own counsel, accountants, or other advisors as to legal, tax, business, financial, and related aspects of the purchase of the Second Tranche Bonds, among others. It bears emphasis that investing in the Second Tranche Bonds involves certain risks (see discussion on factors to be considered in respect of an investment in the Second Tranche Bonds under "Risk Factors" on page 39 of this Offer Supplement).

EDC is organized under the laws of the Philippines. Its principal office is at Rockwell Business Center Tower 3, Ortigas Avenue, Pasig City 1604, Philippines, with telephone number +63 2 7755 2332.

**ALL REGISTRATION REQUIREMENTS HAVE BEEN MET AND ALL
INFORMATION CONTAINED ARE TRUE AND CURRENT.**

(Space below intentionally left blank. Signature page follows.)

ENERGY DEVELOPMENT CORPORATION

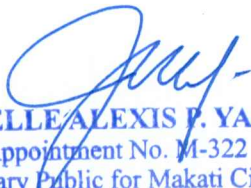
By:


JEROME H. CAINGLET
President and Chief Operating Officer

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

SUBSCRIBED AND SWORN to before me this _____ day of **MAY 09 2024** 2024, in Makati City, by affiant, exhibiting to me his Passport No. P6472193B issued on March 11, 2021 at DFA Antipolo as competent evidence of identity, that he is the same person who personally signed before me the foregoing document and acknowledged that he executed the same.

Doc. No. 336;
Page No. 69;
Book No. VII;
Series of 2024.


ISABELLE ALEXIS P. YASON
Appointment No. M-322
Notary Public for Makati City
Until December 31, 2024
Liberty Center-Picazo Law
104 H.V. Dela Costa Street, Makati City
Roll of Attorney's No. 83429
PTR No. 10081154/Makati City/01-09-2024
IBP No. 301890/PPLM/01-05-2024
Admitted to the bar in 2022

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Forward-Looking Statements

This Offer Supplement contains certain “forward-looking statements”. These forward-looking statements generally can be identified by the use of statements that include words or phrases such as “believes”, “expects”, “anticipates”, “intends”, “plans”, “foresees,” or other words or phrases of similar import. Similarly, statements that describe the Company’s objectives, plans, or goals are also forward-looking statements. All such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from the expectations of the Company include, among others:

- General economic and business conditions in the Philippines;
- Intensive capital requirements of Subsidiaries and affiliates of the Company in the course of business;
- Increasing competition in the industry in which the Company, its Subsidiaries and its affiliates operate;
- Industry and cybersecurity risks in the areas in which the Company, its Subsidiaries, and its affiliates operate;
- Changes in laws and regulations that apply to the segments or industry in which the Company, its Subsidiaries and its affiliates operate;
- Changes in political conditions in the Philippines;
- Changes in foreign exchange control regulations in the Philippines; and,
- Changes in the value of the Philippine Peso.

For further discussion of such risks, uncertainties, and assumptions, see section “Risk Factors” on page 39. Prospective purchasers of the Bonds are urged to consider these factors in evaluating forward-looking statements. The forward-looking statements included herein are made only as of the date of this Offer Supplement. The Company undertakes no obligation to update such forward-looking statements publicly to reflect subsequent events or circumstances.

The Underwriters do not take any responsibility for, or give any representation, warranty, or undertaking in relation to, any such forward-looking statement.

Definition of Terms

In this Offer Supplement, unless the context otherwise requires, the following terms shall have the meanings set forth below.

Applicable Law	With respect to any matter, all statutes, codes, ordinances, decrees, rules, regulations, municipal by-laws, or judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, orders, decisions, rulings or awards, promulgated, adopted, issued or rendered by any Governmental Authority, and applicable to the matter
Application to Purchase	The document to be executed by any Person qualified to become a Bondholder
ASPA	Ancillary Services Procurement Agreement
Bac-Man Geothermal Production Field	Bacon-Manito geothermal complex in Sorsogon and Albay in Luzon
BESS	Battery Energy Storage Systems
BGI	Bac-Man Geothermal Inc.
BBGPP	Bago Binary Geothermal Power Plant
BIR	Bureau of Internal Revenue
Board	The Board of Directors of the Company
Bond Agreements	This Offer Supplement, the Prospectus, the relevant Trust Indenture, the relevant Issue Management and Underwriting Agreement, the relevant Registrar and Paying Agency Agreement, the relevant Application to Purchase, and the relevant Bonds, each in relation to the tranche being issued
Bonded Indebtedness	Negotiable corporate bonds that are secured by mortgage on corporate property
Bondholder	A Person whose name appears, at any time, as a holder of the Bonds in the Registry of Bondholders
Bonds	The securities subject to the EDC ASEAN Green Bond Program
BOT	Build-Operate-Transfer
BOT Contract	Agreement between EDC and a third-party contractor for the latter to finance, build, operate, maintain and subsequently transfer to the Company the geothermal plants that convert steam to electricity
BSP	Bangko Sentral ng Pilipinas
Business Continuity Management or BCM	The holistic management process that identifies potential threats to the Company and the possible impacts of such threats to the Company's operations. BCM is intended to enable the Company to: (i) be resilient, (ii) be capable of effectively responding to threats that can significantly impact the health, safety, and security of its personnel and continuity of its operations, (iii) be capable of protecting its business interests, including its stakeholders, core activities, reputation, and the environment in its areas of operation.

BCM also sets out the procedures that will guide the Company in responding to, recovering from, resuming, and restoring its business operations prior to, during, or following a business disruption

Business Day	Any day other than Saturday, Sunday, and public holiday, on which the BSP's Philippine Payment and Settlement System (PhilPaSS) and the Philippine Clearing House Corporation (PCHC) (or, in the event of discontinuance of their respective functions, their respective replacements) are open and available for clearing and settlement, and commercial banks in Metro Manila are generally open for business transactions; provided, that all other days otherwise specified herein shall mean calendar days which shall be construed as successive periods of twenty-four (24) hours each
By-Laws	The Company's by-laws, as amended
CO₂	Carbon Dioxide
Common shares	The Company's shares of common stock, each with a par value of One Million Pesos (₱1,000,000.00) per share
Company or EDC or Issuer	Energy Development Corporation
Contestable Market	Per Section 4, Rule 12 (Specification of the Contestable Market for Open Access) of the EPIRA IRR, this refers to electricity end-users with monthly average peak demand of at least 1 MW for the preceding twelve (12) months from the initial implementation of Open Access, which had been reduced to 500 KW effective February 26, 2021
Control	The possession, directly or indirectly, by a Person of power to direct or cause the direction of management and policies of another Person, whether through ownership of voting securities or otherwise; provided, that the Person's direct ownership of voting securities of over fifty percent (50.0%) of the voting capital stock, registered capital, or other equity interest is deemed to constitute control of that Person, and "Controlling" and "Controlled" have corresponding meanings
Corporation Code	Republic Act No. 11232, otherwise known as "The Revised Corporation Code of the Philippines"
Currency Equivalent	With respect to: (i) any amount denominated in Peso, the equivalent of such amount in US Dollars based on the closing rate published at the Bankers Association of the Philippines website – https://bap.org.ph/ for the conversion of US dollars into Peso as of the relevant Business Day, or if such rate is not available, the prevailing official reference exchange rate recognized by the BSP for the conversion of US Dollars into Peso as of that Business Day or (ii) any amount denominated in a currency other than US dollars or Peso, the equivalent of such amount in US Dollars based on the prevailing official reference exchange rate recognized by the BSP for the conversion of that currency into US dollars as of the relevant Business Day, which as of the date hereof, is posted in https://www.bsp.gov.ph/SitePages/Statistics/ExchangeRate.aspx
Debt	With respect to any Person, without duplication, any indebtedness for or in respect of: (a) Financial Indebtedness; (b) receivables sold or discounted (other than any receivables to the extent that they are sold on a non-recourse basis); (c) any amount raised under any sale and lease-back transaction (howsoever described) having the commercial effect of borrowing or otherwise classified as borrowings under PAS or PFRS;

- (d) any amount raised under any other transaction (including forward sale or purchase agreement) having the commercial effect of a borrowing;
- (e) the amount of any liability in respect of any lease or hire-purchase contract which would, in accordance with PAS or PFRS, be treated as a finance lease or capital lease; or
- (f) any Guarantee (whether corporate or otherwise), indemnity or similar assurance against financial loss of any Person in respect of any item referred to in the above paragraphs but solely to the extent of the amount of indebtedness that is guaranteed, indemnified or to which an assurance has been provided (as applicable),

but excluding,

- (i) to the extent that it would otherwise be included as Debt, the aggregate of the Capitalized Lease Obligations payable to PSALM under the Independent Power Producer Administration ("IPPA") Agreements and under the take-or-pay Contracts; and
- (ii) any perpetual security, documented by bonds, notes, debentures or otherwise, that:
 - (A) (1) has no fixed redemption date or stated maturity date or has a maturity of at least fifty (50) years, or (2) may be settled by the delivery of EDC's own equity instruments; and
 - (B) is not classified as indebtedness under PAS or PFRS

Distribution Wheeling Charges	The cost or charge for use of a distribution system and/or the avilment of related services
DOE	Department of Energy
DOF	Department of Finance
Downward Affiliate	Any entity (other than a Subsidiary) of which the Issuer owns, whether directly or indirectly, any voting capital or similar right of ownership
DU or Distribution Utility	Any electric cooperative, private corporation, government-owned utility or existing local government unit that has an exclusive franchise to operate a distribution system
EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortization
EBWPC	EDC Burgos Wind Power Corporation, a wholly-owned subsidiary of the Company
EDC ASEAN Green Bond Program	The ASEAN Green Bond Program of EDC comprised of fixed rate ASEAN green bonds in the aggregate principal amount of Fifteen Billion Pesos (₱15,000,000,000.00) to be issued in tranches
EDC Green Bond Framework	EDC's framework for the use and management of proceeds, its process for project evaluation and process, selection, as well as reporting requirements, externally reviewed as of February 15, 2021 by Sustainalytics, a leading environmental, social and governance research, ratings, and data firm, which provided a second party opinion that the same is aligned with the ASEAN Capital Markets Forum's ASEAN Green Bond Standards and the International Capital Market Association's ("ICMA") Green Bond Principles

EDC Group or Group	EDC and each of its Subsidiaries for the time being (and, for the avoidance of doubt, as at the date of this Offer Supplement, the term EDC Group includes Bac-Man Energy Development Corporation, Bac-Man Geothermal Inc., EDC Siklab Power Corporation, EDC Bayog Burgos Wind Power Corporation, EDC Sinag Power Corporation, EDC Burgos Wind Power Corporation, EDC Geothermal Corp., EDC Pagali Burgos Wind Power Corporation, EDC Pagudpud Wind Power Corporation, Iloilo 1 Renewable Energy Corporation, EDC Wind Energy Holdings, Inc., EDC Wind Energy Holdings 2, Inc., First Gen Hydro Power Corporation, Green Core Geothermal Inc., Unified Leyte Geothermal Energy Inc., EDC Bright Solar Energy Holdings, Inc., EDC Energia Geotermica S.A.C., EDC Energia Azul S.A.C., EDC Energia Peru S.A.C, EDC Energia Renovable Peru S.A.C., EDC Geotermica Del Sur S.A.C., Geotermica Andina S.A.C, Geotermica Chocopata Peru S.A.C., Geotermica Pinchollo Libre Peru S.A.C., EDC Energia Verde Peru S.A.C, EDC Geotermica S.A.C (Peru), EDC Peru Holdings S.A.C., EDC Progreso Geotermico Peru S.A.C., Energy Development Corporation Peru S.A.C., Geotermica Crucero Peru S.A.C., Geotermica Loriscota Peru S.A.C, Geotermica Tutupaca Norte Peru S.A.C, EDC Chile Holdings SPA, EDC Geotermica Chile SPA (Chile), Energy Development (EDC) Corporation Chile Limitada, Compañía de Energía Limitada, EDC Holdings International Limited, EDC Desarrollo Sostenible Limited, EDC Soluciones Sostenibles Ltd., Energy Development Corporation Hong Kong Limited, Energy Development Corporation Hong Kong International Investments Limited, PT. EDC Panas Bumi Indonesia and PT. EDC Indonesia)
EGC	EDC Geothermal Corporation, a wholly-owned subsidiary of the Company
EDC Siklab or ESPC	EDC Siklab Power Corporation, a subsidiary of the Company
EPIRA	Republic Act No. 9136, also known as the “Electric Power Industry Reform Act of 2001”, as amended from time to time, and including the rules and regulations issued thereunder
EPWPC	EDC Pagudpud Wind Power Corporation, a wholly-owned subsidiary of the Company
ERB	Energy Regulatory Board, the predecessor of ERC
ERC	Energy Regulatory Commission, an independent, quasi-judicial regulatory body created under the EPIRA and responsible for promoting competition, encouraging market development, ensuring customer choice, and penalizing abuse of market power in the restructured electricity industry
Events of Default	Those events defined as such under the relevant Trust Indenture for each tranche of the Bonds
FCRS	Fluid Collection and Reinjection System
FG Hydro	First Gen Hydro Power Corporation
First Gen	First Gen Corporation
Financial Indebtedness	Any debt or monetary liability or indebtedness for or in respect of: (a) Borrowed money, except for Non-Trade Shareholder Advances; (b) Any debenture, bond, note or any similar instrument; and/or (c) Any amount due for the redemption of redeemable preferred shares while the Bonds remain outstanding, except preferred shares redeemable at the sole option of the Company
FPH	First Philippine Holdings Corporation
GOCC	Government-owned and/or -controlled corporation, where the Government’s ownership thereof is, directly or indirectly, at least a majority of the outstanding capital stock

Government	The Government of the Republic of the Philippines or any of its political subdivisions, or any branch, department, agency or office thereof, or any Person exercising or entitled to exercise executive, legislative, judicial, regulatory or administrative functions thereof
Governmental Authority	The authority exercised by the Government
Green Core or GCGI	Green Core Geothermal Inc.
Grid	The Philippines' high voltage backbone system of interconnected transmission lines, substations and related facilities
Grid Code	The Philippine Grid Code that was promulgated pursuant to the EPIRA, which sets out the rules and regulations governing the safe and reliable operation, maintenance and development of the Grid
GRES	Geothermal Renewable Energy Service Contract between EDC and the Government, represented by the DOE
GRSC	Geothermal Resources Sales Contract between EDC and Green Core
GRT	Gross Receipts Tax
GSC	Geothermal Service Contract between EDC and the Government, represented by the DOE
Guarantee	Any obligation, contingent or otherwise, of a Person directly or indirectly guaranteeing any Debt or other obligation of any other Person, and without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person: (a) To purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation (whether arising by virtue of partnership arrangements, by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise); or (b) Entered into for the purpose of assuring in any other manner the creditor of such Debt or other obligation of the payment thereof or to protect such creditor against loss in respect thereof (in whole or in part), provided, that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning
GW	Gigawatt, or one billion watts, or one million kilowatts, or one thousand megawatts
GWh	Gigawatt-hour, or one million kilowatt-hours, or one thousand megawatt-hours. GWh is typically used as a measure for the annual energy production of large power plants
IEMOP	Independent Electricity Market Operator of the Philippines, the IMO
IMO	Independent Market Operator of the WESM
Interest Payment Date	The Interest Payment Date of each tranche of the Bonds, as stated in the relevant Offer Supplement, and for the Second Tranche Bonds, as stated in the Summary of the Offer in this Offer Supplement
IPP	Independent power producer

IPP Administrator	As defined in the EPIRA, qualified independent entities appointed by PSALM who shall administer, conserve and manage the contracted energy output of NPC IPP contracts
Issue Date	May 27, 2024, or the subsequent Business Day if such Issue Date is not a Business Day, or such other Business Day as may be mutually agreed between the Issuer and the Joint Lead Underwriters and Joint Bookrunners with advice to the SEC, PDTC, and PDEX
Issue Management and Underwriting Agreement	The Issue Management and Underwriting Agreement entered into between the Company and the Underwriters dated May 9, 2024
Joint Lead Underwriters and Joint Bookrunners	The joint lead underwriters and joint bookrunners to be appointed for each tranche, as indicated in the relevant Offer Supplement and for the Second Tranche Bonds, as stated in the Summary of the Offer in this Offer Supplement
KW	Kilowatt, or one thousand watts, or 0.001 megawatts, or 0.000001 gigawatts
kWh	Kilowatt-hour, the standard unit of energy used in the electric power industry. One kilowatt-hour is the amount of energy that would be produced by a generator producing one thousand watts for one hour. One kilowatt-hour is 0.001 megawatt-hours, or 0.000001 gigawatt-hours
Leyte Geothermal Production Field	EDC-operated geothermal complex in Leyte
Lien	With respect to any property or asset, any mortgage, lien, pledge, charge, security interest, encumbrance or other preferential contractual arrangement of any kind having the effect under Applicable Law of creating a security over such property or asset, and the right of a vendor, lessor or similar party under any conditional sales agreement, capital lease or other title retention agreement relating to such property or asset, and any other contractual arrangement with any creditor to have its claims satisfied out of any assets, or the proceeds therefrom, prior to any general creditor of the owner thereof
Limited Recourse Project Financing	Any Financial Indebtedness of a Subsidiary or Downward Affiliate of the Issuer whereby the recourse of the creditors in relation to such Financial Indebtedness is limited only to: (a) a particular asset or assets of such Subsidiary or Downward Affiliate; (b) the claims associated with or the revenues arising from such asset or assets of such Subsidiary or Downward Affiliate; (c) the shares or other equity interests in such Subsidiary or Downward Affiliate or the direct and/or indirect shareholders thereof other than, in any case, such shares or equity interests held by the Issuer in any Subsidiary or Downward Affiliate; (d) in respect of the construction, expansion and/or rehabilitation phase of an asset or assets, the equity contribution commitments of the direct and/or indirect shareholders of such Subsidiary or Downward Affiliate (other than any direct or indirect contribution of equity commitment by EDC unless such commitment has expired, been terminated or is otherwise no longer binding on EDC); and/or (e) a standby or documentary letter of credit issued by a bank or other financial institution where there is no recourse (whether direct or indirect) to EDC in respect of any amount paid out (at any time) by such bank or financial institution pursuant to such standby or documentary letter of credit, and provided that the above will not include any scenario where for or in respect of and/or in relation to such Financial Indebtedness there is:

	(i) any existing and/or potential for a direct or indirect claim on any asset or assets of EDC (including, without limitation, on any cash of EDC collateralizing any standby or documentary letter of credit); or (ii) any existing and/or potential for an obligation and/or liability of any description (whether contingent or otherwise and whether pursuant to an indemnity obligation, guarantee or otherwise) on EDC to such Subsidiary of Downward Affiliate, any other member of the EDC Group, any other entity in which it holds an equity shareholding or any other person (including, without limitation, any bank or financial institution)
Lopez Group	Companies in which Lopez, Inc. has a beneficial interest and in which any member of the Lopez family holds an equity interest, directly or indirectly, and exercises management control
Mahanagdong Binary Project	Mahanagdong Geothermal Brine Optimization Plant
Majority Bondholders	The holder or holders of more than fifty percent (50.0%) of the principal amount of the Second Tranche Bonds outstanding at the relevant time. For matters with respect to Series C Bonds, the holder or holders of more than fifty percent (50.0%) of the principal amount of the Series C Bonds outstanding at the relevant time, with respect to Series D Bonds, the holder or holders of more than fifty percent (50.0%) of the principal amount of the Series D Bonds outstanding at the relevant time, and with respect to Series E Bonds, the holder or holders of more than fifty percent (50.0%) of the principal amount of the Series E Bonds outstanding at the relevant time
Material Adverse Effect	A material and adverse effect on the business or financial condition of the Company taken as a whole, and on the Company's ability to perform or comply with its obligations under the Trust Indenture, the Bonds, the Terms and Conditions and other related documents
Maturity Date	May 27, 2027 for the Series C Bonds, May 27, 2029 for the Series D Bonds, and May 27, 2031 for the Series E Bonds. The Maturity Date of the Second Tranche Bonds, for purposes of EDC effecting repayment of the principal amount thereof, shall be in accordance with Business Day convention. Thus, if a Maturity Date is not a Business Day, the principal repayment, without adjustment as to the amount of interest to be paid, shall be made by EDC on the succeeding Business Day
MCM	Million cubic meters
Measurement Period	Twelve (12)-month period ending on June 30 or December 31 of each year, whichever is applicable, which is the subject of the relevant financial statements
MW	Megawatt, or one million watts, or one thousand kilowatts, or 0.001 gigawatts. The installed capacity of power plants is generally expressed in terms of MW
MWe	Megawatts of electrical output
MWh	Megawatt-hour, or one thousand kilowatt-hours, or 0.001 gigawatt-hours
NEA	National Electrification Administration
NEDA	National Economic Development Authority
NGCP	National Grid Corporation of the Philippines
NGO	Non-Governmental Organization

NIA	National Irrigation Administration
NNGP	Northern Negros Geothermal Project
Non-Trade Shareholder Advance	Advances from First Gen or other shareholders other than Trade Advances, which form part of the account "Due to Related Parties" (or any like caption) appearing in the Issuer's Balance Sheet
Northern Terracotta	Northern Terracotta Power Corporation, a wholly-owned subsidiary of First Gen
NPC or NAPOCOR	National Power Corporation
Offer	The offer and issuance of the Second Tranche Bonds by the Company pursuant to the Trust Indenture, Underwriting and Issue Management Agreement, Application to Purchase, and the Registry and Paying Agency Agreement, which are summarized in the section "Description of the Second Tranche Bonds" on page 73 of this Offer Supplement
O&M	Operation and Maintenance
Open Access	As defined in the implementing rules of the EPIRA, the system of allowing any qualified Person the use of electric power transmission, and/or distribution systems, and associated facilities subject to the payment of transmission and/or distribution retail wheeling rates duly approved by the ERC
Palayan Binary	Palayan Binary Power Project
PAS or PFRS	Philippine Accounting Standards, and Philippine Financial Reporting Standards, respectively, and refers to the set of generally accepted accounting principles adopted at the relevant time, and issued by the Philippine Financial Reporting Standards Council ("FRSC"). PFRS includes statements named (i) Philippine Financial Reporting Standards, (ii) Philippine Accounting Standards, and (iii) Philippine Interpretations of International Financial Reporting Interpretations Committee issued by FRSC
Paying Agent	Philippine Depository & Trust Corp., as appointed by the Issuer under the Registry and Paying Agency Agreement for the Second Tranche Bonds
Payment Date	The relevant Interest Payment Date and/or the relevant Maturity Date and/or the date of early redemption when interest on and/or the redemption amount of the Bonds is due and payable to the relevant Bondholders
PDEX	Philippine Dealing & Exchange Corp.
PDTC	Philippine Depository & Trust Corp.
PEMC	Philippine Electricity Market Corporation, the former market operator that governed the WESM until September 26, 2018
Permitted Investments	(a) Securities issued, directly or indirectly, or guaranteed by the government of the Republic of the Philippines or any agency or instrumentality thereof; (b) Securities issued, directly or indirectly, or guaranteed by the government of the United States of America and any other country with rating by Fitch Ratings ("Fitch"), Moody's Investors Service ("Moody's"), or Standard & Poor's Ratings Services ("S & P") similar to or higher than that of the United States of America, or any agency or instrumentality thereof, having maturities of not more than one (1) year from the date of acquisition;

	(c) Certificates of deposit and money market placements issued by any of the top twenty (20) banks in terms of asset size in the Republic of the Philippines, international banks rated by Moody's or S & P or Fitch as investment grade or prime local and international financial institutions; (d) Securities rated with an investment grade rating by Fitch, Moody's, or S & P; (e) Securities that may be classified as Fair Value through Profit & Loss ("FVPL") and Fair Value through Other Comprehensive Income ("FVOCI") in accordance with PFRS 9; or (f) Any other investments acceptable to the Majority Bondholders
Person	Individuals; juridical persons such as corporation, partnership, joint venture unincorporated association, trust or other juridical entities; or any Governmental Authority
Pesos or ₱ or PHP	The lawful and official currency of the Republic of the Philippines
Philippine Constitution	The 1987 Constitution of the Republic of the Philippines
Plant Capacity Factor	The ratio of the gross kilowatt-hours generated by the plant in a given period to the rated capacity times the number of hours in the period
PNOC	Philippine National Oil Company, a GOCC created under Presidential Decree No. 334
PNOC EDC	PNOC Energy Development Corporation, the former corporate name of EDC
PPA	Power Purchase Agreement between EDC and the relevant purchaser
Prime Terracota	Prime Terracota Holdings Corporation
PSALM	Power Sector Assets and Liabilities Management Corporation
PSA	Power Supply Agreement
PSE	The Philippine Stock Exchange, Inc.
RA	Republic Act
RCOA	Retail Competition and Open Access
RE or Renewable Energy	Renewable energy, referring to energy generated from energy resources that do not have an upper limit on the total quantity to be used, which include, among others, biomass, solar, wind, geothermal, ocean energy, and hydropower conforming with internationally accepted norms and standards on dams, and other emerging renewable energy technologies
RE Law	Republic Act No. 9513, also known as the Renewable Energy Act of 2008
REPA	Renewable Energy Payment Agreement
RE Service Contract	The service agreement between the Government and the RE developer, covering a period during which the RE developer shall have the exclusive right to explore, develop and utilize geothermal, hydropower, wind, ocean and other RE resources within a particular service contract area

Record Date	Two (2) Business Days prior to the relevant Payment Date, which shall be the reckoning day in determining the Bondholders entitled to receive interest, principal, or any other amount due on the Bonds
Red Vulcan	Red Vulcan Holdings Corporation, a wholly-owned subsidiary of Prime Terracota
Refinancing Indebtedness	Any Financial Indebtedness that is incurred solely for the purpose of repaying or prepaying (as the case may be) any existing Financial Indebtedness on or before its due date
Registrar	Philippine Depository & Trust Corp., as appointed by the Issuer under the Registry and Paying Agency Agreement for the Second Tranche Bonds
Registry and Paying Agency Agreement	The Registry and Paying Agency Agreement executed between the Company and the Registrar and Paying Agent dated May 9, 2024
Registry of Bondholders	Electronic record of the issuances, sales and transfers of the Bonds to be maintained by the Registrar, pursuant to and under the terms of the relevant Registry and Paying Agency Agreement
Reliability	A measure of the ability of the electric system to supply the aggregate electrical demand and energy requirements of the customers at all times, taking into account scheduled and unscheduled outages of system facilities
Retail Competition	As defined in the implementing rules of the EPIRA, the provision of electricity to a Contestable Market by persons authorized by the ERC to engage in the business of supply to electricity end-users through Open Access
RSC	Retail Supply Contract
SEC	Securities and Exchange Commission
Second Tranche Bondholders	A Person whose name appears, at any time, as a holder of the Second Tranche Bonds in the Registry of Bondholders
Second Tranche Bonds	The second tranche of the Bonds consisting collectively of the three (3)-year Series C Bonds due in 2027, five (5)-year Series D Bonds due in 2029, and seven (7)-year Series E Bonds due in 2031
Selling Agent	RCBC Capital Corporation
SNGP	Southern Negros Geothermal Project
SRC	Republic Act No. 8799, otherwise known as "The Securities Regulation Code of the Philippines", including its Implementing Rules and Regulations as promulgated and amended or supplemented by the SEC from time to time
SSA	Steam Sales Agreement between EDC and BGI
Subsidiary	With respect to any Person, any entity of which fifty percent (50.0%) or more of whose securities, or other ownership interest having voting power to elect the board of directors or other person or body performing similar functions, are directly or indirectly owned by such Person
Tangible Net Worth	with respect to EDC and on the basis of its unconsolidated financial statements, the aggregate of: (i) (A) The amount paid up or credited as paid up on the share capital of EDC; and

- (B) The amount standing to the credit of the reserves of EDC (excluding asset revaluation reserves and including, without limitation, any share premium account, capital redemption reserve funds and any credit balance on the accumulated profit and loss account);

after deducting, without double counting, from the amounts in (A) and (B):

(ii) any debit balance on the profit and loss account or impairment of the issued share capital of EDC (except to the extent that deduction with respect to that debit balance or impairment has already been made); (a) amounts set aside for dividends to the extent not already deducted from equity; (b) amounts of deferred tax assets net of deferred tax liabilities (provided that any such deferred tax liabilities to be deducted from deferred tax assets must originate from the same Governmental Authority as the deferred tax assets); and (c) amounts attributable to capitalized items such as goodwill, trademarks, deferred charges, licenses, patents and other intangible assets; and

(iii) if applicable, that part of the net results of operations and the net assets of any Subsidiary of EDC attributable to interests that are not owned, directly or indirectly, by EDC

Terms and Conditions	The terms and conditions of the issuance of the Bonds as set forth in Annex "A" of the relevant Trust Indenture
Total Equity	In respect of any Measurement Period, the sum of: (a) all amounts which would be included under the caption "Total Equity" (or any like caption) in the unconsolidated balance sheet of EDC; and (b) the aggregate principal amount of Non-Trade Shareholder Advances then outstanding
TransCo	National Transmission Corporation
Trade Advances	Advances representing the Issuer's share in the services and expenses charged by First Gen to all of its Subsidiaries, office rental, inventory issuances, broker's fee and management fee, and which advances form part of the account "Due to Related Parties" classified under "Trade and Other Payables" (or any like caption) appearing in the balance sheet of the Issuer
Trust Indenture	The Trust Indenture Agreement to be entered into between the Company and the Trustee dated May 9, 2024
Trustee	RCBC Trust Corporation, as appointed by the Issuer under the Trust Indenture for the Second Tranche Bonds
USD or US\$	United States dollar or U.S. dollar
Underwriters	The Joint Lead Underwriters and Joint Bookrunners, and the underwriters that may be engaged by the Issuer for the Second Tranche Bonds, as stated in the Summary of the Offer in this Offer Supplement
VAT	Value-Added Tax
WESC	Wind Energy Service Contract between the Government, represented by the DOE, and EDC or EBWPC
WESM	Wholesale Electricity Spot Market

WESM Rules

The rules promulgated pursuant to the EPIRA that govern the administration and operation of the WESM

Executive Summary

The following summary is qualified in its entirety, and should be read in conjunction with the more detailed information, including the Company's audited consolidated financial statements and the notes relating thereto, appearing elsewhere in this Offer Supplement. Because it is a summary, it does not contain all the information that a prospective purchaser should consider before investing. Prospective investors must read the entire Prospectus and Offer Supplement fully and carefully, including the section on "Risk Factors", and the financial statements and the related notes to those statements annexed to this Offer Supplement. In case of any inconsistency between this summary and the more detailed information in this Offer Supplement, then the more detailed portions, as the case may be, shall at all times prevail. Capitalized terms not defined in this summary are defined in the section "Definition of Terms".

The Company

EDC, by itself and through its Subsidiaries (EDC and its Subsidiaries are collectively referred to as the "Group") is the Philippines' leading 100.0% renewable energy producer, possessing interests in geothermal energy, hydro power, wind power and solar power.

As of March 31, 2024, the Group has total installed capacity of 1,463 MW composed of (i) 1,169 MW in geothermal, (ii) 150 MW in wind, (iii) 132 MW in hydro, and (iv) 12 MW in solar.

The Company is the largest vertically integrated geothermal company globally. It is also the largest producer of geothermal energy in the Philippines¹. The Philippines, with a total installed geothermal capacity of 1,952 MW is the third largest geothermal energy producer in the world. The United States, the world's largest geothermal energy producer, has an installed geothermal capacity of 3,900 MW and Indonesia, the second largest geothermal energy producer, has an installed geothermal capacity of 2,418 MW².

The Group's geothermal power projects are composed of two (2) principal activities: (i) the production of geothermal steam for use at the Company's and its Subsidiaries' geothermal power plants, and (ii) the generation and sale of electricity through those geothermal power plants pursuant to take-or-pay and take-and-pay offtake arrangements. EDC's steam and electricity sales are supported by medium-term to long-term offtake agreements in various forms. EDC's steam sales are backed by offtake agreements with its wholly-owned subsidiaries: (i) Geothermal Resource Sales Contracts ("GRSCs") with Green Core Geothermal Inc. ("GCGI"); and (ii) Steam Sales Agreement ("SSA") with Bac-Man Geothermal Inc. ("BGI").

The Company and its subsidiaries, namely GCGI, BGI, and First Gen Hydro Power Corporation ("FG Hydro") hold offtake agreements in the form of Power Supply Agreements ("PSAs") with various customers, particularly electric cooperatives, and retail electricity suppliers. Generated electricity in excess of contracted levels is sold to the Wholesale Electricity Spot Market ("WESM").

Each of GCGI and BGI has a Retail Electricity Supplier ("RES") license which authorizes said companies to engage in the supply of electricity to end-users in the contestable market through retail supply contracts ("RSC"). Each RES license is for a period of five (5) years.

In May 2021 and October 2020, the Department of Energy ("DOE") approved the application for an operating permit as Renewable Energy ("RE") Supplier of GCGI and BGI, respectively, under the Green Energy Option Program ("GEOP") valid for a period of five (5) years from the date of issuance.

The Company holds service contracts with the DOE corresponding to ten (10) geothermal contract areas, each granting the Company exclusive rights to explore, develop, and utilize the corresponding resources in the relevant contract area. The Company conducts commercial operations in four (4) of its ten (10) geothermal contract areas. Within these contract areas, the Company operates four (4) geothermal steamfield projects that supply steam to Company-owned and Subsidiary-owned geothermal power plants with an aggregate installed capacity of 1,169 MW as of March 31, 2024. The Company has long-standing relationships and/or expertise spanning the entire geothermal energy value chain, including geothermal energy exploration and development, reservoir engineering and management, engineering design and construction, environmental management and energy research and development.

¹ ERC Resolution No. 03, Series of 2023.

² ThinkGeoEnergy. (2024 January 8). ThinkGeoEnergy's Top 10 Geothermal Countries 2023 – Power Generation Capacity. <https://www.thinkgeoenergy.com/thinkgeoenergys-top-10-geothermal-countries-2023-power-generation>.

The Group is also into hydro, wind, and solar power and has been pursuing growth opportunities within and outside the Philippines.

The Company owns a 60.0% equity interest in FG Hydro. FG Hydro owns and operates the 120 MW Pantabangan and the 12 MW Masiway Hydroelectric power plants located in Pantabangan, Nueva Ecija. Pantabangan commenced operations in 1977 and initially consisted of two (2) 50 MW generating units, while Masiway commenced operations in 1981 and consists of one (1) 12 MW generating unit. The rehabilitation of Pantabangan was completed in 2010, which increased the total capacity of Pantabangan-Masiway to 132 MW. FG Hydro sells electricity through ancillary service to the National Grid Corporation of the Philippines ("NGCP") under Ancillary Services Procurement Agreements ("ASPA"), which are set to expire on September 20, 2028, and through various Power Supply Contracts ("PSCs").

The Group holds fifteen (15) WESCs to develop wind projects in Ilocos Norte and in the Visayas area. One of these WESCs covers the 150 MW wind farm in Burgos, Ilocos Norte operated by the Company's subsidiary, EBWPC, which commenced full commercial operation in November 2014.

The Group also holds two (2) Solar Energy Service Contracts ("SESCs") located in various areas in Ilocos Norte and Iloilo. One of these SESC of the Company is for the operation of the 6.82 MW solar project (consisting of Phases 1 and 2) located in Burgos, Ilocos Norte, which started its commercial operation in March 2015 for Phase 1 and March 2016 for Phase 2.

The 150 MW wind and 6.82 MW solar projects of EBWPC and EDC were granted a Feed-In-Tariff ("FIT") Certificate of Compliance ("COC") by the ERC that entitles them to the applicable FIT rates, subject to adjustments as may be approved by the ERC, for the entire duration of their FIT eligibility periods.

EDC Siklab, a subsidiary of EDC, operates solar rooftop systems in various Gaisano Capital's malls located in the provinces of Iloilo, Aklan, Leyte, Southern Leyte and Sorsogon.

From 2016 to 2018, EDC Siklab entered into one (1) PPA and eight (8) Solar Rooftop Lease Agreements ("SRLAs") with HEVA Management Development Corporation ("HEVA"). These SRLAs provide, among others, that EDC Siklab will construct, install, test, commission, operate and maintain solar power facilities in Gaisano Capital's mall in Passi, Ormoc, Sogod, Sorsogon, Tacloban, Kalibo, Oton, and Balasan, and HEVA will lease these facilities for a period of twenty-five (25) years. In 2018, EDC Siklab's solar rooftop systems in Gaisano Capital's malls in Passi, Kalibo, Oton and Balasan started commercial operation, while the Gaisano Tacloban Solar Rooftop Project was terminated. To date, all seven (7) sites with SRLAs are in commercial operation.

Beyond the domestic market, the Company is exploring growth opportunities outside the Philippines. The Company has opened offices in Jakarta in Indonesia, and Santiago in Chile to facilitate the identification and exploration of new geothermal projects. The Company also used to have an office in Lima, Peru but has since refocused its resources given challenging market conditions. The Company has and continues to send experts overseas to evaluate its international business prospects. In Latin America, the Company has three (3) existing concessions with other geothermal industry players to explore and conduct due diligence in geothermal contract areas. In Indonesia, the Company has already acquired a Preliminary Survey and exploration permit. The Company is also in touch with various government agencies and advisors overseas for various early stage works such as permitting, regulatory consultations, engineering design, environmental studies, and technical evaluation studies, among others.

As of December 31, 2023, the Group had consolidated assets of ₱166.3 Billion and consolidated equity of ₱83.4 Billion. For the year ended December 31, 2023, the Group had consolidated revenues of ₱47.2 Billion and a consolidated net income of ₱14.4 Billion.

EDC was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission ("SEC") on March 5, 1976.

Red Vulcan Holdings Corporation ("Red Vulcan") is the parent company of EDC, while Lopez, Inc. is the ultimate parent company. Red Vulcan and Lopez, Inc. are both incorporated in the Philippines.

As of March 31, 2024, Red Vulcan holds the controlling voting interest with 63.9% ownership of EDC's outstanding voting shares while Philippines Renewable Energy Holdings Corp. ("PREHC") owns 34.9%.

EDC has been in business for more than forty (40) years and its net worth exceeds ₱25 Million.

Business Prospects

The Company plans to capitalize on the favorable industry dynamics in the Philippines. The country's electricity consumption per capita has sustained a 2.39% Annual Average Growth Rate increase since 1982³. Demand is expected to grow in 2024 as experts forecast GDP growth to be around 7.0% or more. Aggregate demand is expected to reach up to 14,501 MW in Luzon, 3,427 MW in Visayas, and 3,456 MW in Mindanao by 2025⁴. As of April 2023, the Company's generation assets represent 2.40% (427 MW) of the installed capacity in Luzon, 24.66% (854 MW) in Visayas, and 2.46% (104 MW) in Mindanao⁵.

This, and a strong government policy supporting the development of geothermal energy, such as the issuance by the DOE of Department Circular No. DC2022-10-0031, which grants preferential dispatch status to all RE resources such as geothermal in the WESM, should help support dispatch and further growth of electricity supply from geothermal power in the coming years.

In addition, there is a growing emphasis on the importance of Environmental, Social and Governance practices, an area where EDC, as a pure renewable energy company, can capitalize on. EDC is well-positioned to take advantage of this growing trend in sustainable and green investing.

Competitive Strengths

The Company believes that its success and future prospects are bolstered by a combination of its strengths, including the following:

- The Company is the leading geothermal energy company in the Philippines, with significant reserves and long-standing relationships and/or expertise spanning the entire geothermal value chain;
- The Company possesses relatively stable contracted cash flows;
- The Company has a strong track record, proven technical expertise, and well-equipped facilities;
- The Company is a low marginal-cost producer of clean, renewable and competitively-priced energy;
- The Company has a diversified portfolio of renewable generating assets; and,
- The Company has experienced management and technical teams.

A more detailed discussion of the Company's "Competitive Strengths" may be found on page 124.

Business Strategies

The Company plans to enhance its leading market position in the Philippine geothermal energy business by leveraging on its strong technical expertise in geothermal energy exploration, development, and production and by pursuing growth opportunities both locally and internationally. The Company's vision is to be the leading global geothermal energy company and key provider of 24/7 clean and renewable energy, guided by its mission to forge collaborative pathways for a decarbonized and regenerative future. It plans to realize its vision by implementing the following strategies:

- Increasing production and sale of power from renewable energy sources, both locally and internationally, and expanding its drilling program across the Philippines;
- Leveraging on its strong technical expertise in geothermal to explore emerging adjacent renewable technologies;
- Maintaining a competitive cost structure;
- Developing customer-centric energy solutions;
- Embarking on an innovative approach to improving the business model and delivering value through an Agile-enabled organization;

3 The World Bank. *Philippines / Data*. <https://data.worldbank.org/country/PH>.

4 Department of Energy. *Power Development Plan 2020-2040*. <https://www.doe.gov.ph/electric-power/power-development-plan-2020-2040>.

5 ERC Resolution 3 Series of 2023: Market Share Limitations as of April 2023.

- Continuing to build strong relationships with its stakeholders while pursuing regenerative growth for both the Company, and the community; and,
- Sustaining a values-, purpose-, and behavior-based high-performing culture with highly capable and engaged employees who are equipped to support the Company's growing portfolio.

Risks of Investing

There are a number of risks and uncertainties that could affect the Company's business and results of operations. These include, but may not be limited to:

Risks Relating to the Company and its Business

- A significant portion of the Company's revenues are from contracts that are maturing in one (1) to two (2) years given the recent shift in the Company's revenue contracting profile, which may expose the Company to re-contracting risk or WESM price volatility;
- Contractual relations may impose considerable financial obligations on the Company or otherwise adversely affect the financial conditions, operations, and/or business of the Company;
- The Company's financial performance depends on the successful operation of its geothermal steamfields and power plants, and hydro, wind and solar assets, which are subject to various operational and natural catastrophe risks;
- The estimates of the Company's steam reserves may be imprecise;
- The Company's exploration, development and production of geothermal energy resources are subject to geological risks and uncertainties;
- Permits, licenses and operating agreements necessary for the Company's business may not be obtained, sustained, extended or renewed;
- Continued compliance with, and any changes in, legislative, regulatory, power industry structure, safety, health and environmental laws and regulations may adversely affect the Company's collections, revenues and operating costs and may expose the Company to increased competition in the power industry;
- The Company has relied and will continue to rely significantly on, and faces substantial competition for, the services of its experienced, skilled and specially-trained technical personnel;
- The Company may experience fluctuations in the cost of materials and logistics that may materially and adversely affect its business, financial condition, future results and cash flow;
- The Company may face labor disruptions and local community actions that may interfere with its operations;
- The adverse results of any pending and future litigation and disputes may impact the Company's future cash flows, earnings, results of operations and financial condition;
- The Company may be liable for further real property tax, royalties, income tax, franchise tax, and other taxes;
- The Company may be unable to refinance its outstanding debt and any future financing the Company receives may be less favorable than current financing arrangements;
- The Company may not be able to obtain or maintain adequate insurance;
- The Company may not successfully implement its growth strategy;
- The Company's intellectual property rights may not be adequate to protect its business;
- The failure to obtain financing or the inability to obtain financing on reasonable terms could affect the execution of the Company's growth strategies;
- The Company cannot predict the amounts it will have to pay for expropriated land;
- The Company has and will likely continue to rely significantly on the services of members of its senior management team, some of which are also employees of other companies in the Lopez Group, and the departure of any of these persons could adversely affect its business;
- The success of the Company's foreign ventures depends on our ability to manage the risks;
- The Company may potentially be exposed to stranded asset risk;
- The Company and its assets are exposed to cybercrime and cyber insecurity; and,
- The Company has transactions with related parties.

Risks Relating to the Philippines

- Substantially all of the Company's operations and assets are based in the Philippines; a slowdown in economic growth in the Philippines could adversely affect its businesses;
- Any political instability in the Philippines may adversely affect the Company;
- In case of escalated territorial disputes, the Philippine economy may be disrupted and its business and financial standing may be adversely affected;
- Continued terrorist activities in the Philippines could destabilize the country, adversely affecting the country's business environment;
- The credit ratings of the Philippines may adversely affect the Company's business;
- The occurrence of natural catastrophes or pandemic could adversely affect the Company's business, financial condition, or results of operations; and,
- Foreign exchange controls could adversely affect the Company's financial conditions and results of operations.

Risks Relating to the Bonds

- The Bonds will effectively be subordinated to other debts of the Company;
- The Bonds do not have the benefit of any security;
- The Company may be unable to redeem the Bonds;
- Liquidity Risk;
- Pricing Risk; and,
- Retention of Ratings Risk.

Risks Relating to the Bonds issued as Green Bonds

Please refer to the section of this Offer Supplement titled "Risk Factors" on page 39, which, while not intended to be an exhaustive enumeration of all risks, must be considered in connection with the purchase of the Bonds. The risk factors discussed in the section of this Offer Supplement titled "Risk Factors" are in no particular order of importance and are only separated into categories for ease of reference.

Summary Financial Information

The following presents a summary of consolidated financial information for the Group and should be read in conjunction with the Auditors' Report, the Consolidated Financial Statements and notes thereto, and the section "Management Discussion and Analysis of Financial Condition and Results of Operations". The summary financial information presented below for three years ended December 31, 2023, 2022 and 2021, were derived from the Group's audited consolidated financial statements. The financial statements are prepared in accordance with the PFRS.

CONSOLIDATED STATEMENTS OF INCOME (In Million Pesos)

	For the years ended December 31		
	2023	2022	2021
Revenues	47,171.6	48,700.4	42,368.4
Income from operations ⁶	17,754.1	15,710.3	12,048.2
Income before income tax	15,972.3	12,925.6	10,264.8
Net Income	14,391.6	11,132.5	9,226.5
Attributable to:			
Equity holders of the Company	14,267.2	10,979.4	9,122.5
Non-controlling Interest	124.4	153.1	104.1

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (In Million Pesos)

	As of December 31		
	2023	2022	2021
Cash and cash equivalents	17,421.0	17,597.8	14,015.0
Trade and other receivables	6,886.6	7,518.8	6,054.5
Parts and supplies inventories	8,492.0	7,875.1	6,537.7
Other current assets ⁷	6,235.5	1,770.7	2,710.6
<i>Total Current Assets</i>	39,035.1	34,762.4	29,317.8
Property, plant and equipment	111,867.3	100,928.9	96,218.5
Goodwill and intangible assets	3,424.9	3,632.1	3,782.2
Deferred tax assets – net	875.5	754.4	743.4
Exploration and evaluation assets	2,151.0	2,039.3	1,974.8
Other non-current assets ⁸	8,899.3	7,879.4	7,202.0
<i>Total Noncurrent Assets</i>	127,218.0	115,234.1	109,920.9
Total Assets	166,253.1	149,996.5	139,238.7
Trade and other payables	20,483.8	15,461.9	13,036.4
Current portion of long-term debts	8,964.6	8,881.5	13,104.7
Current portion of lease liability	166.3	160.8	92.9
Other current liabilities ⁹	220.6	300.2	153.2
<i>Total Current Liabilities</i>	29,835.3	24,804.4	26,387.2
Long-term debts - net of current portion	46,769.8	44,420.1	40,014.3
Net retirement and other post-employment benefits	2,627.4	1,759.7	1,845.0
Lease liability - net of current portion	157.6	241.1	204.3
Deferred tax liabilities - net	134.9	165.9	-

⁶ Income from operations is computed as revenues less cost of sales of electricity less general and administrative expenses.

⁷ Other current assets include financial assets at fair value through profit and loss, due from related parties, derivative assets, and other current assets.

⁸ Other non-current assets include financial assets at fair value through other comprehensive income, derivative assets and other non-current assets.

⁹ Other current liabilities include due to related parties, income tax payable and current portion of derivative liabilities.

Other long-term liabilities ¹⁰	3,355.3	3,027.8	2,843.3
Total Noncurrent Liabilities	53,045.0	49,614.6	44,906.9
Total Liabilities	82,880.3	74,419.0	71,294.1
Equity attributable to equity holders of the parent	80,984.5	73,305.1	65,829.0
Non-controlling interest	2,388.3	2,272.4	2,115.6
Total Equity	83,372.8	75,577.5	67,944.6
Total Liabilities and Equity	166,253.1	149,996.5	139,238.7

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Million Pesos)

	For the years ended December 31		
	2023	2022	2021
Net cash flows from operating activities	25,031.8	21,808.5	23,546.9
Net cash flows used in investing activities	(18,626.6)	(9,435.6)	(10,441.2)
Net cash flows used in financing activities	(6,521.3)	(8,748.8)	(21,050.6)
Net increase (decrease) in cash and cash equivalents	(116.1)	3,624.1	(7,944.9)
Effect of foreign exchange rate changes on cash and cash equivalents	(60.7)	(41.3)	204.5
Cash and cash equivalents, beginning of year	17,597.8	14,015.0	21,755.4
Cash and cash equivalents, end of year	17,421.0	17,597.8	14,015.0

¹⁰ Other long-term liability include derivative liabilities - net of current portion and provisions and other long-term liabilities.

Capitalization and Indebtedness

As at December 31, 2023, the authorized capital stock of the Issuer was ₱30,150,000,000.00 divided into 27,000 common shares with par value of ₱1.0 Million per share, 15,000 voting preferred shares with par value of ₱10,000.00 per share and 300,000,000 non-voting preferred shares with par value of ₱10.0 per share and its issued capital stock was ₱17.1 Billion consisting of 17,041.57 common shares with par value of ₱1.0 Million per share and 9,375 voting preferred shares with par value of ₱10,000.00 per share.

The following table sets forth the consolidated capitalization and indebtedness of the Issuer as at December 31, 2023 and as adjusted to give effect to the issue of the Second Tranche Bonds (assuming with and without the exercise of the Oversubscription Option). This table should be read in conjunction with the EDC Group's audited consolidated financial statements as at December 31, 2023 and notes thereto, included elsewhere in this Offer Supplement.

(In Million Pesos)	As of December 31, 2023	As adjusted for a ₱6.0 Billion issue	As adjusted for a ₱10.0 Billion issue
Short-term debt			
Current portion of long-term debts ¹	8,964.6	8,964.6	8,964.6
Total short-term debts	8,964.6	8,964.6	8,964.6
Long-term debts – net of current portion			
Long-term debts - net of current portion	46,769.8	46,769.8	46,769.8
The issue of Second Tranche Bonds ²		6,000.0	10,000.0
Total long-term debts	46,769.8	52,769.8	56,769.8
Equity			
Common stock ³	19,076.3	19,076.3	19,076.3
Preferred stock	93.8	93.8	93.8
Treasury stock	(14,730.7)	(14,730.7)	(14,730.7)
Additional paid-in capital	8,715.1	8,715.1	8,715.1
Equity reserve	(3,706.4)	(3,706.4)	(3,706.4)
Net accumulated unrealized gain on financial assets at fair value	100.3	100.3	100.3
Fair value adjustments on hedging transactions	(3.6)	(3.6)	(3.6)
Cumulative translation adjustments	1,593.0	1,593.0	1,593.0
Retained earnings	69,846.7	69,846.7	69,846.7
Equity attributable to equity holders of the parent	80,984.5	80,984.5	80,984.5
Non-controlling interest	2,388.3	2,388.3	2,388.3
Total Equity	83,372.8	83,372.8	83,372.8
Total Capitalization⁴	139,107.2	145,107.2	149,107.2

1. Current portion of long-term debts pertains to total long-term debts that are maturing within one year.
2. The amount of proceeds from the Second Tranche Bond offering is presented gross of bond issue costs.
3. Foreigners own 9,223.249810 of the Company's outstanding common shares. None of the Company's preferred shares are foreign-owned.
4. Total capitalization is the sum of short-term debt, long-term debt and equity.

Overview of the EDC ASEAN Green Bond Program

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the Prospectus and the remainder of this Offer Supplement and, in relation to the terms and conditions of any particular tranche of the EDC ASEAN Green Bond Program, the applicable terms and conditions.

EDC is offering the ASEAN Green Bond Program comprised of fixed rate Bonds, pursuant to the rules on shelf registration of securities of the SEC and the SEC Guidelines on the Issuance of Green Bonds under the SEC Guidelines on ASEAN Green Bonds. The EDC ASEAN Green Bond Program will be issued pursuant to the EDC Green Bond Framework (see section “EDC Green Bond Framework” on page 63).

The EDC Green Bond Framework was externally reviewed as of February 15, 2021 by Sustainalytics, a leading environmental, social and governance research, ratings, and data firm, which provided a second party opinion (“Second Party Opinion”) on the EDC Green Bond Framework that the same aligns with the core components of the ICMA 2018 Green Bond Principles A copy of the EDC Green Bond Framework and the Second Party Opinion are available at <http://www.energy.com.ph/>.

The following sections outline the description of the Program.

The EDC ASEAN Green Bond Program

Issuer	Energy Development Corporation (“EDC” or “Company”)
Facility	Fifteen Billion Pesos (₱15,000,000,000.00) ASEAN Green Bond Program
Purpose	Net proceeds of the Bonds will be used for the financing or refinancing of new and existing renewable energy projects that are considered Eligible Green Projects under the EDC Green Bond Framework
Availability	The Program will be continuously available until the expiration of the shelf registration of the Program and the permit to offer securities for sale to be issued for each tranche by the SEC for the Program
Maturity Date	The Maturity Date of each tranche of the Bonds shall be as stated in the relevant Offer Supplement and for the Second Tranche Bonds, as stated in the Summary of the Offer in this Offer Supplement
Method of Issue	Each of the Bonds will be issued on a continuous basis in tranches on different Issue Dates. The specific terms of each tranche (which, save in respect of the issue date, issue price, interest, interest commencement date, and principal amount of the tranche, and such other terms of the tranche specifically identified in the relevant final prospectus or the relevant Offer Supplement for such will be identical to the terms of other tranches of the same Bonds) will be set forth in the corresponding Offer Supplement or prospectus
Form of Bonds	Each tranche of the Bonds shall be issued in scripless form represented by a Master Certificate of Indebtedness to be issued and registered in the name of the Trustee for the Bondholders and by applicable document pursuant to the rules or other relevant regulations as promulgated by the SEC. Legal title to the Bonds shall be shown on and recorded in the Registry of Bondholders maintained by the Registrar
Denomination of the Bonds to be issued	Minimum denominations of Fifty Thousand Pesos (₱50,000.00) face value each, and in multiples of Ten Thousand Pesos (₱10,000.00) thereafter, and traded in denominations of Ten Thousand Pesos (₱10,000.00) in the secondary market

Early Redemption

The applicable final terms will indicate either that the relevant Bonds cannot be redeemed prior to their stated maturity (other than for taxation reasons or following an event of default) or that such Bonds will be redeemable at the option of the Issuer upon giving notice to the Bondholders on a date or dates specified prior to such stated maturity, and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant underwriters

Redemption for Taxation Reasons

If payments under the Second Tranche Bonds become subject to additional or increased taxes other than the taxes and rates of such taxes prevailing on the relevant Issue Date as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to the Issuer, the Issuer may redeem the Bonds in whole, but not in part, (having given not more than sixty (60) nor less than fifteen (15) days' prior written notice to the Trustee) at par or 100.0% face value plus accrued interest

Final Redemption

Except when a call option on the Second Tranche Bonds is exercised, the Second Tranche Bonds will be redeemed at par or 100.0% face value, on their respective Maturity Dates, or on the immediately succeeding Business Day if the Maturity Date is not a Business Day, without adjustment as to the amounts to be paid

Status of the Bonds

Upon issuance, the Second Tranche Bonds shall constitute the direct, unconditional, unsubordinated, and unsecured obligations of EDC and shall at all times rank *pari passu* and ratably without any preference or priority amongst themselves and at least *pari passu* with all other present and future unsubordinated and unsecured obligations of EDC, other than obligations preferred by law. The Second Tranche Bonds shall effectively be subordinated in right of payment to, among others, (i) all of EDC's secured debts (if any) to the extent of the value of the assets securing such debt; and (ii) all of its debt that is evidenced by a public instrument under Article 2244(14) of the Civil Code of the Philippines

Negative Pledge

The Second Tranche Bonds will have the benefit of a negative pledge on all existing and future assets of the Issuer, subject to the exceptions provided for in the relevant Trust Indenture

TaxationInterest Income from the Second Tranche Bonds

Interest income on the Second Tranche Bonds is subject to a withholding tax at rates of ten percent (10.00%) to twenty five percent (25.00%), depending on the tax status of the relevant Second Tranche Bondholder under relevant law, regulation or tax treaty. Except for such withholding tax and as otherwise provided, all payments of principal and interest are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of the Philippines, including, but not limited to, issue, registration or any similar tax or other taxes and duties, including interest and penalties, if any. If such taxes or duties are imposed, the same shall be for the account of the Issuer; provided however that, the Issuer shall not be liable for the following:

- (a) The withholding tax applicable on interest earned on the Bonds prescribed under the Tax Code, as amended, and its implementing rules and regulations as may be in effect from time to time; provided, further, that all Bondholders are required to provide the

Issuer through the Paying Agent their validly issued tax identification numbers issued by the BIR;

- (b) Gross Receipts Tax under Section 121 of the Tax Code;
- (c) Taxes on the overall income of any securities dealer or Second Tranche Bondholder, whether or not subject to withholding;
- (d) Value-Added Tax under Sections 106 to 108 of the Tax Code, and as amended by Republic Act No. 9337 and Republic Act No. 10963; and,
- (e) Any applicable taxes on any subsequent sale or transfer of the Second Tranche Bonds by any Bondholder which shall be for the account of such Second Tranche Bondholder (or its buyer, as the Second Tranche Bondholder and the buyer may have agreed upon)

Documentary stamp tax for the primary issue of the Bonds and the execution of the Transaction Agreements, if any, shall be for the Issuer's account

Bondholders who are exempt from, or are not subject to final withholding tax on interest income, or are covered by a lower final withholding tax by virtue of a tax treaty may claim such exemption or the preferential tax rate as the case may be, by submitting to the relevant Joint Lead Underwriter and Joint Bookrunner, the necessary documents as required by the Bureau of Internal Revenue and the Company

Governing Law

Philippine Law

Summary of the Offer

A discussion containing the "Summary of the Offer" is set out below. However, the following summary should be read as an introduction to, and is qualified in its entirety by reference to, the more detailed information appearing elsewhere in this Offer Supplement including, but not limited to, the discussion on the "Description of the Bonds" and "Plan of Distribution", and agreements executed in connection with a particular offer of the relevant tranche of Bonds as a whole. Such overview may not contain all of the information that prospective investors should consider before deciding to invest in the Bonds. Accordingly, any decision by a prospective investor to invest in the Bonds should be based on a consideration of the Prospectus, any relevant Offer Supplement and agreements executed in connection with a particular offer of Bonds as a whole.

<i>Issuer</i>	ENERGY DEVELOPMENT CORPORATION ("EDC", the "Issuer" or the "Company")
<i>Issue</i>	SEC-Registered Fixed Rate, Philippine Peso-denominated ASEAN Green Bonds to be issued from the EDC ASEAN Green Bond Program consisting of three (3) series, namely the: three (3)-year Series C Bonds due 2027, five (5)-year Series D Bonds due 2029, and seven (7)-year Series E Bonds due 2031 (collectively, the "Second Tranche Bonds").
<i>Joint Issue Managers</i>	BDO Capital & Investment Corporation ("BDO Capital") BPI Capital Corporation ("BPI Capital")
<i>Joint Lead Underwriters and Joint Bookrunners</i>	BDO Capital BPI Capital China Bank Capital Corporation ("Chinabank Capital") SB Capital Investment Corporation ("SB Capital")
<i>EDC ASEAN Green Bond Program</i>	Fixed rate ASEAN Green bonds in the aggregate amount of up to Fifteen Billion Pesos (₱15,000,000,000.00).
<i>Issue Amount</i>	Fixed rate ASEAN Green bonds in the aggregate principal amount of Six Billion Pesos (₱6,000,000,000.00).
<i>Oversubscription Option</i>	Up to Four Billion Pesos (₱4,000,000,000.00) in addition to the Issue Amount.
<i>Manner of Offer</i>	Public offering
<i>Issue Price</i>	100.00% of face value of the Second Tranche Bonds
<i>Form and Denomination of the Second Tranche Bonds</i>	The Second Tranche Bonds shall be issued in scripless form, and issued in denominations of Fifty Thousand Pesos (₱50,000.00) each as a minimum, and in multiples of Ten Thousand Pesos (₱10,000.00) thereafter, and shall be subsequently traded in denominations of Ten Thousand Pesos (₱10,000.00) in the secondary market.

<i>Offer Period</i>	The offer of the Second Tranche Bonds shall commence at 9:00 a.m. on May 13, 2024 and end at 5:00 p.m. on May 17, 2024.
<i>Security</i>	Negative Pledge on the Company's existing and future assets subject to certain permitted liens, provided in the Trust Indenture of the Second Tranche Bonds.
<i>Status</i>	The Second Tranche Bonds shall constitute the direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> and ratably without preference among themselves and among any present and future unsecured and unsubordinated obligations of the Issuer, except for any statutory preference or priority established under Philippine law.
<i>Purpose</i>	Net proceeds of the Second Tranche Bonds will be used to finance or refinance new and existing renewable energy projects that are considered Eligible Green Projects under the EDC Green Bond Framework. The net proceeds of the Second Tranche Bonds shall be used for geothermal growth and maintenance capital expenditure projects, including the Mahanagdong Binary Project, BESS projects, BBGPP and other geothermal capital expenditures for natural catastrophe resiliency, powerplant equipment maintenance or upgrades, spare parts replacements and other capital expenditures.
<i>Issue Date</i>	May 27, 2024 or such other date as may be agreed upon by the Issuer and the Joint Lead Underwriters and Joint Bookrunners with advice to the SEC, PDTC and PDEx.
<i>Maturity Date</i>	Series C Bonds: May 27, 2027, or three (3) years from Issue Date Series D Bonds: May 27, 2029, or five (5) years from Issue Date Series E Bonds: May 27, 2031, or seven (7) years from Issue Date provided that, in the event that such Maturity Date falls on a day that is not a Business Day, the Maturity Date shall be the immediately succeeding Business Day, without adjustment to the amount of interest and principal to be paid.
<i>Interest Rate</i>	Series C Bonds: 6.7478% per annum Series D Bonds: 6.8873% per annum Series E Bonds: 7.0626% per annum
<i>Interest Computation and Payment</i>	Interest on the unpaid principal amount of the Second Tranche Bonds will be calculated on a 30/360-day count basis and will be paid semi-annually in arrears on the last day of each Interest Period (each an "Interest Payment Date"). Interest Period shall refer to each successive period of six (6) months commencing on the Issue Date and ending on Maturity Date. If the Interest Payment Date is not a Business Day, interest will be paid on the next succeeding Business Day, without adjustment to the amount of interest to be paid.

Redemption and Purchase

Final Redemption

Unless previously redeemed or cancelled, the Second Tranche Bonds shall be redeemed at par, or 100.00% of face value, on their respective Maturity Dates, or on the immediately succeeding Business Day if the Maturity Date is not a Business Day, without adjustment as to the amounts to be paid.

Redemption for Taxation Reasons

If payments under the Second Tranche Bonds become subject to additional or increased taxes other than the taxes and the rates of such taxes prevailing on Issue Date as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such additional or increased rate of such tax cannot be legally avoided by use of reasonable measures available to the Issuer, the Issuer may redeem the Second Tranche Bonds in whole (and not in part), on any Interest Payment Date (having given not more than sixty (60) days nor less than thirty (30) days' notice to the Trustee) at par or 100.0% face value of the Second Tranche Bonds plus accrued interest.

Change in Law or Circumstance

The following events shall be considered as changes in law or circumstances ("Change in Law") in reference to the obligations of the Issuer and to the rights and interests of the Second Tranche Bondholders under the Trust Indenture and the Second Tranche Bonds:

(i) Any government and/or non-government consent, license, authorization, registration or approval now or hereafter necessary to enable the Issuer to comply with its obligations under the Trust Indenture or the Second Tranche Bonds shall be modified in a manner which, while not constituting an Event of Default, will materially and adversely affect the ability of the Issuer to comply with such obligations, or shall be withdrawn or withheld.

(ii) Any provision of the Trust Indenture or any of the related documents is, or becomes, for any reason, invalid, illegal or unenforceable to the extent that it becomes for any reason unlawful for the Issuer to give effect to its rights or obligations hereunder, or to enforce any provision of the Trust Indenture or any of the related documents, in whole or in part, or any law is introduced to prevent or restrain the performance by the parties hereto of their obligations under the Trust Indenture or any other related documents.

(iii) Any concessions, permits, rights, franchise or privileges for the conduct of the business and operations of the Issuer shall be revoked, cancelled or otherwise terminated, or the free and continued use and exercise thereof shall be curtailed or prevented, in such manner as to materially and adversely affect the financial conditions or operation of the Issuer.

(iv) The Republic of the Philippines or any competent authority thereof takes any action to suspend the whole or a substantial portion of the operations of the Issuer and to condemn, seize, nationalize or appropriate the Issuer or any material portion of its properties or assets, unless such act, deed or proceedings are contested in good faith by the Issuer.

If any one or more of the events enumerated above shall occur and be continuing for a period of sixty (60) days, the Majority Bondholders, by notice in writing delivered to EDC through the Trustee, after the lapse of the said sixty (60) day period, may declare the principal of the Second Tranche Bonds, including all accrued interest, net of applicable withholding taxes, and other charges thereon, if any, to be immediately due and payable, without any prepayment penalty.

	EDC may likewise invoke any one or more of the events enumerated above as a Change in Law. In such event, EDC shall provide the Trustee an opinion of legal counsel confirming the foregoing, such counsel being reasonably acceptable to the Trustee. Such opinion of legal counsel shall be provided by the Trustee to the Majority Bondholders. Thereupon, EDC, subject to giving of Notice to all Bondholders through the Trustee, shall declare the principal amount of the Second Tranche Bonds, including all accrued interest and other charges thereon, if any, to be immediately due and payable without any prepayment penalty, notwithstanding anything in the Trust Indenture and other related documents to the contrary. <u><i>Purchase and Cancellation</i></u> The Issuer may, at any time, purchase any of the Second Tranche Bonds at any price in the open market or by tender or by contract at any price, without any obligation to purchase the Second Tranche Bonds pro-rata from all Second Tranche Bondholders, and Second Tranche Bondholders shall not be obligated to sell. Any Second Tranche Bonds so purchased shall be redeemed and cancelled and may not be re-issued. Upon listing of the Second Tranche Bonds on PDEX, the Issuer shall disclose any such transactions in accordance with the applicable PDEX disclosure rules.																
<i>Early Redemption</i>	The Issuer shall have the option, but not the obligation, to redeem, in whole (and not in part), the relevant series of the outstanding Second Tranche Bonds on the following relevant dates. If the Early Redemption Option Date is not a Business Day, the call option shall be exercised on the following Business Day. The amount payable to the Second Tranche Bondholders upon the exercise of the Early Redemption Option by the Issuer shall be calculated, based on the principal amount of the relevant series of Second Tranche Bonds being redeemed, as the sum of: (i) accrued interest computed from the last Interest Payment Date up to the relevant Early Redemption Option Date; and (ii) the product of the principal amount of the relevant series of Second Tranche Bonds being redeemed and the Early Redemption Price in accordance with the following schedule: Series C Bonds due 2027 <table border="1"> <thead> <tr> <th>Early Redemption Option Date</th><th>Early Redemption Price</th></tr> </thead> <tbody> <tr> <td>4th Interest Payment Date</td><td>100.25%</td></tr> <tr> <td>5th Interest Payment Date</td><td>100.25%</td></tr> </tbody> </table> Series D Bonds due 2029 <table border="1"> <thead> <tr> <th>Early Redemption Option Date</th><th>Early Redemption Price</th></tr> </thead> <tbody> <tr> <td>6th Interest Payment Date</td><td>101.00%</td></tr> <tr> <td>7th Interest Payment Date</td><td>101.00%</td></tr> <tr> <td>8th Interest Payment Date</td><td>100.25%</td></tr> <tr> <td>9th Interest Payment Date</td><td>100.25%</td></tr> </tbody> </table>	Early Redemption Option Date	Early Redemption Price	4th Interest Payment Date	100.25%	5th Interest Payment Date	100.25%	Early Redemption Option Date	Early Redemption Price	6th Interest Payment Date	101.00%	7th Interest Payment Date	101.00%	8th Interest Payment Date	100.25%	9th Interest Payment Date	100.25%
Early Redemption Option Date	Early Redemption Price																
4th Interest Payment Date	100.25%																
5th Interest Payment Date	100.25%																
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6th Interest Payment Date	101.00%																
7th Interest Payment Date	101.00%																
8th Interest Payment Date	100.25%																
9th Interest Payment Date	100.25%																

	Series E Bonds due 2031	
	Early Redemption Option Date	Early Redemption Price
	8th Interest Payment Date	101.50%
	9th Interest Payment Date	101.50%
	10th Interest Payment Date	101.00%
	11th Interest Payment Date	101.00%
	12th Interest Payment Date	100.25%
	13th Interest Payment Date	100.25%
	The Issuer shall give not more than sixty (60) days nor less than thirty (30) days prior written notice to the Trustee of its intention to redeem the Second Tranche Bonds, including information on the relevant series being redeemed, which notice shall be irrevocable and binding upon the Issuer to effect such early redemption of the Second Tranche Bonds at the Early Redemption Option Date stated in such notice.	
Title	Legal title to the Second Tranche Bonds shall be shown in the Registry of Second Tranche Bondholders to be maintained by the Registrar. A notice confirming the principal amount of the Second Tranche Bonds purchased by each applicant in the Offer shall be issued by the Registrar to all Second Tranche Bondholders following the Issue Date. Upon any sale, transfer or assignment, title to the Second Tranche Bonds shall pass by recording of such sale, transfer or assignment from the transferor to the transferee in the Registry of Bondholders. Settlement in respect of such sale, transfer or assignment, including the settlement of any cost arising from subsequent transfers, including but not limited to, documentary stamp taxes, if any, shall be for the account of the relevant Second Tranche Bondholder.	
Bond Rating	The Second Tranche Bonds is rated PRS Aaa with a Stable Outlook by the Philippine Rating Services Corporation.	
Trustee	RCBC Trust Corporation ("RCBC Trust")	
Registrar Agent and/or Paying Agent	Philippine Depository and Trust Corp.	
Tax and Other Deductions	Interest income on the Second Tranche Bonds is subject to a withholding tax at rates of ten percent (10.00%) to twenty five percent (25.00%), depending on the tax status of the relevant Second Tranche Bondholder under relevant law, regulation or tax treaty. Except for such withholding tax and as otherwise provided, all payments of principal and interest are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of the Philippines, including, but not limited to, issue, registration or any similar tax or other taxes and duties, including interest and penalties, if any. If such taxes or duties are imposed, the same shall be for the account of the Issuer; provided however that, the Issuer shall not be liable for the following:	

	(a) The final withholding tax applicable on interest earned on the Second Tranche Bonds prescribed under the National Internal Revenue Code of 1997, as amended, and its implementing rules and regulations as may be in effect from time to time, (the "Tax Code"). An investor who is exempt from the aforesaid withholding tax, or is subject to a preferential withholding tax rate shall be required to submit the following requirements to the Registrar, subject to acceptance by EDC as being sufficient in form and substance: (i) certified true copy of the tax exemption certificate, ruling or opinion issued by the Bureau of Internal Revenue confirming the exemption or preferential rate; (ii) a duly notarized Affidavit with Undertaking in the form attached in the Trust Indenture Agreement as Schedule 1 declaring and warranting its tax exempt status or preferential rate entitlement, undertaking to immediately notify EDC of any suspension or revocation of or change in the tax exemption certificates or preferential rate entitlement, and agreeing to indemnify and hold EDC and the Registrar free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding of the required tax; and (iii) such other documentary requirements as may be required under the applicable regulations of the relevant taxing or other authorities which for purposes of claiming tax treaty withholding rate benefits, shall include evidence of the applicability of a tax treaty, consularized or apostilled proof of the Bondholder's legal domicile in the relevant treaty state, and confirmation acceptable to EDC that the Bondholder is not doing business in the Philippines, <i>provided further</i>, that all sums payable by EDC to tax exempt entities shall be paid in full without deductions for taxes, duties assessments or government charges subject to the submission by the Bondholder claiming the benefit of any exemption of reasonable evidence of such exemption to the Registrar (b) Gross Receipts Tax under Section 121 of the Tax Code; (c) Taxes on the overall income of any securities dealer or Second Tranche Bondholder, whether or not subject to withholding; (d) Value-Added Tax ("VAT") under Sections 106 to 108 of the Tax Code, and as amended by Republic Act No. 9337 and Republic Act No. 10963; and, (e) Any applicable taxes on any subsequent sale or transfer of the Second Tranche Bonds by any Second Tranche Bondholder which shall be for the account of such Second Tranche Bondholder (or its buyer, as the Second Tranche Bondholder and the buyer may have agreed upon). Documentary stamp tax for the primary issue of the Second Tranche Bonds and the execution of the Bond Agreements, if any, shall be for the Issuer's account. Tax-Exempt Status or Entitlement to Preferential Tax Rate A Second Tranche Bondholder who is exempt from the aforesaid withholding tax, or is subject to a preferential withholding tax rate shall be required to submit the following requirements to the Registrar, subject to acceptance by the Issuer, as being sufficient in form and substance: (i) a current and valid BIR-certified true copy of the tax exemption certificate, ruling or opinion issued by the BIR and addressed to the relevant applicant

	or Second Tranche Bondholder, confirming its exemption or preferential rate, as required under BIR Revenue Memorandum Circular No. 8-2014 including any clarification, supplement or amendment thereto; (ii) with respect to tax treaty relief, an Application Form for Treaty Purposes (BIR Form 0901) and Tax Residency Certificate ("TRC") duly issued by the foreign tax authority, and the relevant provision of the applicable tax treaty, and such other documentary requirements enumerated in BIR Revenue Memorandum Order ("RMO") No. 14-2021 in relation to BIR RMC No. 77-2021 and 20-2022. For the avoidance of doubt, the Issuer shall retain sole discretion in determining whether the non-resident Bondholder is entitled to the preferential tax treaty rate based on the documents submitted by the non-resident Bondholder, provided that all the conditions for the availment thereof, other than residency, have been satisfied; (iii) a duly notarized affidavit with undertaking or indemnity with undertaking executed by (A) the corporate secretary or the duly authorized representative of such applicant or Second Tranche Bondholder, who has personal knowledge of the exemption based on his official functions, if the applicant purchases, or the Second Tranche Bondholder holds, the Second Tranche Bonds for its account, or (B) the trust officer, if the applicant is a universal bank authorized under Philippine law to perform trust and fiduciary functions and purchase the Second Tranche Bonds pursuant to its management of tax-exempt entities (i.e. Employee Retirement Fund, etc.), declaring and warranting such entities' tax-exempt status or preferential rate entitlement, undertaking to immediately notify the Issuer, the Registrar and the Paying Agent of any suspension or revocation of the tax exemption certificate, ruling or opinion issued by the BIR, executed using the prescribed form under the RPAA, with a declaration and warranty of its tax exempt status or entitlement to a preferential tax rate, and agreeing to indemnify and hold the Issuer, the Registrar and the Paying Agent free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding or incorrect withholding of the required tax; and, (iv) such other documentary requirements as may be required under the applicable regulations of the relevant taxing or other authorities which for purposes of claiming tax treaty withholding rate benefits, shall include evidence of the applicability of a tax treaty and consularized or apostilled proof of the Second Tranche Bondholder's legal domicile in the relevant treaty state, and confirmation acceptable to the Issuer that the Second Tranche Bondholder is not doing business in the Philippines; provided, that the Issuer shall have the exclusive discretion to decide whether the documents submitted are sufficient for purposes of applying the exemption or the reduced rate being claimed by the Second Tranche Bondholder on the interest payments to such Second Tranche Bondholder; provided, further, that all sums payable by the Issuer to tax exempt entities shall be paid in full without deductions for taxes, duties, assessments or government charges, subject to the submission by the Second Tranche Bondholder claiming the benefit of any exemption of the required documents and of additional reasonable evidence of such tax-exempt status to the Registrar. The foregoing requirements shall be submitted, (i) in respect of an initial issuance of the Second Tranche Bonds, to the relevant Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, or Selling Agents (if any) who shall then forward the same with the Application to Purchase to the Registrar; or (ii) in respect of a transfer from a Second Tranche Bondholder to a purchaser, to the Registrar upon submission of the account opening documents.

<i>Financial Ratios</i>	1) Incurrence ratio in terms of the unconsolidated Financial Indebtedness to unconsolidated Total Equity ratio of no more than 3.0x (after giving effect to the incurrence of such Equity Distribution and/or Debt Incurrence) for Equity Distribution and Debt Incurrence. 2) Excluded from the financial ratios are Finance lease due to IPPA Agreements and those under the take-or-pay contracts (but only to the extent it or a portion thereof has been accounted for as finance lease under applicable accounting standards as the same may be modified from time to time). Any Refinancing Indebtedness incurred within the reporting period shall be excluded from Financial Indebtedness, provided that the refinanced debt is repaid in full within six (6) months after the date the refinancing debt is incurred.
<i>Listing</i>	The Second Tranche Bonds shall be listed at the PDEX, subject to compliance with the listing requirements of PDEX.
<i>Covenants</i>	Please refer to the covenants of the Issuer under the Sections "Affirmative Covenants" and "Negative Covenants" starting on page 81 of this Offer Supplement.
<i>Event of Default</i>	Please refer to the events of default under the Section "Events of Default" on page 87 of this Offer Supplement.
<i>Governing Law</i>	Laws of the Republic of the Philippines
<i>Counsel to the Issuer</i>	The Law Firm of Quiason Makalintal
<i>Counsel to the Joint Lead Underwriters and Joint Bookrunners</i>	Picazo Buyco Tan Fider & Santos

Risk Factors

An investment in the Bonds, as described in this Offer Supplement, involves a certain number of risks. The price of securities can and does fluctuate, and any individual security may experience upward or downward price movements and may lose part, or all, of its value over time. There is an inherent risk that losses may be incurred rather than profit, as a result of buying and selling securities. Past performance is not a guide to future performance and there may be a large difference between the buying price and the selling price of any security. The market price of the Bonds could decline due to any one of, but not limited to, the risks described herein, and all or part of an investment in the Bonds could be lost.

Prior to making any investment decision, prospective investors should carefully consider all of the information in this Prospectus, including the risk factors described below.

This section entitled "Risk Factors" does not purport to be a comprehensive disclosure of all of the risks and other significant aspects of investing in these securities, but is intended to give a general idea to a prospective investor of the scope of risks involved in investing in the Bonds. The occurrence of any of the events discussed below and any additional risks and uncertainties not presently known to the Company or that are currently considered immaterial could have a material adverse effect on the Company's business, results of operations, financial condition and prospects and on the Bonds in the future. Prospective investors may request publicly available information on the Bonds and the Company from the SEC. Prospective investors should undertake their own independent research and study on the merits of investing, and subsequently, trading these securities. Prospective investors should seek professional advice if he or she is uncertain of, or has not understood any aspect of the Offer or the nature of risks involved in purchasing, holding and trading the Bonds. Each potential investor should consult its own counsel, accountant and other advisors as to legal, tax, business, financial and related aspects of an investment in the Bonds. EDC, the Joint Issue Managers as well as the Joint Lead Underwriters and Joint Bookrunners do not make any warranty or representation on the marketability of an investment in the Bonds and the sustainability of the price of the Bonds.

The risk factors discussed in this section are in no particular order of importance and are only separated into categories for ease of reference.

Risks Relating to the Company and its Businesses

A significant portion of the Company's revenues are from contracts that are maturing in one (1) to two (2) years given the recent shift in the Company's revenue contracting profile, which may expose the Company to re-contracting risk or WESM price volatility.

A substantial portion of the Group's revenues has historically been derived from one customer, National Power Corporation ("NPC"). With the expiry of majority of the long-term Power Purchase Agreements ("PPAs") with NPC between 2021-2022, and the remainder set to expire in June 2024, the Group's revenue contracts with NPC can no longer be renewed pursuant to Section 47(j) of RA No. 9316 or the Electric Power Industry Reform Act ("EPIRA"), which states that NPC/PSALM shall not incur any new obligations to purchase power through bilateral contracts with generation companies or other suppliers. For the years ended December 31, 2022 and December 31, 2023, 16.8% and 2.7%, respectively, of the Company's consolidated revenues were attributable to contracts with NPC.

In anticipation of the expiration of the NPC contracts and given the Retail Competition and Open Access ("RCOA") regulations and the Renewable Energy Act of 2008, the Company has started diversifying its customer base and contracted with various Contestable Customers with demand of 500kW up to 1000kW and those with a demand of 100kW up to 499kW, under the Green Energy Option Program ("GEOP"). These Contestable Customers contracts are maturing within one (1) to two (2) years. With this term structure, the Company may be exposed to re-contracting risk or Wholesale Electricity Spot Market ("WESM") price volatility.

To manage the re-contracting risk for maturing contracts and minimize exposure to the WESM price volatility, the Company prioritizes contracting longer tenor offtake contracts (i.e., five (5)- to ten (10)-year tenor) and baseload electricity. The Company also manages a pipeline of Contestable Customers such as existing customers with contracts about to expire, prospective customers served by Retail Electricity Supplier ("RES") competitors with contracts about to expire, and Distribution Utility ("DU")/Electric Cooperative ("EC") customers that have just qualified for RCOA. A number of the Company's customers have renewable energy sourcing mandates and conduct bidding. This can be an

opportunity for the Company since there are limited competing suppliers due to the requirement that a supplier must be engaged in renewable energy to be eligible to participate.

As of March 31, 2024, 8.60% of the Company's Contestable Customer base was new customers acquired during the year, 12.9% did not renew their contracts with EDC, and the remaining 78.5% were existing customers that renewed their contracts.

Contractual relations may impose considerable financial obligations on the Company or otherwise adversely affect the financial conditions, operations, and/or business of the Company.

The Company faces risks that the counterparties to its various agreements (including contractors and offtakers) would be in default or delay in the performance of their obligations, or that disputes may arise with such counterparties over contractual issues, or that the Company may be required to perform certain obligations under specific terms and conditions. These defaults, delays, disputes or requirements may have an adverse effect on the financial condition, operations and/or business of the Company. To mitigate this risk, the Company, among others, conducts credit investigations and background checks to ensure the credibility of its counterparties, and reviews contracts compliance regularly.

In addition, the Tongonan and Palinpinon Geothermal Resource Sales Contracts ("GRSCs"), which govern the steam supply agreement between EDC and these power plants, include take-and-pay provisions in which the billing determinant is based on actual consumption and no guaranteed level of offtake is required. In addition, the GRSCs include a price adjustment mechanism in which the yearly price adjustment is based on the consumer price index. These provisions are deemed favorable to the Company.

The Company's financial performance depends on the successful operation of its geothermal steamfields and power plants, and hydro, wind and solar assets, which are subject to various operational and natural catastrophe risks.

The Company's financial performance depends on the successful operation of its geothermal steamfields and power plants, and hydro, wind and solar assets. The cost of operation and maintenance and the operating performance of geothermal steamfields and various assets and power plants may be adversely affected by a variety of factors, including the following:

- unscheduled shutdowns due to maintenance, replacement of major parts, unexpected breakdowns, obsolescence, failure of equipment, or the equipment of the transmission serving utility beyond the contractual allowance;
- changes in geothermal steam conditions which may potentially lead to unplanned plant deration or decommissioning;
- the presence of hazardous materials and hazardous wastes in the Company's facilities within its project sites, which may come into contact with the environment through accidental spills and leakages;
- catastrophic events such as fires, explosions, earthquakes, typhoons, floods, landslides, flash floods, lightning, environmental pollution, releases of hazardous materials, severe storms, or similar and unexpected occurrences affecting the Company's projects or any of the power purchasers or other third parties providing services to the Company's projects;
- unfavorable weather patterns or events, and other effects of climate change such as droughts or continuous rains, which may result to more volatile generation of the Company's wind, hydro or solar plants; and,
- for the Company's hydro power plants, dependency of generation on the release of water from the dams operated by the National Irrigation Administration ("NIA"), which is not within the Company's control.

Many of these events may cause personal injury and loss of life, severe damage to or destruction of the Company's properties and the properties of others and may result in the suspension of the Company's operations and the imposition of civil or criminal penalties.

The counterparties to the Company's SSAs, GRSCs, PPAs, PSAs, RSC, REPA, ASPA and other related agreements may have the conditional right to terminate those agreements under circumstances specified therein arising from failure to generate or deliver electricity or geothermal resources, as the case may be, which continues beyond a specified period of time. As a consequence, there may be no revenues from the affected assets.

In addition, if an SSA, GRSC, PPA, PSA, RSC, REPA, ASPA or other related agreement is terminated by the counterparty thereto, the affected party may not be able to enter into a replacement agreement on terms as favorable as the terminated agreement or with a counterparty as creditworthy as the terminating counterparty. As a result of all or any of the foregoing, the Company may not be able to make payments of principal, premium, if any, and interest on its debts when due.

To mitigate the risks against adverse effects on the geothermal steam pipelines and power plants, the Company has programs in place for the continuous and comprehensive monitoring of its reservoirs and high-risk areas. The Company has also adopted measures to mitigate operational risks and minimize disruptions in production in the event of unexpected shutdowns. In recent years, the Company has also undertaken various asset rehabilitation, natural catastrophe mitigation, business continuity management initiatives, and digital and technological transformation initiatives to upgrade its equipment, strengthen its assets and improve resiliency. In addition, the Company maintains industrial all-risk insurance policies that cover above-ground assets, such as power plants, fluid collection and reinjection systems, buildings, land improvements, machinery, and equipment in the various renewable energy projects and power plant operations. A more detailed discussion on the Company's Insurance will be discussed in the Insurance Section on page 169.

The estimates of the Company's steam reserves may be imprecise.

The Company relies on its steam reserve estimation in the planning of geothermal development, as any development requires the reasonable assurance that the field has sufficient production capacity over the projected life of the field. Reserve estimation also influences the infrastructure and investment requirements of the project. There is no assurance that any current or future estimates of the Company's steam reserves, whether conducted by the Company on its own or by any third parties, are or will be precise. These estimates are expressions of judgment based on knowledge, experience, analysis of drilling results, employment of calculation methods and industry practices. Valid estimates made at a given time may significantly change when new geo-scientific, reservoir and drilling information becomes available and incorporated into new reservoir simulation studies. By their nature, reserve estimates are imprecise and depend, to a certain extent, upon statistical inferences which may prove unreliable. If the Company's actual steam reserves are lower than the reserves disclosed herein, the Company's future cash flows, results of operations and financial condition could be negatively affected.

From time to time, the Company engages the services of foreign third-party independent geothermal energy consultants to assess the Company's steam reserves.

The Company's exploration, development and production of geothermal energy resources are subject to geological risks and uncertainties.

The Company's business involves the exploration, development, and production of geothermal energy resources. These activities are subject to uncertainties, which may result in non-commercial wells, due to, among others, the following:

- insufficient steam in the drilled wells;
- the discovery of acidic, oversaturated, and hypersaline fluids, which are unsuitable in the steam generation process using current technologies; and,
- the sudden decline in pressure and temperature.

The occurrence of any of these or other uncertainties, which may occur naturally or as a result of human action, can increase the Company's operating costs and capital expenditures, or reduce the efficiency of its steamfields and power plants.

Given that geothermal resources are located in varied and complex geological environments, their sizes and volumes can only be estimated. The viability of geothermal projects depends on different factors directly related to the geothermal resource, such as the energy content (i.e., maximum temperature and reservoir size) of the geothermal reservoir, reservoir pressure decline, chemistry of the reservoir fluids, useful life (i.e., commercially exploitable life) of the reservoir, and operational factors relating to the extraction of geothermal fluids. Production and injection wells can require frequent maintenance or replacement. Replacement or repair of certain equipment, vessels or pipelines, may be required, due to corrosion and erosion arising from acidic and high-gas geothermal fluids. New production and injection wells may be required for the maintenance of current operating levels, thereby requiring substantial capital expenditures. The Company's geothermal energy projects may suffer an unexpected decline in the capacity of their

respective geothermal wells and are exposed to a risk of geothermal reservoirs not being sufficient for sustained generation of the desired electrical power capacity over time. In addition, the Company may fail to find commercially viable geothermal resources in the expected quantities and temperatures during the exploration stage, which would adversely affect its development of geothermal power projects.

In view of these recognized risks, the Company extensively utilizes and optimizes its resources and is investing in digital technology and data science to obtain reliable data in geology, geochemistry, and geophysics and to implement proper analysis and assessment of geo-scientific information. The Company believes that such measures will assist it to take appropriate measures to manage such risks.

Permits, licenses and operating agreements necessary for the Company's business may not be obtained, sustained, extended or renewed.

The Company's operations rely on permits, licenses, agreements (such as service contracts), and other authorizations, and, in some cases, renewals of such permits, licenses, and agreements. Management believes that the Company currently holds or has applied for all necessary licenses, permits, agreements, and other authorizations to carry on the activities that it is currently conducting under Applicable Laws. However, the Company's ability to obtain, sustain, extend, or renew such permits, licenses, agreements and other authorizations on acceptable terms is subject to legal and regulatory requirements and limitations, change in regulations and policies and to the discretion of applicable governmental authorities and counterparties.

For instance, Article XII, Section 2 of the Philippine Constitution sets the term of agreements entered into by the State for the exploration, development, and utilization of natural resources (i.e., co-production, joint venture, or production-sharing agreements) to a period not exceeding twenty-five (25) years, renewable for not more than twenty-five (25) years.

Four (4) of the Company's five (5) GRESC contract areas, specifically Tongonan, Southern Negros, Bacon-Manito, and Mt. Apo, are in commercial operation. The GRESCs for the first three (3) contract areas have a term until 2031 (extendible until 2056, subject to compliance with the conditions set out in the relevant contract) while that for Mt. Apo will expire in 2042.

The Company's GRESC over the Northern Negros Geothermal Project ("NNGP") has been renewed for an additional period of twenty-five (25) years, reckoned from March 24, 2019. The Company has completed the evaluation of the NNGP resource performance and assessment and is currently in the construction phase of the BBGPP.

In view of these risks, the Company has engaged personnel to ensure compliance with the terms and conditions imposed by its permits, licenses, and operating agreements, as well as the timely extensions of contracts. Regular monitoring of these licenses, permits, and operating agreements are institutionalized to ensure that these are kept current. Such personnel also regularly coordinate with the relevant government authorities.

Continued compliance with, and any changes in, legislative, regulatory, power industry structure, safety, health and environmental laws and regulations may adversely affect the Company's collections, revenues and operating costs and may expose the Company to increased competition in the power industry.

The Company and its projects are subject to significant regulation under various laws and regulations, including the Electric Power Industry Reform Act ("EPIRA") and the RE Law, as well as changes in the regulatory structure and decisions of the Supreme Court on regulatory issues. The regulatory framework of the energy industry has been constantly evolving as policies continue to develop, be challenged, and/or be modified. Any such change could potentially affect aspects of the Company's present and future operations or increase the Company's cost of compliance, which could materially impact its fiscal position.

In recent years, the Government has sought to implement measures designed to establish a more competitive energy market and further accelerate the utilization of renewable energy. This includes the issuance of various policy and administrative issuances on RE fiscal incentives, energy market governance, and mechanisms for RE development, such as the implementation of the Renewable Portfolio Standards, Green Energy Option Program and Renewable Energy Market. Any future policy and administrative issuances could also potentially affect the Company's present and future operations and implementation of its new RE projects.

In addition to RE-related laws and regulations, environmental laws and regulations, as well as rules of the LGUs, also affect the Company's operations from geothermal resource management to operation and maintenance of wells and power plants. The coverage includes the generation, transport, storage, and/or disposal of waste materials and hazardous substances. The Company, for example, utilizes industrial chemicals some of which may be classified as hazardous substances under environmental regulations and improper disposal can lead to fines and penalties in addition to remediation. Thus, the Company observes various guidelines and controls and maintains comprehensive general liability insurance which includes a limited cover for liability that may be owed to third parties arising from sudden and accidental discharge of pollutants in the course of its operations. These laws, rules, and regulations also impact on the rehabilitation, repair, or construction of facilities, particularly in cost and time.

The passage of new laws and regulations on safety, health, and environment, the adoption of new government policies, and other legal and regulatory developments in the future, may require additional capital expenditures and operating expenses to facilitate compliance with the changes.

The Company further anticipates the release of additional policy issuances that will further promote RE development in the Philippines. It continues to closely monitor the development in the regulatory framework and issuance of relevant proposed legislation and regulations and participate in public hearings or consultations on such legislative/policy proposals which may affect its business and operations.

The Company has relied and will continue to rely significantly on, and faces substantial competition for, the services of its experienced, skilled and specially-trained technical personnel.

The Company has relied, and will continue to rely, on a large number of specially-trained technical personnel with highly specialized skills and abilities for its geothermal steamfield and power generating activities. With its growth initiatives and pace of development, the Company has experienced some challenges with hiring and retaining skilled personnel. It will continue to face increased competition for its retained employees from other geothermal energy producers and similar business sectors, especially where work is at a slower pace and wages and benefits are much higher and better than those paid by the Company. Additionally, because the Company is one of the leading geothermal energy producers worldwide, the Company's technical employees form a pool of some of the most highly experienced and skilled professionals in the industry, which makes them very attractive to other companies. If the Company is unable to retain a sufficient number of its qualified personnel or if the Company is unable to attract new employees with the skills required for its technical operations, the Company's business operations and growth projects could be adversely affected.

To address this risk, the Company strives to provide competitive remuneration packages to its prospective and existing employees as part of its retention strategy. In addition, the Company implements resource planning, technical training, performance management, individual coaching, talent reviews, succession planning, and cross-functional employee movements. The Company prides itself on its relationship with its employees, having sustained high employee engagement ratings for the past five (5) years and its ability to attract qualified personnel, which the Company believes will continue.

The Company may experience fluctuations in the cost of materials and logistics that may materially and adversely affect its business, financial condition, future results and cash flow.

The Company's operations are dependent on the supply of various materials, including pipes and various industrial equipment components. The Company obtains such materials and equipment at prevailing market prices on an as-needed basis and does not have any long-term agreements with any of its suppliers. Most of the Company's supplies are imported and denominated in foreign currencies. In addition, there may be a limited number of suppliers for certain items that the Company requires and as a result, availability can be limited. Furthermore, recent geopolitical tensions, fluctuating fuel prices, and climate change impact may result to a rising risk of shipping delays, disruptions, and increase in shipping and freight costs, that can further affect the Company's overall materials, logistics and operating cost.

Future cost increases and unavailability of necessary materials and equipment could adversely affect the Company's results of operations. The Company continuously monitors significant movements in the cost of raw materials and implements mitigating measures, as deemed necessary, to minimize the effect of cost increases.

As payments in foreign currency become due, the Company evaluates and may enter into forward transactions to lock in exchange rates so as not to be affected by further currency movements.

The Company may face labor disruptions and local community actions that may interfere with its operations.

The Company is exposed to the risk of strikes and other industrial actions. As of March 31, 2024, the Group has a total of 1,570 full-time employees, 35.22% of whom are members of any of the Company's fourteen (14) labor unions. There can be no assurance that other employees will not unionize or that strikes, work stoppages, or other industrial actions will not occur in the future. Any such event could disrupt operations, possibly for a significant period of time, result in increased wages and other benefits and otherwise have a material adverse effect on the Company's business, financial condition or results of operation.

Although the Company had been involved in arbitrations with its labor unions, it has not experienced in the last fifteen (15) years any strikes, lock-outs, or work stoppages as a result of labor disagreement. The Company also continues to have dialogues with its employees and engages and maintains harmonious relationships with the unions. The Company also prides itself on its relationship with its employees, having sustained high employee engagement ratings for the past five (5) years.

The Company may also face operational disruptions brought about by local community actions arising from grievances related to the Company's operations and implementation of community programs. Any such grievances are being settled in accordance with applicable law.

The adverse results of any pending and future litigation and disputes may impact the Company's future cash flows, earnings, results of operations and financial condition.

The Company is currently involved in approximately fourteen (14) civil cases, three (3) labor cases, twelve (12) criminal cases, two (2) cases involving assessment or refund of national taxes, and one hundred fifteen (115) cases involving real property taxes overpayments as of March 31, 2024 (see section on "Business—Civil Cases" on page 155 and "Business—Labor Cases" on page 156). While the final outcome of these cases may be adverse to EDC, the Company does not believe that any of these cases pose a material risk to the Company's operations and financial condition. In addition, there is no assurance that the Company will not be involved in future litigation or other disputes, the results of which may materially and adversely impact the Company's business and financial condition.

EDC believes it has appropriate legal representation for these proceedings, and endeavors to minimize the risk of future suit by strictly adhering to its corporate governance policies, practices and standards (see section "Corporate Governance" on page 244).

The Company may be liable for further real property tax, royalties, income tax, franchise tax, and other taxes.

The Company continues to receive assessments, claims, and inquiries on real property tax, royalties, income tax, franchise tax, and other forms of taxes from various local governments and other government agencies, which have jurisdiction over the various projects of the Company. The Company also periodically undergoes examination by the Bureau of Internal Revenue ("BIR"), which may result in assessments for deficiency taxes.

EDC believes that having been issued a certificate of registration as an RE Developer under the RE Law, it is entitled to various incentives under the RE Law, including a preferential real property tax rate imposable on its properties. Also, it is of the view that it is entitled to certain tax incentives under Republic Act No. 7160, or the Local Government Code of 1991. To preserve its rights, the Company contests in good faith actions, claims, and assessments to the extent that these are not aligned with the Company's position.

The Company may be unable to refinance its outstanding debt and any future financing the Company receives may be less favorable than current financing arrangements.

The Company has issued corporate and retail notes and has multiple loan agreements with local and foreign banks. As of December 31, 2023, the Company's long-term debts (current and noncurrent portion) under its notes and loan agreements amount to ₱47,624.3 Million. The Company's continued access to debt financing is subject to a number of

other factors, which are outside of the Company's control. For example, political instability, an economic downturn, social unrest, changes in the Philippine regulatory environment, changes in international financial regulations or reference rates, or the bankruptcy of an unrelated power generation company could increase the Company's cost of borrowing or restrict the Company's ability to obtain debt financing. Market conditions and other factors may not permit future projects with loan terms similar to those that the Company has previously received. If the Company is not able to refinance its outstanding debt at maturity, it may have to undertake alternative financing plans, such as:

- Seeking to raise additional capital;
- Restructuring its debt;
- Selling power plants or other assets; or,
- Reducing or delaying capital investments.

The undertaking of any of these alternative financing plans could have a material adverse effect on the Company's financial condition and results of operations. In addition, if the Company is unable to obtain financing for its future projects on a favorable basis, it may have a significant effect on its growth plans, financial condition and results of operations.

By maintaining and continuing to develop long-standing relationships with numerous financial institutions, the Company has been able to obtain the necessary financing from both local and international funding sources (including multilateral institutions). Its strong financial standing, as confirmed by its PRS Aaa from PhilRatings for its ASEAN Green Bonds due 2024 and 2026, is expected to facilitate access to more financing at better terms.

As a policy, the Company endeavors to observe financial ratios well within its loan covenant requirements.

The Company may not be able to obtain or maintain adequate insurance.

One of the risk management tools that the Company uses as a way to mitigate, or ensure that it is protected against financial losses due to the occurrence of certain perils is insurance. Risk transfer through insurance enables the Company to recover, to the extent it is indemnifiable and within policy limits and coverages, the cost of reinstating the damaged property, including loss of income from the interruption of its operation therefrom or liabilities arising from third-party claims for bodily injury and property damage.

While the Company endeavors to secure sufficient coverage, the insurance program that it procures is affected by several factors, such as insurance market conditions of property policies and selection of appropriate limits of liability policies.

The property insurances that the Company procures are subject to annual renewal and as such are subject to the prevailing insurance market conditions. This market condition may affect the insurance underwriters' decision on whether to deny or accept the Company's application for insurance coverage, and, if the decision is to accept, at what premium. Moreover, underwriters may also impose limitations on their liability under the policies such as lower loss limits, higher deductibles, additional exclusions, and stricter conditions, which may result in inadequate cover under the policy.

Similar to property insurance, the Company's liability policies are also subject to annual renewal and are affected by prevailing insurance market conditions. The Company procures liability insurance based on an estimate of its assessment of its exposure to third-party claims, which may be inadequate to cover all legal liabilities and related expenses in the unlikely event that they actually occur. Unlike property insurance, the limits under the liability policies are not based on property valuations but more of a nominated value based on the Company's assessment.

To place the foregoing policies, the Company engages the services of top global insurance brokers to aid in providing the most comprehensive insurance programs to the extent they are commercially available. The Company also conducts annual insurance road shows in regional/global hubs abroad, to reach various insurance and reinsurance underwriters for purposes of effectively placing the Company's property insurance program.

The Company may not successfully implement its growth strategy.

The Company's growth strategy is to expand the existing capacities through acquisition of existing assets or exploration and development of new assets in both the Philippines and in international markets. This strategy may require entering strategic alliances and partnerships and substantial investments in new geothermal steamfield and other renewable energy facilities. The Company's success in implementing this strategy will depend on, among other things, its ability

to identify and assess potential partners, investments, and acquisitions, successfully finance, close, and integrate such investments and acquisitions, control costs and maintain sufficient operational and financial controls.

As of the date of this Offer Supplement, the Company's geothermal electricity production, hydroelectric power generation, solar and wind power asset in the Philippines are the Company's only significant revenue generating businesses.

The key challenges the Company faces in the implementation of its growth strategy include:

- its ability to attract and retain third party customers for its services and products;
- its ability to develop a positive reputation for offering services and products in new markets;
- its ability to serve the expanding retail market through sufficient expertise, capabilities, and technological infrastructure;
- in contrast to its expertise in the geothermal, hydro, wind, and solar business, an insufficient expertise in other renewable energy projects;
- its ability to attract and retain the personnel necessary to implement its growth strategy;
- competition from companies offering similar services in the markets that the Company plans to enter and for which entry is dependent, in part, on the number, size, operating history, geographic scope, expertise, reputation, cost of capital, and financial resources of those competitors;
- its ability to identify and assess potential partners, investments and joint ventures and fairly value them; successfully receive approval from relevant government authorities; finance, close and integrate such investments; and maintain sufficient operational and financial controls;
- Availability of transmission assets to connect the new projects to the grid, as applicable; and,
- Potential grid curtailment, once the project is operational, due to NGCP's limited transmission capacity, which may impact the feasibility and profitability of the growth projects.

This growth strategy could place significant demands on the Company's management and other resources as the Company also continues to operate and maintain its existing operations. The Company's future growth may be adversely affected if it is unable to make these investments or form these partnerships, or if these investments and partnerships prove unsuccessful.

As of the date of this Offer Supplement, the Company is evaluating several potential investments and acquisitions internationally. Toward this end, the Company has opened offices in Indonesia and Chile. The Company used to have an office in Lima, Peru but has since refocused its resources given challenging political and market conditions in Peru. The Company has also sent experts overseas and continues to evaluate its international business prospects.

If, however, general economic, regulatory, market and competitive conditions change, or if operations do not generate sufficient funds or other unexpected events occur, the Company may decide to delay, modify or forego some aspects of its growth strategies, and its future growth prospects could be adversely affected.

As a matter of practice, the Company undertakes all reasonable due diligence before committing to potential investments and acquisitions.

The Company's intellectual property rights may not be adequate to protect its business.

The Company's competitors or other parties may assert that certain aspects of the Company's business or technology may be covered by patents held by them. Infringement or other intellectual property claims, regardless of merit or ultimate outcome, can be expensive and time-consuming and can divert management's attention from the Company's core business.

The Company has implemented measures to protect its intellectual property rights, including incorporation of adequate safeguard in its agreements with third parties and registration of its intellectual properties. The Company has four (4) patent registrations with the Intellectual Property Office ("IPO") of the Philippines. These registrations are maintained in accordance with applicable regulations, including through the payment of annual fees required by the IPO commencing on the fifth (5th) year from publication of the patent application. These inventions are used in the Company's geothermal field and plant operations, specifically in relation to its fluid collection and reinjection system and geothermal wells.

As for the other intellectual property rights that the Company needs but does not own, the Company is generally granted a worldwide, royalty-free, perpetual, irrevocable license to exploit any commissioned work, procured item, or

incorporated items, including, any and all copyrights, patents, designs, trade secrets, trademarks or other intellectual property rights, that the Company deems appropriate. Contracting parties are likewise required to warrant against infringement of intellectual property rights of any third party.

The failure to obtain financing or the inability to obtain financing on reasonable terms could affect the execution of the Company's growth strategies.

The Company's growth and expansion plans depend on the Company making strategic investments in new projects and acquisitions that are expected to be funded through a combination of internally generated funds and external fundraising activities, including debt and equity financing. The Company's ability to raise additional equity financing from non-Philippine investors is subject to foreign ownership restrictions imposed by the Philippine Constitution and Applicable Laws.

The Company's continued access to debt financing as a source of funding for new projects and acquisitions and for refinancing maturing debt is subject to many factors, many of which are outside of the Company's control. For example, political instability, economic downturn, social unrest, changes in the Philippine regulatory environment, changes in international financial regulations or reference rates, or the bankruptcy of an unrelated power generation company could increase the Company's cost of borrowing or restrict the Company's ability to obtain debt financing. The Company cannot guarantee that it will be able to arrange financing on acceptable terms. The inability of the Company to obtain debt financing from banks and other financial institutions would adversely affect its ability to execute its growth strategies. In addition, any future debt incurred by the Company may, among others:

- increase the Company's vulnerability to general adverse economic and industry conditions;
- restrict the Company's ability to incur additional capital expenditures and other general corporate expenses; require the Company to dedicate a substantial portion of its cash flow to service debt payments;
- limit the Company's flexibility to react to changes in the power generation business and the power industry;
- restrict the Company's ability to declare dividends;
- place the Company at a competitive disadvantage in relation to competitors that have less debt or lower costs of capital;
- require the Company to agree to additional financial covenants; and,
- limit, along with other restrictive covenants, the Company's ability to borrow additional funds.

To address these risks, the Company maintains and continues to develop long-standing relationships with numerous financial institutions, through which, the Company has been able to obtain the necessary financing from both local and international funding sources, including multilateral institutions. Its strong financial standing, as confirmed by its PRS Aaa rating from PhilRatings issued on March 19, 2024, is expected to facilitate access to more financing.

The Company cannot predict the amounts it will have to pay for expropriated land.

Under the laws of the Philippines, any party who has land expropriated by the Government is entitled to be paid the fair market value for the land expropriated. As such, any land which is expropriated by Philippine National Oil Company ("PNOC") or the DOE on the Company's behalf must be paid for by the Company at its fair market value, as just compensation, as ultimately determined by a court of law. As of March 31, 2024, several expropriation proceedings filed by the Republic of the Philippines, through the DOE and PNOC, to acquire lands needed by the Group for the power plants and/or steamfield components of its projects are still pending before various Philippine courts, and the aggregate claim for just compensation is approximately ₱258.0 Million. There may be claims for compensation under these various expropriation cases that may be inflated. There can be no assurance that the Company will be successful in its arguments and it cannot predict the amounts it will have to pay for expropriated land. Additionally, it takes considerable time and expense to manage these expropriation cases, which can also have a negative impact on the Company.

The Company does not believe that any of these cases pose a material risk to the Company's operations. In addition, the Company maintains sufficient liquidity to meet these potential claims.

The Company has and will likely continue to rely significantly on the services of members of its senior management team, some of which are also employees of other companies in the Lopez Group, and the departure of any of these persons could adversely affect its business.

The Company has and will likely continue to rely significantly on the continued individual and collective contributions of its senior management team. The loss of the services of any member of the Company's senior management or the inability to hire and retain experienced management personnel could have a material adverse effect on its business and results of operations.

A number of the Company's top management personnel, including the Vice Chairman and Chief Executive Officer; President and Chief Operating Officer; Chief Financial Officer, Treasurer, and Compliance Officer for the SEC; Head of Supply Chain Management; Chief Audit Executive and Head of Internal Audit; and Corporate Secretary and Head of Legal and Regulatory Affairs and Legal Services Division, have been seconded from the Company's shareholder, First Gen Corporation and affiliate, First Philippine Holdings Corporation ("FPH"), and may be asked to return to their original employer, which continues to employ them, upon compliance with certain contractual terms and conditions.

To address movement of personnel, the Company conducts continuous training of all its personnel and has set plans for succession. As part of its retention strategy, the Company strives to provide competitive remuneration packages to its prospective and existing employees. The Company prides itself on its relationship with its employees and its ability to attract the best personnel, which the Company believes will continue.

In relation to top management personnel also being employees of other Lopez Group companies, conflict of interest issues may arise. To address this, the Company adheres to corporate governance principles, practices, and standards to demand a high level of integrity and accountability on the part of its directors, officers, and employees.

The success of the Company's foreign ventures depends on its ability to manage the risks.

As of the date of this Offer Supplement, the Company is evaluating several potential investments and acquisitions internationally. Toward this end, the Company has opened offices in Indonesia and Chile, to manage its potential acquisitions and the identification of new exploration and development projects. The Company also used to have an office in Lima, Peru but has since refocused its resources given challenging political and market conditions in Peru.

Other challenges in this development bring about issues relating to reservoir constraints, legal and regulatory frameworks for geothermal energy lacking or still under development in certain countries, and other risk factors that are typical to developing geothermal projects.

To address this risk, the Company undertakes all reasonable due diligence in its business decisions, including foreign ventures, and continues to monitor available opportunities in the market.

The Company may potentially be exposed to stranded asset risk.

Stranded assets are investments that are not able to meet a viable economic return and which are likely to see their economic life curtailed due to a combination of technology, environmental, resource, regulatory and/or market changes¹¹, among others. For the Company, risk factors may potentially expose the Company to suffer from unanticipated or premature write-downs, devaluations or conversion of asset to liabilities, including:

- The Company's exploration, development and production of geothermal energy resources are subject to geological risks and uncertainties.
- The estimates of the Company's steam reserves may be imprecise.
- The Company's financial performance depends on the successful operation of its geothermal steamfields and power plants, hydro, wind and solar assets, which are subject to various operational and natural catastrophe risks.
- Permits, licenses and operating agreements necessary for the Company's business may not be obtained, sustained, extended or renewed.
- The success of the Company's foreign ventures depends on our ability to manage the risks.

¹¹ Market Forces. *Stranded Assets*. <https://www.marketforces.org.au/info/key-issues/stranded-assets/>.

The Company has taken various steps to mitigate each of the risks enumerated above, as discussed in the relevant sections, which may contribute to the Company suffering from a stranded asset risk.

Further, in the energy sector, stranded asset risk is more commonly associated with energy-sector assets being potentially rendered worthless prior to the end of their economic lifetime due to changing climate policies that aim to keep global warming below 2°C and/or cost competitiveness of alternative renewable and clean energy technologies. As the world moves towards a low carbon economy, fossil fuel companies and their related infrastructure are the most exposed to this risk of asset stranding. However, the Company believes that this shift to low carbon and clean energy technologies does not pose a major risk for the Company, since it is a pure renewable energy company.

The Company and its assets are exposed to cybercrime and cyber insecurity.

Cybercrimes and cyber insecurity remain to be one of the major risks concerning businesses globally. With the increasing digitalization and technological advancements, businesses are becoming more vulnerable to criminality being perpetuated through forms of cyber-attacks such as malware, phishing, and spoofing, among others.

Considering that the Company is utilizing more digital processes and systems, the Company's assets and processes are exposed to cyber-attacks that may result in disruption in terms of generation, loss of revenue, damage to Company assets, concerns on the welfare of Company personnel, and/or personal data breaches.

In order to manage the risks related to cybersecurity, the Company continues to strengthen both its Information Technology ("IT") and Operational Technology ("OT") systems with measures to protect from unauthorized access and to ensure that systems are able to respond and recover in a timely manner in the event of an actual cyber-attack.

The Company has transactions with related parties.

The Company engages in transactions with related parties, such as the parent company and affiliates. With this, the Company may be exposed to conflict of interest.

While the Company is no longer a publicly listed company and is therefore not required by regulations to have a Related Party Transaction ("RPT") review body, which would evaluate and approve related party transactions, the Company has continued to implement two (2) review levels as part of its good corporate governance.

The review of related party transactions by the Company, through its RPT Panel and RPT Committee, is conducted to ensure that the transaction entered by the Company is arm's length and is in the best interest of the Company and its shareholders as a whole. RPTs are evaluated based on materiality, coverage, and urgency.

The RPT review conducted by the RPT Panel and RPT Committee is an additional layer to the review that is performed by respective groups of the Company and/or its Board of Directors, in accordance with the Company's procurement process and guidelines, and Approvals Manual.

Risks Relating to the Philippines

Substantially all of the Company's operations and assets are based in the Philippines; a slowdown in economic growth in the Philippines could adversely affect its businesses.

Currently, substantially all of the Company's business operations and assets are based in the Philippines. The demand for electricity is closely linked to economic growth. As the economy grows, economic activities such as industrial production tend to expand, which increases the demand for electricity. Conversely, in economic downturns, activities such as industrial production tend to decline or stagnate, which decrease the demand for electricity. As a result, the Company's income and results of operations depend, to a large extent, on the performance of the Philippine economy. In the past, the Philippines has experienced periods of slow or negative growth, high inflation, significant devaluation of the Philippine currency and the imposition of exchange controls. A sustained economic downturn could have a material adverse effect on the Company's business, financial condition and results of operations.

Other factors that may adversely affect the Philippine economy include:

- reduced business, industrial, manufacturing or financial activity in the Philippines or elsewhere in Southeast Asia;
- scarcity of credit or other financing available to the Government, corporations, or individuals in the Philippines;
- fluctuations in currency exchange rates and interest rates or prolonged periods of inflation or deflation;
- a downgrade in the long-term foreign and local currency sovereign credit ratings of the Philippines or the related outlook for such ratings;
- significant changes to the Government's economic, social or tax policies; pandemic; natural disasters, including tsunamis, typhoons, earthquakes, fires, floods and similar events;
- political instability, terrorism or military conflict in the Philippines, other countries in the region or globally; and,
- other regulatory, political or economic developments in or affecting the Philippines.

These and other factors could materially and adversely affect the Company or its consumers, customers and contractual counterparties, which, in turn, could materially adversely affect the Company's business, financial condition and results of operations and its ability to implement its business strategy.

In response to this risk, the Company is exploring various international expansion opportunities overseas to diversify its portfolio and mitigate this risk.

Any political instability in the Philippines may adversely affect the Company.

The Philippines has from time to time experienced political and military instability. The Philippine Constitution provides that in times of national emergency, when the public interest so requires, the Government may take over and direct the operation of any privately owned public utility or business. In the past, there has been political instability in the Philippines, including public and military protests arising from alleged misconduct by former administration/s. No assurance can be given that the political environment in the Philippines will not be subjected to instability and any political or social instability in the future could result in inconsistent or sudden changes in regulations and policies that may affect the Company, which could have an adverse effect on the Company's business, results of operations and financial condition.

In case of escalated territorial disputes, the Philippine economy may be disrupted and its business and financial standing may be adversely affected.

The Philippines, together with China, Vietnam, Malaysia and several Southeast Asia nations are currently involved in competing and overlapping territorial claims over the West Philippine Sea. This has been a source of tension and conflict among such nations. China claims historic rights to the West Philippine Sea based on the so-called "nine-dash line" and has dramatically expanded its military presence, which further escalated tension among claimant countries. In 2013, the Philippines filed a case before the Permanent Court of Arbitration, the international arbitration tribunal based at The Hague, Netherlands to legally challenge the claims of China in the West Philippine Sea and to resolve the dispute under the principles of international law as provided for under the United Nations Convention on the Law of the Sea. The tribunal rendered a decision in July 2016 stating that the Philippines has exclusive sovereign rights over the West Philippine Sea and that the "nine-dash line" claim of China is invalid. The Government, under the Duterte administration, had taken action to de-escalate tensions concerning the territorial dispute with China.

In 2023, under the administration of Philippine President Ferdinand R. Marcos, Jr., increasing tension over territorial disputes between the Philippines and China was observed as hostilities started to arise. In case of continuous heightened territorial disputes, the relationship between the Philippines and China may be significantly affected. Consequently, the Philippine economy may be disrupted and its business and financial standing may be adversely affected. From the Company's standpoint, its supply chain requirements may be significantly affected as it procures various goods from vendors based in China.

To mitigate this risk, the Company conducts material forecasting; establishes master service agreements and contracts with various suppliers and contractors to ensure stable supply of critical products and/or services; enhances relationship

with various suppliers; sources from other vendors other than those from China, as applicable; and is shifting to risk-based contracting.

Continued terrorist or insurgent activities in the Philippines could destabilize the country, adversely affecting the Company's business environment

The Philippines has been subject to a number of terrorist attacks in the past several years. The Philippine military has been in conflict with the Abu Sayyaf Group ("ASG"), which has been identified as being responsible for kidnapping and terrorist activities in the country and is also alleged to have ties to the Al-Qaeda terrorist network.

The Philippines has a long running counter-insurgency problem with the Communist Party of the Philippines' New People's Army ("NPA"), spanning five (5) decades of conflict. The NPA aims to replace the current Filipino political and economic order with a socialist system through a strategy of protracted people's war and has leveraged all tactical means at its disposal, including military action, mass mobilization and political lobbying. Despite the government's prioritization of ending the conflict, numerous NPA surrenderers and NPA leaders are still getting arrested for criminal offenses or killed in armed encounters with government troops. The NPA threat still lingers, targeting isolated military and police detachments, conducting extortion on government-funded infrastructure projects, preying on private firms serving as contractors, threatening public transportation in the countryside, burning sets of equipment for noncompliance to financial demands. These retributions were meted under the guise of environmental issues that private firms and contractors are doing in the pursuit of their projects.

Focused military operations are being undertaken by the government to put more pressure on the NPAs to either surrender and/or bring the political arm back to the negotiating table to resume peace talks that have been stalled since November 2017 because of the NPA's insincerity to previous truces. The Armed Forces of the Philippines ("AFP") believes that this is not the right time to have a ceasefire or resume talks with the CPP-NPA and have recommended such policy to the President through the Department of National Defense not to declare a ceasefire as customarily done annually. This was traditionally declared by the government to give both parties a respite from the conflict. However, there had been instances wherein the NPAs used this lull as a time to consolidate their forces, set to track their recruitment among the countryside and pursue ideological, political and organizational mass base work.

For more than a decade, terrorists, insurgents and criminal actors have carried out major attacks against government troops and/or civilians. Most of these have occurred in southern and western Mindanao and on the islands of Basilan and Sulu.

While the Company's business operations have not been hampered by security-related threats posed by terrorists or the NPAs in each of its areas of operations, there may still be instances wherein business activities in frontier and/or exploration areas could be delayed should security conditions on the ground, most especially in Misamis Oriental and Mt. Zion in Cotabato, not allow it to proceed as scheduled. As part of the Company's risk management program to address security risk, the Company continues to implement its security controls in all its operating sites and exploration areas.

The credit ratings of the Philippines may adversely affect the Company's business.

The sovereign credit ratings of the Government directly and adversely affect companies in the Philippines as international credit rating agencies issue credit ratings by reference to that of the sovereign. No assurance can be given that Moody's Investors Service, Inc., Standard & Poor's Ratings Group or any other international credit rating agency will not, in the future, downgrade the credit ratings of the Government and, consequently, Philippine companies. Any such downgrade could have an adverse impact on the liquidity in the Philippine financial markets, the ability of the Government and Philippine companies, including the Company, to raise additional financing and the interest rates and other commercial terms at which such additional financing is available.

As of March 31, 2024, the Philippines' long-term foreign-currency denominated debt maintained its credit rating of Baa2 by Moody's, BBB+ by S&P Global Ratings, and BBB by Fitch. However, no assurance can be given that Fitch, Moody's, S&P Global Ratings or any other international credit rating agency, will not downgrade the credit ratings of the Government in the future and, therefore, of Philippine companies, including the Company. Any such downgrade could have a material adverse effect on liquidity in the Philippine financial markets and the ability of the Philippine

government and Philippine companies, including EDC, to raise additional financing, and will increase borrowing and other costs.

The occurrence of catastrophes or pandemic could adversely affect the Company's business, financial condition or results of operations.

Over the years, the Philippines has experienced a number of major natural catastrophes including typhoons such as Typhoon Ulysses in November 2020, floods, volcanic eruptions such as the Taal Volcano eruption in January 2020, and earthquakes. The Philippines was also not spared from the COVID-19 pandemic. Natural catastrophes and pandemic may materially disrupt and adversely affect the Company's business operations. In addition, the damage caused by natural catastrophes and the effects of the pandemic may materially disrupt and adversely affect the business operations of the Company's customers, which may in turn have an adverse effect on the Company, including its cash flows. The frequency and severity of the occurrence of natural catastrophes and pandemics may be further exacerbated by the effects of global climate change. The Government may also adopt regulations in response to calamities or pandemics that may result to lower revenues or deferral of collections.

To mitigate these risks, the Company has established its Business Continuity Management system and Natural Catastrophe Resiliency Program. Even with these, however, there can be no assurance that the Company will be fully capable to deal with catastrophic situations and that the insurance coverage it maintains will fully compensate it for all damages and economic losses resulting from catastrophes and other disasters.

Foreign exchange controls could adversely affect the Company's financial conditions and results of operations.

Generally, Philippine residents may freely dispose of their foreign exchange receipts and foreign exchange may be freely sold and purchased outside the Philippine banking system. However, the Monetary Board of the BSP, with the approval of the President of the Philippines, during a foreign exchange crisis or in times of national emergency, has the statutory authority to: (i) suspend temporarily or restrict sales of foreign exchange; (ii) require licensing of foreign exchange transactions; or (iii) require the delivery of foreign exchange to the BSP or its designee banks for the issuance and guarantee of foreign currency-denominated borrowings. The Government has, in the past, instituted restrictions on the conversion of Pesos into foreign currency and the use of foreign exchange received by Philippine residents to pay foreign currency obligations.

There is no assurance that the Philippine government will not impose economic restrictions or regulatory controls that may restrict free access to foreign currency. Any such restrictions could severely curtail the ability of the Company to pay for certain key inputs or to meet its foreign currency payment obligations, which could materially and adversely affect its financial condition and results of operations.

Risks Relating to the Bonds

The Bonds may be subordinated to other debts of the Company.

Under Philippine law, in the event a borrower submits to insolvency or liquidation proceedings on which the borrower's assets are liquidated, the unsecured debt of such borrower that is evidenced by a public instrument, as provided in Article 2244 of the Civil Code of the Philippines, will rank ahead of the unsecured debt that is not so evidenced. The debt becomes evidenced by a public instrument when the creditor and debtor have acknowledged before a notary or any person authorized to administer oaths in the Philippines. Although the position is not clear under Philippine law, it is possible that a *jurat* (a statement of the circumstances in which an affidavit was made) may be sufficient to constitute the document a public instrument. Accordingly, it may be possible for debt to become evidenced by public instrument through the unilateral action of a creditor without the knowledge of the borrower.

As far as the Company is aware, all of the Company's lenders waived the preference of credit implied by the notarization of their respective agreements and the Company will undertake in the Trust Indenture to use its best endeavors not to incur any debt that will rank ahead of the Bonds merely by virtue of being evidenced by a public instrument except (a) notarized indebtedness not exceeding US\$25.0 Million in the aggregate at any time, or (b) to the extent that the relevant lender waives the benefit of such preference or priority. Any such debt evidenced by a public instrument may, by mandatory provision of law, rank ahead of the Bonds in the event of the liquidation of the Company.

The Bonds do not have the benefit of any security.

First Gen, FPH, or any other member of the Lopez Group will not guarantee the Bonds. Likewise, no assets of the Company will be used as collateral for the Bonds. As a policy, EDC's borrowings are clean and are not collateralized by its assets. As of the date of this Offer Supplement, there are no borrowings secured by any of the Company's assets.

The Company may be unable to redeem the Bonds.

At maturity, the Company will be required to redeem all of the Bonds. At that point in time, the Company may not have sufficient cash on hand and may not be able to arrange financing to redeem the Bonds in time, or on acceptable terms, or at all. The ability to redeem the Bonds in such event may also be limited by the terms of other debt instruments. Failure to repay, repurchase or redeem tendered Bonds by the Company would constitute an event of default under the Bonds, which may also constitute a default under the terms of other indebtedness of the Company.

The Company is confident that it can service the interest and redeem the Bonds at maturity and/or seek refinancing facilities. EDC has a strong and stable business in the Philippines, supported by diversified power supply contracts. It has strong recurring cash flows, maintains a low debt-equity ratio, and maintains a high level of liquidity in its statement of financial position.

Liquidity Risk

The Philippine debt securities markets, particularly the market for corporate debt securities, are substantially smaller, less liquid and more concentrated than other securities markets. The Company cannot guarantee whether an active trading market for the Bonds will develop or if the liquidity of Bonds will be sustained throughout its life. Even if the Bonds are listed on the PDEX, trading in securities such as the Bonds may be subject to extreme volatility at times, in response to fluctuating interest rates, developments in local and international capital markets and the overall market for debt securities, among other factors. There is no assurance that the Bonds may be easily disposed of at prices and volumes at instances best deemed appropriate by their holders.

Pricing Risk

The market price of the Bonds will be subject to market and interest rate fluctuations as well as changes in monetary policy or regulations, which may result in the investment being appreciated or reduced in value. If market interest rates decrease relative to the Interest Rate of the Bonds, the price of the Bonds, when sold in the secondary market, may increase. Conversely, if market interest rates increase relative to the Interest Rate of the Bonds, the price of the Bonds, when sold in the secondary market, may decrease. Thus, a Bondholder could face possible losses if he decides to sell in the secondary market.

Retention of Ratings Risk

There is no assurance that the rating of the Bonds will be retained throughout the life of the Bonds. The rating is not a recommendation to buy, sell, or hold securities and may be subject to revision, suspension, or withdrawal at any time by the assigning rating organization.

Risks Relating to the Bonds issued as Green Bonds

Prospective investors should have regard to the information set out in the EDC Green Bond Framework (see section “EDC Green Bond Framework” on page 63) regarding the use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment, whether the Bonds issued under the EDC ASEAN Green Bond Program are issued as “Green Bonds” together with any other investigation that such investor deems necessary.

In accordance with EDC’s prescribed eligibility criteria, it may issue the Bonds where the use of proceeds is specified to be for the financing and/or refinancing of specified “Eligible Green Projects” of the Company or any of its Subsidiaries. However, there is currently no market consensus on what precise attributes are required for a particular project to qualify, be considered an eligible green project or be defined as “green”; hence, no assurance can be provided to potential investors that the Eligible Green Projects to be specified in the use of proceeds will meet all investors’ expectations in line with sustainability performance or will continue to meet relevant eligibility criteria. Although Eligible Green Projects are expected to be selected in accordance with the categories recognized by the ICMA Green Bond Principles and ASEAN Green Bond Standards 2018, there can be no guarantee that adverse environmental and/or social impacts will not occur during the design, construction, commissioning and/or operation of any such green projects.

Furthermore, although the Company may agree on the relevant issue date of the Bonds to use the proceeds for financing and/or refinancing of new and existing renewable energy projects that are considered Eligible Green Projects under the EDC Green Bond Framework, it would not be an event of default under the Bonds if the Company were to fail to actually use the proceeds in the manner specified as such in accordance with the EDC Green Bond Framework or with SEC Memorandum Circular No. 12, Series of 2018. Any failure to use the net proceeds of the Bonds as stated in the EDC Green Bond Framework, and/or any failure to meet or to continue to meet the investment requirements of certain environmentally focused investors with respect to such Bonds may affect the marketability, value, trading price and/or liquidity of the Bonds, and/or may have consequences for certain investors with strategies or portfolio mandates to invest in green assets, which may cause one or more of such investors to dispose of the Bonds held by them which may, in turn, affect the marketability, value, trading price and/or liquidity of the relevant Bonds.

Taxation

The following is a discussion of the material Philippine tax consequences of investment in and beneficial ownership of the Bonds to a holder who purchases Bonds in the Offering (a "Bondholder"). This discussion is based upon laws, regulations, rulings, income tax conventions (treaties), administrative practices and judicial decisions in effect at the date of this Offer Supplement. Subsequent legislative, judicial, or administrative changes or interpretations may be retroactive and could affect the tax consequences to Bondholders.

The tax treatment of a Bondholder may vary depending upon such Bondholder's particular situation, and certain Bondholders may be subject to special rules not discussed below. United States Federal, State, and other foreign (other than Philippine) tax consequences of the ownership and disposition of the Bonds are not discussed below. This summary does not purport to address all tax aspects that may be important to a Bondholder.

EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISOR AS TO THE PARTICULAR TAX CONSEQUENCES OF THE OWNERSHIP AND DISPOSITION OF THE BONDS, INCLUDING THE APPLICABILITY AND EFFECT OF ANY LOCAL, NATIONAL OR FOREIGN TAX LAWS.

Philippine Taxation

As used in this section, the term "resident alien" refers to an individual whose residence is within the Philippines and who is not a citizen thereof, a "non-resident alien" is an individual whose residence is not within the Philippines and who is not a citizen of the Philippines; a non-resident alien who is actually within the Philippines for an aggregate period of more than 180 days during any calendar year is considered a "non-resident alien doing business in the Philippines"; otherwise, such non-resident alien who is actually within the Philippines for an aggregate period of 180 days or less during any calendar year is considered a "non-resident alien not doing business in the Philippines." A "resident foreign corporation" is a foreign corporation engaged in trade or business within the Philippines; and a "non-resident foreign corporation" is a non-Philippine corporation not engaged in trade or business within the Philippines.

Taxation of Interest

Interest income on the Second Tranche Bonds is subject to a withholding tax at rates of ten percent (10.00%) to twenty five percent (25.00%), depending on the tax status of the relevant Second Tranche Bondholder under relevant law, regulation or tax treaty. Interest income on the Bonds received by Philippine citizens, "resident aliens", "non-resident aliens doing business in the Philippines" as well as domestic and resident foreign corporations shall be subject to a final withholding tax of 20.00%, which shall be withheld at source. Interest income received by "non-resident aliens not doing business in the Philippines" and non-resident foreign corporations shall be subject to a final withholding tax of 25.00%. The tax shall be for the account of the Bondholder.

The foregoing rates are subject to further reduction by any applicable tax treaty in force between the Philippines and the country of residence of the non-resident owner. Most tax treaties to which the Philippines is a party generally provide for a reduced tax rate of 10.00% or 15.00% in cases where the interest which arises in the Philippines is paid to a resident of the other contracting state. However, most tax treaties also provide that reduced withholding tax rates shall not apply if the recipient of the interest who is a resident of the other contracting state, carries on business in the Philippines through a permanent establishment and the holding of the relevant interest-bearing instrument is effectively connected with such permanent establishment.

Recent promulgations from the BIR concerning the tax treatment of interest income earnings on financial instruments and other related transactions differ from previous promulgations and opinions issued by the BIR on the same matter. Thus, depending on the position taken by the said office, taxes on interest income applicable to the Bonds may, at any time, be subject to adjustment. Such changes include the possibility of a higher tax rate.

Tax Exemptions or Tax Treaty Rates of Withholding

A Bondholder who is exempt from the aforesaid withholding tax, or is subject to a preferential withholding tax rate shall be required to submit the following requirements to the Registrar, subject to acceptance by the Issuer, as being sufficient in form and substance:

- (i) a current and valid BIR-certified true copy of the tax exemption certificate, ruling or opinion issued by the BIR and addressed to the relevant applicant or Bondholder, confirming its exemption or preferential rate, as required under BIR Revenue Memorandum Circular No. 8-2014 including any clarification, supplement or amendment thereto;
- (ii) with respect to tax treaty relief, an Application Form for Treaty Purposes (BIR Form 0901) and Tax Residency Certificate ("TRC") duly issued by the foreign tax authority, and the relevant provision of the applicable tax treaty, and such other documentary requirements enumerated in BIR Revenue Memorandum Order ("RMO") No. 14-2021 in relation to BIR RMC No. 77-2021 and 20-2022. For the avoidance of doubt, the Issuer shall retain sole discretion in determining whether the non-resident Bondholder is entitled to the preferential tax treaty rate based on the documents submitted by the non-resident Bondholder, provided that all the conditions for the availment thereof, other than residency, have been satisfied;
- (iii) a duly notarized undertaking executed by (1) the corporate secretary or any authorized representative of such applicant or Bondholder, who has personal knowledge of the exemption based on his official functions, if the applicant purchases, or the Bondholder holds, the Bonds for its account, or (2) the trust officer, if the applicant is a universal bank authorized under Philippine law to perform trust and fiduciary functions and purchase the Bonds pursuant to its management of tax-exempt entities (i.e. Employee Retirement Fund, etc.), declaring and warranting such entities' tax-exempt status or preferential rate entitlement, undertaking to immediately notify the Issuer, the Registrar and Paying Agent of any suspension or revocation of the tax exemption certificate, ruling or opinion issued by the BIR, executed using the prescribed form under the Registry and Paying Agency Agreement, with a declaration and warranty of its tax exempt status or entitlement to a preferential tax rate, and agreeing to indemnify and hold the Issuer, the Registrar and Paying Agent free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding or incorrect withholding of the required tax; and
- (iv) such other documentary requirements as may be required under the applicable regulations of the relevant taxing or other authorities which for purposes of claiming tax treaty withholding rate benefits, shall include evidence of the applicability of a tax treaty and consularized or apostilled proof of the Bondholder's legal domicile in the relevant treaty state, and confirmation acceptable to the Issuer that the Bondholder is not doing business in the Philippines; provided, that the Issuer shall have the exclusive discretion to decide whether the documents submitted are sufficient for purposes of applying the exemption or the reduced rate being claimed by the Bondholder on the interest payments to such Bondholder; provided, further, that all sums payable by the Issuer to tax exempt entities shall be paid in full without deductions for taxes, duties, assessments or government charges, subject to the submission by the Bondholder claiming the benefit of any exemption of the required documents and of additional reasonable evidence of such tax-exempt status to the Registrar.

The foregoing requirements shall be submitted, (i) in respect of an initial issuance of the Bonds, to the relevant Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, the co-lead underwriters or selling agents (if any) who shall then forward the same with the Application to Purchase to the Registrar; or (ii) in respect of a transfer from a Bondholder to a purchaser, to the Registrar upon submission of the account opening documents.

Value-Added Tax

Gross income arising from the sale of the Bonds in the Philippines by Philippine-registered dealers in securities will be subject to a 12.00% value-added tax.

Gross Receipts Tax

Banks and non-bank financial intermediaries are subject to gross receipts tax on gross receipts (equivalent to the gross selling price less acquisition cost) derived from sources within the Philippines in accordance with the following schedule:

On interest, commissions and discounts from lending activities, as well as income from financial leasing, gross receipts tax shall be levied on the basis of the remaining life of debt instruments from which such receipts are derived:

Maturity period is five (5) years or less	5.00%
Maturity period is more than five (5) years	1.00%

Provided, however, that in case the maturity period referred above is shortened through pre-termination, then the maturity period shall be reckoned to end as of the date of pre-termination for purposes of classifying the transaction and the correct rate shall be applied accordingly.

Net trading gains realized within the taxable year by banks and non-bank financial intermediaries performing quasi-banking functions on the sale or disposition of the Bonds shall be taxed at 7.00%.

Documentary Stamp Taxes

A documentary stamp tax is imposed upon the issuance of debentures and certificates of indebtedness issued by Philippine companies, such as the Bonds, at the rate of ₱1.50 on each ₱200.00, or fractional part thereof, of the issue price of such debt instruments; provided, that for debt instruments with terms of less than one (1) year, the documentary stamp tax to be collected shall be of a proportional amount in accordance with the ratio of its term in number of days to 365 days.

The documentary stamp tax is collectible wherever the document is made, signed, issued, accepted, or transferred, when the obligation or right arises from Philippine sources, or the property is situated in the Philippines. Any applicable documentary stamp taxes on the original issue will be paid by the Company for its own account.

Taxes on Sale or Disposition of the Bonds

Under the Tax Code, any gain realized from the sale, exchange or retirement of bonds, debentures, and other certificates of indebtedness will generally form part of the gross income of the sellers, for purposes of computing the relevant taxable income subject to the graduated regular or ordinary tax rates of 15.00% to 35.00%, as the case may be. If the Bonds are sold by a seller, who is an individual and who is not a dealer in securities, who has held the Bonds for a period of more than twelve (12) months prior to the sale, only 50.00% of any capital gain will be recognized and included in the seller's gross taxable income.

However, any gain realized from the sale, exchange or retirement of bonds with an original maturity date of more than five years (as measured from the date of issuance of such securities, debentures or other certificates of indebtedness) will not be subject to income tax.

No documentary stamp tax is due on the subsequent sale or disposition (or assignment) of the Bonds, as long as there is no change in the maturity date or in the remaining period of coverage or the material terms and conditions of the Bonds, or there is no renewal or no issuance of new Bonds in the name of the transferee, or no novation of the Bonds.

Estate or Donor's Taxes

The transfer of a Bond by way of succession upon the death of a Bondholder will be subject to Philippine estate tax at the rate of 6.00% computed based on the value of the net estate.

The transfer of a Bond by way of gift or donation is subject to Philippine donor's tax at the rate of 6.00% of the total gifts made during a calendar year in excess of Two Hundred Fifty Thousand Pesos (₱250,000.00).

The foregoing applies without regard to whether the Bondholder is a non-resident. However, the Philippines will not collect estate and donor's taxes on the transfer of the Bonds by gift or succession if the deceased, at the time of death, or the donor at the time of donation, was a citizen and resident of a foreign country that provides certain reciprocal

rights to citizens of the Philippines ("Reciprocating Jurisdiction"). For these purposes, a Reciprocating Jurisdiction is a foreign country which at the time of death or donation: (i) did not impose a transfer tax of any character in respect of intangible personal property of citizens of the Philippines not residing in that foreign country, or (ii) allowed a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in that foreign country.

Taxation Outside the Philippines

The tax treatment of non-resident Bondholders in jurisdictions outside the Philippines may vary depending on the tax laws applicable to such Bondholders by reason of domicile or business activities and such Bondholder's particular situation.

This Offer Supplement does not discuss the tax considerations on such non-resident Bondholders under laws other than those of the Philippines.

Use of Proceeds

The proceeds of the Second Tranche Bonds will be used for the financing or refinancing of new and existing renewable energy projects that are considered Eligible Green Projects under the EDC Green Bond Framework (see section “EDC Green Bond Framework” on page 63), as more specifically set out below.

Eligible Green Projects are those that involve the financing or refinancing of, in whole or in part, the exploration, development, construction, rehabilitation, expansion, or acquisition of new or existing renewable energy projects, including: 1) Geothermal energy projects, 2) Wind energy projects, 3) Solar energy projects, 4) Hydropower projects, 5) Bioenergy projects, and 6) Energy storage projects, subject to certain eligibility criteria (collectively referred to as the “Eligible Green Projects”). The Eligible Green Projects are identified, evaluated and selected based on, but not limited to: a) the EDC Green Bond Framework, b) EDC’s vision, mission, chosen path, strategy, and objectives, c) technical, financial, and commercial feasibility, and d) risks assessment.

The net proceeds shall not be used towards financing and/or refinancing of activities related to coal or any other fossil fuel-related technologies.

Net proceeds from this Offer are estimated to be at least as follows:

For a P6.0 Billion Issue Size	
	Total
Estimated proceeds from the sale of Second Tranche Bonds	6,000,000,000
Less: Estimated expenses	
Documentary Stamp Tax	45,000,000
SEC Registration	
SEC Registration Fee and Legal Research	2,903,780
SEC Publication Fee	100,000
Underwriting and Other Professional Fees	
Underwriting Fee	19,500,000
Issue Management Fee	3,000,000
Legal Fees of Issuer’s Counsel	1,848,000
Audit Fees	4,704,000
Rating Fee	1,440,000
Listing Application Fee	100,000
PDTC Registration Fees	260,000
Paying Agency and Registry Fees	180,000
Miscellaneous fees	250,000
Sub-Total	79,285,780
Est. net proceeds for P6.0 Billion Issue Size	5,920,714,220
For the P4.0 Billion Oversubscription Option	
Estimated proceeds from the sale of Second Tranche Bonds	4,000,000,000
Less: Estimated expenses	
Documentary Stamp Tax	30,000,000
Underwriting Fee	13,000,000
Issue Management Fee	2,000,000
Rating Fee	960,000
Paying Agency and Registry Fees	70,000
Sub-Total	46,030,000
Est. net proceeds for P4.0 Billion Oversubscription Option	3,953,970,000
Total estimated net proceeds	9,874,684,220

Aside from the foregoing one-time costs, EDC expects the following annual expenses related to the Second Tranche Bonds:

1. The Issuer will be charged the first year Annual Maintenance Fee of 1/200 of 1.0% of the face value or a maximum of ₱150,000.00 in advance upon the approval of the listing of the Second Tranche Bonds by PDEx;
2. The Issuer will pay a retainer fee to the Trustee amounting to ₱160,000.00 per annum; and,
3. After the Issue Date, a Paying Agency fee amounting to 5 basis points of the amount to be paid with a minimum of ₱10,000.00 and a maximum of ₱100,000.00 is payable every interest payment date. The Registrar will charge a monthly maintenance fee based on the face value of the Second Tranche Bonds and the number of Second Tranche Bondholders, estimated at ₱195,000.00 per annum (for the estimated issuance of ₱6,000.00 Million), or ₱325,000.00 per annum (for the estimated issuance of ₱10,000.00 Million) assuming a count of 1 to 2,500 Bondholders.

The net proceeds from the issue of the Second Tranche Bonds, without the Oversubscription Option (after deduction of commissions and expenses) is approximately ₱5,920.71 Million. Assuming the Oversubscription Option of up to ₱4,000.00 Million is fully exercised, the Company expects total net proceeds of approximately ₱9,874.68 Million after deducting fees, commissions and expenses.

For this Offer, the Issuer has identified the following EDC geothermal growth and maintenance capital expenditure projects as Eligible Green Projects.

The 28 MW Mahanagdong Binary Project is an optimization of energy production by utilizing heat from geothermal brine from the existing steam field facilities in Tongonan, through a binary plant technology. Total capital investment for the project is approximately estimated to be at least ₱7,500.00 Million. This project started construction last March 2023. Ongoing works include foundation and civil works construction for the balance of plant, foundation and erection works on the transmission line tower and switchyard area and pipe laying and supports construction of FCRS for the binary plant. Power plant equipment manufacturing is also underway with factory acceptance tests and shipments kicked off within the year. Its percentage of completion was at 48% and 65% as of December 31, 2023 and March 31, 2024, respectively. The project's target Commercial Operations Date ("COD") is in December 2024. The remaining capital expenditure budget for 2024-2025 amounting to ₱5,274.00 Million shall be funded by the net proceeds of the Second Tranche Bonds.

EDC is also installing a 20 MWh BESS in Bac-Man, 10 MWh BESS in Tongonan, Leyte, and 10 MWh BESS in Southern Negros, with a total estimated project cost of approximately ₱4,530.00 Million. These BESS projects are in various stages of development, with the installation expected to be performed from April to September 2024, as the necessary equipment arrive. The overall percentage of completion was at 29% and 47% as of December 31, 2023 and March 31, 2024, respectively. Total estimated capital expenditures spend for these projects for the remaining three quarters of 2024 is ₱1,899.90 Million. The projects' target COD is in December 2024.

In addition, the BBGPP is a 5.8 MW Binary Geothermal Power Plant currently under construction in Bago City, Negros Occidental. Its percentage of completion was at 56% and 87% as of December 31, 2023 and March 31, 2024, respectively. It has a total estimated project cost of ₱ 2,800.00 Million, while the estimated capital expenditures is ₱ 1,843.20 Million for the remainder of 2024. The completion of installation and target COD is by Q3 2024.

The other geothermal capital expenditure projects identified for funding include various natural catastrophe resiliency projects, powerplant equipment maintenance or upgrades, spare parts replacements, and other capital expenditures. These projects shall be undertaken to improve the Group's natural catastrophe resiliency, strengthen and upgrade its geothermal assets and modernize its powerplant equipment and other assets. ₱983.00 Million of these other geothermal capital expenditures shall be booked as Power Plant and Equipment (assets) in EDC, of which ₱421.00 Million is expected to be spent in 2024, while ₱562.00 Million is expected to be spent in 2025.

Below is the summary with breakdown as to purpose and timing:

(in ₱ Millions)	Total
Mahanagdong Binary Project	5,274.30
BESS	1,899.90
BBGPP	1,843.20
Facilities Maintenance & Resiliency	982.60
Total	10,000.00

Estimated Phasing of Capital Expenditures:

(in ₱ Millions)	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Total
Mahanagdong Binary Project	1,796.00	1,877.58	942.41	658.32	-	-	-	5,274.30
BESS	561.50	1,011.73	326.67	-	-	-	-	1,899.90
BBGPP	732.16	732.41	378.62	-	-	-	-	1,843.20
Facilities Maintenance & Resiliency	140.50	140.31	140.00	141.00	140.00	140.00	140.80	982.60
Total	3,230.16	3,762.03	1,787.70	799.32	140.00	140.00	140.80	10,000.00

The net proceeds of this Offer amounting to ₱5,920.71 Million, assuming an Issue Amount of ₱6,000.0 Million, shall be used primarily for the capital expenditure requirements of Mahanagdong and BESS projects. In particular, the breakdown of proceeds to be used towards the growth projects will be as follows:

Purpose	Estimated Amount (in ₱ Millions)
Mahanagdong Binary Project	5,274.30
BESS	646.41
Total	5,920.71

If the ₱4,000.0 Million Oversubscription Option is fully exercised, the additional net proceeds of ₱3,953.97 Million from the Oversubscription Option shall be allocated to BESS, BBGPP and Facilities Maintenance and Resiliency projects as follows:

Purpose	Estimated Amount (in ₱ millions)
BESS	1,253.49
BBGPP	1,843.20
Facilities Maintenance & Resiliency	857.28
Total	3,953.97

Any shortfall in the net proceeds for the intended uses described above shall be funded by the Issuer from internal sources such as cash flows generated from operations and/or availments from credit facilities provided to the Issuer by various financial institutions.

Pending the above uses, the Company intends to invest the net proceeds from the Issue in short-term and medium-term liquid investments including but not limited to short-term government securities, bank deposits and money market placements which are expected to earn prevailing market rates, consistent with the EDC Green Bond Framework.

The net proceeds from the Issue will not be used to reimburse any officer, director, employee or shareholder for services rendered, assets previously transferred, money loaned or advanced or otherwise. Further, except as disclosed herein, none of the net proceeds from the Issue will go to the Underwriters or the Underwriters' counsels.

The Company undertakes that it will not use the net proceeds from the Issue for any purpose, other than as discussed above. However, the Company's plans may change, based on factors including changing macroeconomic and market

conditions, or new information regarding the cost or feasibility of these plans. The Company's cost estimates may also change as these plans are developed further, and actual costs may be different from budgeted costs. For these reasons, timing and actual use of the net proceeds may vary from the foregoing discussion and the Company's management may find it necessary or advisable to reallocate the net proceeds within the categories described above, or to alter its plans, including modifying the projects described in the foregoing and/or pursuing different projects. In the event of any material or substantial deviation/adjustment in the planned uses of proceeds, the Company shall inform the SEC and the Bondholders within thirty (30) days prior to its utilization.

EDC Green Bond Framework

EDC is a global and diverse renewable energy company, with over forty (40) years of pioneering sustainable practices. Since 1976, the Company has primarily engaged in the business of exploring, developing, operating, and utilizing geothermal energy and other indigenous renewable energy sources for electricity generation.

EDC is the largest pure renewable energy company in the Philippines, operating 1,169 MW of geothermal, 150 MW of wind, 132 MW of hydroelectric power, and 12 MW of solar – for a total of 1,463 MW of clean and renewable energy.

The Company's vision is to be the leading global geothermal energy company and key provider of clean, renewable, 24/7 energy. Its mission is "to forge collaborative pathways for a decarbonized and regenerative future."

Recognized as a world leader in wet steam field technology, the Company operates in various locations in the Philippines, including in Bicol, Leyte, Negros Island, and Mindanao. EDC, through its subsidiaries, also operates the biggest combined wind and solar farm in the region, located in Burgos, Ilocos Norte, and substantial hydropower assets located in Nueva Ecija. Through these investments, EDC can supply 100.00% naturally sourced power to the national grid and bolster the Philippines' economic growth.

To support the Company's objective of promoting a regenerative environment and society while contributing to a low carbon economy by increasing access to reliable renewable energy, EDC established a Green Bond Framework under which it may issue green bonds to finance or refinance, in whole or in part, the exploration, development, construction, rehabilitation, expansion or acquisition of new or existing renewable energy projects ("Green Bonds").

An amount equal to the aggregate net proceeds from the issuance of every Green Bond will be used to finance or refinance, in whole or in part, projects under any of the Eligible Green Projects below. With respect to refinancing, only financing originally made within two (2) to three (3) years of the issue date of each relevant Green Bond issuance will qualify.

Below sets out the four (4) pillars of EDC's Green Bond Framework as published in March 2021.

1. Use of Proceeds

The net proceeds from the issuance of Green Bonds shall be used to finance or refinance, in whole or in part, the exploration, development, construction, rehabilitation, expansion or acquisition of new or existing renewable energy projects, including:

- a. Geothermal energy projects (direct emissions < 100gCO₂/kWh),
- b. Wind energy projects,
- c. Solar energy projects,
- d. Hydropower projects, which are expected to have a
 - i. Life-cycle carbon intensity that is below 100gCO₂e/kWh; or
 - ii. Power density that is greater than 5W/m²,
- e. Bioenergy projects,
 - i. For waste biomass to energy - waste from non-certified Roundtable on Sustainable Palm Oil (RSPO) operations shall be excluded; and
 - ii. For non-waste to energy:
 - (a) life-cycle GHG emission intensity below 100gCO₂e/kWh, or
 - (b) substantial reduction (at least 50.00%) of life-cycle emissions relative to fossil fuel baseline for biofuels.

Additionally, regardless of emissions threshold, intended non-waste feedstock shall ensure that:

- (a) production of biofuel feedstock does not take place on land with high biodiversity (at least within the last ten (10) to fifteen (15) years),
- (b) land with a high amount of carbon has not been converted for biofuel feedstock production, and

- (c) there is no competition with food (considerations for food security).

Non-waste biogas from peat, palm oil, and non-certified energy/oil crops shall be excluded.

- f. Energy storage projects.

(Power-to-Hydrogen projects shall be through water electrolysis.)

Energy projects that meet the above criteria are known as “Eligible Green Projects”. For the avoidance of doubt, coal or any other fossil fuel-related technologies shall not be eligible for funding by the Green Bonds.

2. Process for Project Evaluation and Selection

Eligible Green Projects are identified, evaluated and selected by EDC’s Business Development team, in collaboration with various support groups, including the Subsurface Geothermal Resource; Facilities Operations and Maintenance; Finance; Strategic Initiatives, Legal and Regulatory; Integrated Planning; Strategy and Long-Term Planning; and Corporate Support Functions¹². Shortlisted projects are then reviewed and endorsed by the Company’s Operations Committee, and subsequently approved by the Board of Directors.

Projects are evaluated and selected based on, but not limited to: a) the EDC Green Bond Framework; b) EDC’s vision, mission, chosen path, strategy, and objectives; c) technical, financial and commercial feasibility; and d) risks assessment.

Additional guidance may be provided by the Chief Sustainability Officer of EDC’s parent company, FPH.

In keeping with EDC’s commitment to the International Finance Corporation (“IFC”) Performance Standards on Environment and Social Sustainability, the projects must undergo environmental and social impact assessment and implement environment management system in the assessment, prevention and mitigation of risks.

The projects must also comply with FPH’s sustainability policies on corporate sustainability; human rights, including labor and working conditions; environment, safety and health; gender equality and diversity; biodiversity conservation and sustainable natural resource management; cultural heritage and indigenous peoples; corporate social responsibility and responsible asset protection.

3. Management of Proceeds

The net proceeds from the issued Green Bonds will be allocated to finance or refinance Eligible Green Projects of EDC and, if applicable, its Subsidiaries, which projects are selected in accordance with the use of proceeds criteria and the evaluation and selection process presented above.

Over time, the Company aims to fully allocate the net proceeds from the Green Bonds issuance to a portfolio of Eligible Green Projects. EDC will regularly monitor the allocation through its internal information system. In the event an Eligible Green Project ceases to satisfy the eligibility criteria, EDC will remove the said project from the portfolio and replace it as soon as reasonably practicable.

Until fully allocated, the unallocated net proceeds from the Green Bonds issuance may be invested in cash or cash equivalents, or used in accordance with the Company’s internal liquidity management policies and strategies.

¹²The following changes to the Company’s organizational structure have been implemented: Subsurface Geothermal Resource is now Integrated Subsurface; Strategic Initiatives, Legal and Regulatory Affairs is now Legal and Regulatory Affairs; Integrated Planning is now Enterprise Commercial; and Strategy and Long-Term Planning is now Corporate Strategic Planning.

4. Reporting

Allocation Reporting

As long as there are outstanding Green Bonds issued under the Green Bond Framework, EDC will provide information on the allocation of the net proceeds and balance of unallocated funds at least annually and starting one (1) year from the date of the Green Bond issuance until full allocation, on EDC's official website (www.energy.com.ph) and/or in the Company's Integrated Report.

Impact Reporting

Where relevant and possible, EDC will report on selected impact metrics (per project or in aggregate for all projects financed by the Green Bonds). The Company will aim to publish a brief description of the Eligible Green Projects and their expected impact, inclusive of, but not limited to, installed capacity, electricity generation, and GHG emissions reductions or avoidance.

Determination of Offer Price

The Second Tranche Bonds shall be issued on a fully-paid basis and at an issue price that is at par.

The interest rate of the Series C Bonds shall be based on the three (3)-day simple average of the three (3)-year PHP BVAL Reference Rate (or if the applicable BVAL is not available or cannot be determined, any such successor rate as determined by the Bankers Association of the Philippines ("BAP") or the BSP, as published on the on the website of the Philippine Dealing System Group page (or such successor page) of Bloomberg (or such successor electronic service provider) at approximately 5:00 p.m. (Philippine Standard Time), for the three (3) consecutive Business Days immediately preceding and ending on the interest rate setting date or May 8, 2024, plus the spread of 20 basis points.

Reference Dates			Benchmark Rates
May 6, 2024			6.5774%
May 7, 2024			6.5559%
May 8, 2024			6.5101%
3-day average 3Y BVAL Rate			6.5478%
Add: Final spread			0.2000%
Final Interest Rate for the Series C Bonds (p.a.)			6.7478%

The interest rate of the Series D Bonds shall be based on the three (3)-day simple average of the five (5)-year PHP BVAL Reference Rate (or if the applicable BVAL is not available or cannot be determined, any such successor rate as determined by the BAP or the BSP), as published on the website of the Philippine Dealing System Group page (or such successor page) of Bloomberg (or such successor electronic service provider) at approximately 5:00 p.m. (Philippine Standard Time), for the three (3) consecutive Business Days immediately preceding and ending on the interest rate setting date or May 8, 2024, plus the spread of 25 basis points.

Reference Dates			Benchmark Rates
May 6, 2024			6.6653%
May 7, 2024			6.6357%
May 8, 2024			6.6108%
3-day average 5Y BVAL Rate			6.6373%
Add: Final spread			0.2500%
Final Interest Rate for the Series D Bonds (p.a.)			6.8873%

The interest rate of the Series E Bonds shall be based on the three (3)-Business Days simple average of the seven (7)-year PHP BVAL Reference Rate (or if the applicable BVAL is not available or cannot be determined, any such successor rate as determined by the BAP or BSP), as published on the on the website of the Philippine Dealing System Group page (or such successor page) of Bloomberg (or such successor electronic service provider) at approximately 5:00 p.m. (Philippine Standard Time), for the three (3) consecutive Business Days immediately preceding and ending on the interest rate setting date or May 8, 2024, plus the spread of 30 basis points.

Reference Dates			Benchmark Rates
May 6, 2024			6.7862%
May 7, 2024			6.7510%

May 8, 2024

6.7507%

3-day average 7Y BVAL Rate

6.7626%

Add: Final spread

0.3000%

Final Interest Rate for the Series E Bonds (p.a.)

7.0626%

Plan of Distribution

The detailed plan of distribution and underwriting arrangement for the Second Tranche Bonds is set out below.

UNDERWRITING OBLIGATIONS OF THE JOINT LEAD UNDERWRITERS AND JOINT BOOKRUNNERS

For the Second Tranche Bonds, BDO Capital, BPI Capital, Chinabank Capital, and SB Capital as Joint Lead Underwriters and Joint Bookrunners, pursuant to an Issue Management and Underwriting Agreement with EDC executed on May 9, 2024, have agreed to act in such respective capacities for the Offer and as such, distribute and sell the Second Tranche Bonds at the Issue Price, and have also committed to underwrite Six Billion Pesos (₱6,000,000,000.00) on a firm basis, in either case subject to the satisfaction of certain conditions and in consideration for certain fees and expenses. In addition, the Company has appointed RCBC Capital to act as its Selling Agent.

The Company shall issue the Second Tranche Bonds to institutional and retail investors in the Philippines through a public offering to be conducted through the Joint Lead Underwriters and Joint Bookrunners and the Selling Agent. The Offer does not include an international offering.

Each of the Joint Lead Underwriters and Joint Bookrunners has committed to underwrite the Offer on a firm basis up to the amount indicated below:

Joint Lead Underwriters and Joint Bookrunners	Amount
BDO Capital	₱1,800,000,000.00
BPI Capital	₱1,800,000,000.00
Chinabank Capital	₱1,200,000,000.00
SB Capital	₱1,200,000,000.00
Total	₱6,000,000,000.00

There is no arrangement for the Joint Lead Underwriters and Joint Bookrunners to return to EDC any unsold Second Tranche Bonds. The Issue Management and Underwriting Agreement may be terminated in certain circumstances prior to payment of the net proceeds of the Second Tranche Bonds being made to EDC. The Joint Lead Underwriters and Joint Bookrunners have no direct relations with EDC in terms of ownership by either of their respective major shareholder/s. There is no arrangement as well giving the Joint Lead Underwriters and Joint Bookrunners the right to designate or nominate any member to the Board of the Issuer.

EDC will pay the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners a fee of up to 0.375% on the final aggregate nominal principal amount of the Second Tranche Bonds issued, which is inclusive of all the fees to be ceded to the selling agents, if any. No fees will be given to Broker-Dealers selling the Second Tranche Bonds. The GRT on such fees shall be for the account of the recipient thereof.

For the purpose of complying with their respective commitments under the Issue Management and Underwriting Agreement, each Joint Lead Underwriter and Joint Bookrunner may, under such terms and conditions not inconsistent with the provisions of the Issue Management and Underwriting Agreement, particularly the underwriting commitment of the Joint Lead Underwriters and Joint Bookrunners, enter into agreements with co-lead underwriters and co-underwriters, and appoint selling agents or the sale and distribution to the public of the Bonds; provided, that the Joint Lead Underwriters and Joint Bookrunners shall remain solely responsible to the Issuer in respect of their obligations under the Issue Management and Underwriting Agreement entered into by them with the Issuer, and except as otherwise provided in the Issue Management and Underwriting Agreement, the Issuer shall not be bound by any of the terms and conditions of any agreements entered into by the Joint Lead Underwriters and Joint Bookrunners with the co-lead underwriters, co-underwriters, and appointed selling agents.

The Joint Lead Underwriters and Joint Bookrunners are duly licensed by the SEC to engage in underwriting and distribution of securities to the public.

BDO Capital is the wholly-owned investment banking subsidiary of BDO Unibank, Inc., which, in turn, is an associate of the SM Group. BDO Capital is a full-service investment house primarily involved in securities underwriting and trading, loan syndication, financial advisory, private placement of debt and equity, project finance, and direct equity investment.

Incorporated in December 1998, BDO Capital commenced operations in March 1999. It obtained its license to operate as an investment house in 1998 and is licensed by the SEC to engage in underwriting and distribution of securities to the public. As of December 31, 2023, its total assets amounted to ₱4.62 Billion and its capital base amounted to ₱4.45 Billion.

BPI Capital offers investment banking services in the areas of financial advisory, mergers and acquisitions, debt and equity underwriting, private placements, project finance and loan syndication. Founded in December 1994, BPI Capital is duly licensed by the Philippine SEC to engage in the underwriting and distribution of securities. As of December 31, 2023, BPI Capital had total assets of ₱3.83 Billion, total liabilities of ₱0.22 Billion and total equity of ₱3.61 Billion. The firm operates as a wholly owned subsidiary of the Bank of the Philippine Islands.

Chinabank Capital is the wholly-owned investment banking subsidiary of China Banking Corporation. It was registered and licensed as an investment house in 2015 as a result of the spin-off of China Banking Corporation's Investment Banking Group. The firm offers a full suite of investment banking solutions that enable clients to achieve their fundraising objectives and strategic goals. The company's services include arranging, managing, and underwriting debt and equity transactions, such as bond offerings, corporate notes issuances, initial public offerings and follow-on offerings of common and preferred shares, private placement of securities, structured loans, project finance, real estate investment trusts, and asset securitizations. Chinabank Capital also provides financial advisory services, such as deal structuring, valuation, and execution of mergers, acquisitions, divestitures, joint ventures, and other corporate transactions. As of December 31, 2023, it has total assets of ₱3.62 Billion and a capital base of ₱3.54 Billion.

SB Capital is a Philippine corporation organized in October 1995 as a wholly-owned subsidiary of Security Bank Corporation. It obtained its license to operate as an investment house in 1996 and is licensed by the SEC to engage in underwriting and distribution of securities to the public. SB Capital provides a wide range of investment banking services including financial advisory, underwriting of equity and debt securities, project finance, privatizations, mergers and acquisitions, loan syndications and corporate advisory services. SB Capital is also involved in equity trading through its wholly-owned stock brokerage subsidiary, SB Equities, Inc. Its senior executives have extensive experience in the capital markets and were involved in a lead role in a substantial number of major equity and debt issues. As of December 31, 2023, its total assets amounted to ₱1.93 Billion and its capital base amounted to ₱1.88 Billion.

SALE AND DISTRIBUTION

The Second Tranche Bonds will be issued in three (3) series, namely the: three (3)-year Series C Bonds due 2027, five (5)-year Series D Bonds due 2029, and seven (7)-year Series E Bonds due 2031.

The distribution and sale of the Second Tranche Bonds shall be undertaken by the Underwriters and Selling Agent who shall sell and distribute the Second Tranche Bonds to third party buyers/investors within the Philippines. Nothing herein shall limit the rights of the Underwriters from purchasing the Second Tranche Bonds for their own respective accounts.

There are no persons to whom the Second Tranche Bonds are allocated or designated. The Second Tranche Bonds shall be offered to the public at large and without preference.

The obligations of each of the Underwriters will be several, and not solidary, and nothing in the Underwriting Agreement shall be deemed to create a partnership or joint venture between and among any of the Underwriters. Unless otherwise expressly provided in the Underwriting Agreement, the failure by an Underwriter to carry out its obligations thereunder shall neither relieve the other Underwriters of their obligations under the same Underwriting Agreement, nor shall any Underwriter be responsible for the obligation of another Underwriter.

No discounts or commissions shall be paid to broker dealers, and no finders are involved in the distribution of the Second Tranche Bonds.

OFFER PERIOD

The Offer Period for the Second Tranche Bonds shall commence at 9:00 a.m. of May 13, 2024, and end at 5:00 p.m. of May 17, 2024.

APPLICATION TO PURCHASE

Applicants may purchase the Second Tranche Bonds during the relevant Offer Periods by submitting to the Underwriters properly completed Applications to Purchase (including the applicant's tax identification number validly issued by the BIR), together with two (2) signature cards, and the full payment of the purchase price of the Second Tranche Bonds in the manner provided in the said Application to Purchase.

Corporate and institutional applicants (including Trust Accounts) must also submit, in addition to the foregoing:

- (a) an original notarized certificate of the Corporate Secretary or an equivalent officer of the applicant setting forth resolutions of the board of directors, partners or equivalent body (i) authorizing the purchase of the Bonds indicated in the Application to Purchase and (ii) designating the signatories, with their specimen signatures, for the said purpose;
- (b) copies of its Articles of Incorporation and By-Laws and latest amendments thereof, together with the Certificate of Incorporation issued by the SEC or other organizational documents issued by an equivalent government institution, stamped and signed as certified true copies by the SEC or the equivalent government institution, or by the corporate secretary, or by an equivalent officer(s) of the Applicant who is/are authorized signatory(ies);
- (c) two (2) duly accomplished signature cards containing the specimen signatures of the authorized signatories of the applicant, validated by its corporate secretary or by an equivalent officer(s) who is/are authorized signatory(ies);
- (d) identification document(s) of the authorized signatories of the applicant, as specified in item (a) of the immediately succeeding paragraph below; and
- (e) such other documents as may be reasonably required by any of the Underwriters/Selling Agents, or the Registrar and Paying Agent in the implementation of its internal policies regarding "know your customer" and anti-money laundering.

Individual applicants must also submit, in addition to accomplished Applications to Purchase and its required attachments:

- (a) identification document ("ID") of the applicant which shall consist of any one of the following valid identification documents bearing a recent photo, and which is not expired: Passport, Driver's License, Professional Regulation Commission ID, National Bureau of Investigation Clearance, Police Clearance, Postal ID, Voter's ID, Barangay Certification, Government Service Insurance System e-Card, Social Security System Card, Senior Citizen Card, Overseas Workers Welfare Administration ID, OFW ID, Seaman's Book, Alien Certification of Registration/Immigrant Certificate of Registration, Government Office and government-owned and controlled corporation ID, e.g., Armed Forces of the Philippines, Home Development Mutual Fund, Certification from the National Council for the Welfare of Disabled Persons, Department of Social Welfare and Development Certification, Integrated Bar of the Philippines ID, company IDs issued by private entities or institutions registered with or supervised or regulated either by the BSP, SEC or the Insurance Commission, or school ID duly signed by the principal or head of the school (for students who are beneficiaries of remittances/fund transfers who are not yet of voting age);
- (b) two (2) duly accomplished signature cards containing the specimen signature of the applicant; and
- (c) such other documents as may be reasonably required by any of the Underwriters/Selling Agents, or the Registrar in implementation of its internal policies regarding "know your customer" and anti-money laundering.

An applicant claiming exemption from any applicable tax, or is subject to a preferential withholding tax rate shall, in addition to the requirements set forth above, be required to submit the following requirements, subject to acceptance by the Issuer, as being sufficient in form and substance:

- (a) a current and valid BIR-certified true copy of the tax exemption certificate, ruling or opinion addressed to the relevant applicant or Second Tranche Bondholder, confirming its exemption or preferential rate, as required under BIR Revenue Memorandum Circular No. 8-2014 including any clarification, supplement or amendment thereto;
- (b) with respect to tax treaty relief, an Application Form for Treaty Purposes (BIR Form 0901) and Tax Residency Certificate ("TRC") duly issued by the foreign tax authority, and the relevant provision of the applicable tax treaty, and such other documentary requirements enumerated in BIR Revenue Memorandum Order ("RMO")

- No. 14-2021 in relation to BIR RMC No. 77-2021 and 20-2022. For the avoidance of doubt, the Issuer shall retain sole discretion in determining whether the non-resident Bondholder is entitled to the preferential tax treaty rate based on the documents submitted by the non-resident Bondholder, provided that all the conditions for the availment thereof, other than residency, have been satisfied;
- (c) a duly notarized affidavit with undertaking or indemnity executed by (1) the corporate secretary or any authorized representative of such applicant or Second Tranche Bondholder, who has personal knowledge of the exemption based on his official functions, if the applicant purchases, or the Second Tranche Bondholder holds, the Bonds for its account, or (2) the trust officer, if the applicant is a universal bank authorized under Philippine law to perform trust and fiduciary functions and purchase the Second Tranche Bonds pursuant to its management of tax-exempt entities (i.e., Employee Retirement Fund, etc.), declaring and warranting such entities' tax-exempt status or preferential rate entitlement, undertaking to immediately notify EDC, the Registrar and the Paying Agent of any suspension or revocation of the tax exemption certificate, certificate, ruling or opinion issued by the BIR, executed using the prescribed form, with a declaration and warranty of its tax exempt status or entitlement to a preferential tax rate, and agreeing to indemnify and hold EDC, the Registrar and the Paying Agent, and the Underwriters/Selling Agents free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding or incorrect withholding of the required tax; and
 - (d) such other documentary requirements as may be required by EDC and the Registrar and Paying Agent, or as required under the applicable regulations of the relevant taxing or other authorities which for purposes of claiming tax treaty withholding rate benefits, shall include evidence of the applicability of a tax treaty and consularized or apostilled (as the case may be) proof of the Bondholder's legal domicile in the relevant treaty state, and confirmation acceptable to EDC that the Second Tranche Bondholder is not doing business in the Philippines; provided that EDC shall have the exclusive discretion to decide whether the documents submitted are sufficient for purposes of applying the exemption or the reduced rate being claimed by the Second Tranche Bondholder on the interest payments to such Second Tranche Bondholder; provided further that, all sums payable by EDC to tax exempt entities shall be paid in full without deductions for taxes, duties, assessments or government charges, subject to the submission by the Second Tranche Bondholder claiming the benefit of any exemption of the required documents and of additional reasonable evidence of such tax-exempt status to the Registrar.

Completed Applications to Purchase and corresponding payments must reach the Underwriters prior to the end of the Offer Period, or such earlier date as may be specified by the Underwriters. Acceptance by the Underwriters of the completed Application to Purchase shall be subject to the availability of the Second Tranche Bonds and the acceptance by EDC. In the event that any check payment is returned by the drawee bank for any reason whatsoever or the nominated bank account to be debited is invalid, the Application to Purchase shall be automatically canceled and any prior acceptance of the Application to Purchase shall be deemed revoked.

MINIMUM PURCHASE

A minimum purchase of Fifty Thousand Pesos (₱50,000.00) for each series of the Second Tranche Bonds shall be considered for acceptance. Purchases for each series of the Second Tranche Bonds in excess of the minimum shall be in multiples of Ten Thousand Pesos (₱10,000.00) for each series.

ALLOTMENT OF THE SECOND TRANCHE BONDS

If the Second Tranche Bonds are insufficient to satisfy all Applications to Purchase, the available Second Tranche Bonds shall be allotted in accordance with the chronological order of submission of properly completed and appropriately accomplished Applications to Purchase on a first-come, first-served basis, without prejudice and subject to EDC's exercise of its right of rejection.

ACCEPTANCE OF APPLICATIONS

EDC and the Underwriters reserve the right to accept or reject applications to purchase the Second Tranche Bonds, and in case of oversubscription, allocate the Second Tranche Bonds available to the applicants in a manner they deem appropriate.

REFUNDS

If any application is rejected or accepted in part only, the application money or the appropriate portion thereof shall be returned without interest to such applicant through the relevant Underwriter with whom such application to purchase the Second Tranche Bonds was made.

PAYMENTS

The Paying Agent shall open and maintain a Payment Account, which shall be operated solely and exclusively by the said Paying Agent in accordance with the Registry and Paying Agency Agreement, provided that beneficial ownership of the Payment Account shall always remain with the Second Tranche Bondholders. The Payment Account shall be used exclusively for the payment of the relevant interest and principal on each Payment Date.

The Paying Agent shall maintain the Payment Account for six (6) months from Maturity Date or date of early redemption. Upon closure of the Payment Account, any balance remaining in such Payment Account shall be returned to the Issuer and shall be held by the Issuer in trust and for the irrevocable benefit of the Second Tranche Bondholders with unclaimed interest and principal payments.

PURCHASE AND CANCELLATION

The Issuer may purchase the Second Tranche Bonds at any time in the open market or by tender or by contract at market price, in accordance with PDEX Rules, without any obligation to make pro-rata purchases from all Second Tranche Bondholders. Second Tranche Bonds so purchased shall be redeemed and cancelled and may not be re-issued.

Upon listing of the Second Tranche Bonds on PDEX, the Issuer shall disclose any such transactions in accordance with the applicable PDEX disclosure rules.

SECONDARY MARKET

EDC intends to list the Second Tranche Bonds in the PDEX. EDC may purchase the Second Tranche Bonds at any time without any obligation to make pro-rata purchases of Second Tranche Bonds from all Second Tranche Bondholders.

REGISTRY OF BONDHOLDERS

The Second Tranche Bonds shall be issued in scripless form. A Master Certificate of Indebtedness representing the Second Tranche Bonds sold in the Offer shall be issued to and registered in the name of the Trustee, on behalf of the Second Tranche Bondholders.

Legal title to the Second Tranche Bonds shall be shown in the Registry of Bondholders to be maintained by the Registrar. Initial placement of the Second Tranche Bonds and subsequent transfers of interests in the Second Tranche Bonds shall be subject to applicable prevailing Philippine selling restrictions. The names and addresses of the Second Tranche Bondholders and the particulars of the Second Tranche Bonds held by them and of all transfers of Second Tranche Bonds shall be entered into the Registry of Bondholders. Transfers of ownership shall be effected through book-entry transfers in the scripless Registry of Bondholders.

Description of the Second Tranche Bonds

The following is a description of certain terms and conditions of the Second Tranche Bonds.

The description of the Second Tranche Bonds does not purport to be a complete listing of all the rights, obligations, or privileges of the Second Tranche Bonds. Some rights, obligations, or privileges may be further limited or restricted by other documents. Prospective investors are enjoined to carefully review the Articles of Incorporation, By-Laws and resolutions of the Board of Directors and Shareholders of EDC, the information contained in the Prospectus, this Offer Supplement, the Trust Indenture Agreement, Issue Management and Underwriting Agreement, and other agreements relevant to the Offer.

The Second Tranche Bonds is offered by the Company as the second tranche of the Bonds under the EDC ASEAN Green Bond Program (the "EDC ASEAN Green Bond Program") that was authorized by a resolution of the Board of Directors of the Company dated November 23, 2023 (see section "Overview of the EDC ASEAN Green Bond Program" on page 28 of this Offer Supplement).

The EDC ASEAN Green Bond Program is issued pursuant to the EDC Green Bond Framework (the "Framework") (see section "EDC Green Bond Framework" on page 63 of this Offer Supplement). This Framework is drafted in accordance with the four core components of the ICMA 2018 Green Bond Principles; namely: a) Use of Proceeds, b) Process for Project Evaluation and Selection, c) Management of Proceeds, and d) Reporting.

The Framework was externally reviewed as of February 15, 2021 by Sustainalytics, a leading environmental, social and governance research, ratings, and data firm, which provided a second party opinion ("Second Party Opinion") on the EDC Green Bond Framework that the same aligns to the core components of the ICMA 2018 Green Bond Principles. A copy of the EDC Green Bond Framework and the Second Party Opinion are available at www.energy.com.ph.

On June 14, 2021, the Securities and Exchange Commission ("SEC") issued an Order of Registration (SEC MSRD Order No. 28, Series of 2021) rendering effective the registration statement filed by EDC for the shelf registration of its ASEAN Green Bond Program. A registration statement was filed by the Company covering the Second Tranche Bonds on March 19, 2024.

The Second Tranche Bonds shall be constituted by a Trust Indenture Agreement executed on May 9, 2024 (the "Trust Indenture") entered into between the Issuer and the Trustee, which term shall, wherever the context permits, include all other persons or companies for the time being acting as trustee or trustees under the Trust Indenture. The description of the terms and conditions of the Second Tranche Bonds set out below includes summaries of, and is subject to, the detailed provisions of the Trust Indenture. A registry and paying agency agreement was executed on May 9, 2024 (the "Registry and Paying Agency Agreement") in relation to the Second Tranche Bonds between the Issuer and Philippine Depository & Trust Corp. as registrar (the "Registrar") and as paying agent (the "Paying Agent"). The Second Tranche Bonds shall be offered and sold through a general public offering in the Philippines, and issued and transferable in minimum principal amounts of Fifty Thousand Pesos (₱50,000.00) and in multiples of Ten Thousand Pesos (₱10,000.00) thereafter, and traded in denominations of Ten Thousand Pesos (₱10,000.00) in the secondary market. The Second Tranche Bonds will be repaid at 100.0% of Face Value on the relevant Maturity Dates. See "Description of the Second Tranche Bonds — Redemption and Purchase".

The Registrar and Paying Agent has no interest in or relation to EDC which may conflict with its role as Registrar for the Offer. The Trustee has no interest in or relation to EDC which may conflict with its role as Trustee for the Second Tranche Bonds.

Copies of the Trust Indenture and the Registry and Paying Agency Agreement are available for inspection during normal business hours at the specified offices of the Trustee. The holders of the Second Tranche Bonds (the "Second Tranche Bondholders") are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Indenture and are deemed to have notice of those provisions of the Registry and Paying Agency Agreement applicable to them.

The Second Tranche Bonds are not deposits and therefore are not insured nor covered by the Philippine Deposit Insurance Commission ("PDIC"). Accordingly, the Second Tranche Bondholders shall have no recourse to PDIC for losses, if any, arising from the Bonds.

FORM, DENOMINATION AND TITLE

Form and Denomination

The Second Tranche Bonds are in scripless form, and shall be issued in denominations of Fifty Thousand Pesos (₱50,000.00) each as a minimum, in multiples of Ten Thousand Pesos (₱10,000.00) thereafter, and traded in denominations of Ten Thousand Pesos (₱10,000.00) in the secondary market.

Title

Legal title to the Second Tranche Bonds shall be shown in the Registry of Bondholders maintained by the Registrar. A notice confirming the principal amount of the Second Tranche Bonds purchased by each applicant in the Offer shall be issued by the Registrar to all Second Tranche Bondholders following the Issue Date. Upon any sale, transfer or assignment, title to the Second Tranche Bonds shall pass by recording of such sale, transfer or assignment from the transferor to the transferee in the Registry of Bondholders. Settlement in respect of such transfer or change of title to the Second Tranche Bonds, including the settlement of any cost arising from such transfers, including, but not limited to, documentary stamps taxes, if any, arising from subsequent transfers, shall be for the account of the relevant Second Tranche Bondholder.

BOND RATING

The Second Tranche Bonds have been rated PRS Aaa by PhilRatings with a Stable Outlook, as of March 19, 2024, having considered: (1) EDC's leading position as a pure renewable energy company; (2) strong parent company support and highly-experienced management; (3) strong operating cashflow and sufficient liquidity; (4) conservative capital structure; and (5) the government's supportive policies in the renewable energy sector. PhilRatings also maintained its Issue Credit Rating of PRS Aaa, with a Stable Outlook, for EDC's outstanding ₱5.0 Billion fixed rate ASEAN Green Bonds due 2024 and 2026. PRS Aaa is the highest rating assigned by PhilRatings. The obligor's capacity to meet its financial commitment on the obligation is extremely strong. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organization.

The rating is subject to regular annual reviews, or more frequently as market developments may dictate, for as long as the Second Tranche Bonds are outstanding. After the Issue Date, the Trustee will monitor the compliance of the Second Tranche Bonds with the regular annual reviews.

TRANSFER OF THE SECOND TRANCHE BONDS

Registry of Second Tranche Bondholders

The Issuer shall cause the Registry of Second Tranche Bondholders to be kept by the Registrar, in electronic form. The names and addresses of the Second Tranche Bondholders and the particulars of the Second Tranche Bonds held by them and of all transfers of Second Tranche Bonds shall be entered into the Registry of Bondholders. As required by Circular No. 428-04 issued by the BSP, the Registrar shall send each Second Tranche Bondholder a written statement of registry holdings at least quarterly (at the cost of the Issuer), and a written advice confirming every receipt or transfer of the Second Tranche Bonds that is effected in the Registry of Bondholders. Such statement of registry holdings shall serve as the confirmation of ownership of the relevant Second Tranche Bondholder as of the date thereof. Any requests of the Second Tranche Bondholders for certifications, reports or other documents from the Registrar, except as provided herein, shall be for the account of the requesting Second Tranche Bondholder.

Transfers; Tax Status

The Second Tranche Bondholders may transfer their Second Tranche Bonds anytime, regardless of tax status of the transferor vis-à-vis the transferee. Should a transfer between Second Tranche Bondholders of different tax status occur on a day that is not an Interest Payment Date, tax-exempt entities trading with non tax-exempt entities shall be treated as non tax-exempt entities for the interest period within which such transfer occurred. A Second Tranche Bondholder

claiming tax-exempt status is required to submit a written notification of the sale or purchase to the Trustee and the Registrar, including the tax status of the transferor or transferee, as appropriate, together with the supporting documents specified in the section on "Tax-Exempt Status or Entitlement to Preferential Tax Rate" on page 79 of this Offer Supplement, within three days from the settlement date for such transfer.

Secondary Trading of the Second Tranche Bonds

The Issuer intends to list the Second Tranche Bonds on PDEX for secondary market trading. The Second Tranche Bonds will be traded in a minimum board lot size of Ten Thousand Pesos (₱10,000.00), and in multiples of Ten Thousand Pesos (₱10,000.00) in excess thereof for so long as any of the Second Tranche Bonds are listed on PDEX. Secondary market trading in PDEX shall follow the applicable PDEX rules and conventions and guidelines, including rules, conventions and guidelines governing trading and settlement between Second Tranche Bondholders of different tax status, and shall be subject to the relevant fees of PDEX and PDTC.

RANKING

The Second Tranche Bonds shall constitute the direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and ratably without any preference or priority among themselves and among any present and future unsubordinated and unsecured obligations of the Issuer (with the exception of those which have preference solely by operation of Applicable Law, including but not limited to preferred claims under any bankruptcy, insolvency, reorganization, moratorium, liquidation or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity, except any preference or priority established by Article 2244, paragraph 14(a) of the Civil Code of the Philippines, as the same may be amended from time to time).

INTEREST

Interest Payment Dates

The Series C Bonds bear interest on its principal amount from and including Issue Date at the rate of 6.7478% per annum, the Series D Bonds bear interest on its principal amount from and including Issue Date at the rate of 6.8873% per annum, and the Series E Bonds bear interest on its principal amount from and including Issue Date at the rate of 7.0626% per annum. Interest is payable semi-annually in arrears on May 27 and November 27 of each year (each, for purposes of this Section, an "Interest Payment Date") commencing on November 27, 2024. If the Interest Payment Date is not a Business Day, interest shall be payable on the subsequent Business Day without adjustment as to the amounts to be paid. However, the last Interest Payment Date shall fall on the Maturity Date.

The cut-off date in determining the existing Second Tranche Bondholders entitled to receive interest or principal amount due shall be the Record Date. No transfers of the Second Tranche Bonds may be made during this period intervening between and commencing on the Record Date and the relevant Interest Payment Dates.

Interest Accrual

The Second Tranche Bonds will cease to bear interest from and including the relevant Maturity Date, as defined in the discussion on "*Final Redemption*" below, unless, upon due presentation, payment of the principal in respect of the Bond then outstanding is not made, is improperly withheld or refused, in which case the Penalty Interest (see "*Penalty Interest*" below) shall apply.

Determination of Interest Amount

The interest shall be calculated on the basis of a three hundred sixty (360)-day year consisting of twelve (12) months of thirty (30) days each regardless of the actual number of days in an interest period.

REDEMPTION AND PURCHASE

Final Redemption

Unless previously redeemed or cancelled, the Series C Bonds shall be redeemed at par or 100.0% of face value on May 27, 2027, the Series D Bonds shall be redeemed at par or 100.0% of face value on May 27, 2029, and the Series E Bonds shall be redeemed at par or 100.0% of face value on May 27, 2031 (each, a "Maturity Date"), or on the immediately succeeding Business Day if the relevant Maturity Date is not a Business Day, without adjustment as to the amounts to be paid.

Redemption for Taxation Reasons

If payments under the Second Tranche Bonds shall require the Issuer to pay or shoulder any additional or increased taxes other than the taxes and the rates of such taxes that the Issuer is required to pay or shoulder on the Issue Date as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such additional or increased rate of such tax cannot be legally avoided by use of reasonable measures available to the Issuer, the Issuer may redeem the Second Tranche Bonds in whole (and not in part), without premium or penalty, on any Interest Payment Date (having given not more than sixty (60) days nor less than thirty (30) days' notice to the Trustee) at par or one hundred percent (100.0%) of the face value of the Second Tranche Bonds plus accrued interest.

Change in Law or Circumstance

The following events shall be considered as change in law or circumstances ("Change in Law") in reference to the obligations of the Issuer and to the rights and interests of the Second Tranche Bondholders under the Trust Indenture and the Second Tranche Bonds:

- (a) Any government and/or non-government consent, license, authorization, registration or approval now or hereafter necessary to enable the Issuer to comply with its obligations under the Trust Indenture or the Second Tranche Bonds shall be modified in a manner which, while not constituting an Event of Default, will materially and adversely affect the ability of the Issuer to comply with such obligations, or shall be withdrawn or withheld;
- (b) Any provision of the Trust Indenture or any of the related documents is, or becomes, for any reason, invalid, illegal or unenforceable to the extent that it becomes for any reason unlawful for the Issuer to give effect to its rights or obligations hereunder, or to enforce any provision of the Trust Indenture or any of the related documents, in whole or in part, or any law is introduced to prevent or restrain the performance by the parties hereto of their obligations under the Trust Indenture or any other related documents;
- (c) Any concessions, permits, rights, franchise or privileges for the conduct of the business and operations of the Issuer shall be revoked, cancelled or otherwise terminated, or the free and continued use and exercise thereof shall be curtailed or prevented, in such manner as to materially and adversely affect the financial conditions or operations of the Issuer; and
- (d) The Republic of the Philippines or any competent authority thereof takes any action to suspend the whole or a substantial portion of the operations of the Issuer and to condemn, seize, nationalize or appropriate the Issuer or any material portion of its properties or assets, unless such act, deed or proceedings are contested in good faith by the Issuer.

If any one or more of the events enumerated above shall occur and be continuing for a period of sixty (60) days, the Majority Bondholders, by notice in writing delivered to EDC through the Trustee, after the lapse of the said sixty (60) day period, may declare the principal of the Second Tranche Bonds, including all accrued interest, net of applicable withholding taxes, and other charges thereon, if any, to be immediately due and payable, without any prepayment penalty.

EDC may likewise invoke any one or more of the events enumerated above as a Change in Law. In such event, EDC shall provide the Trustee an opinion of legal counsel confirming the foregoing, such counsel being reasonably acceptable to the Trustee. Such opinion of legal counsel shall be provided by the Trustee to the Majority Bondholders. Thereupon, EDC, subject to giving of Notice to all Bondholders through the Trustee, shall declare the principal amount of the

Second Tranche Bonds, including all accrued interest and other charges thereon, if any, to be immediately due and payable without any prepayment penalty, notwithstanding anything in the Trust Indenture and other related documents to the contrary.

Purchase and Cancellation

The Issuer may, at any time, purchase any of the Second Tranche Bonds at any price in the open market or by tender or by contract at any price, without any obligation to purchase the Second Tranche Bonds pro rata from all the Second Tranche Bondholders, and the Second Tranche Bondholders shall not be obligated to sell. Any Second Tranche Bonds so purchased shall be redeemed and cancelled and may not be re-issued.

Upon listing of the Second Tranche Bonds on PDEX, the Issuer shall disclose any such transactions in accordance with the applicable PDEX disclosure rules.

Early Redemption Option

The Issuer shall have the option, but not the obligation, to redeem in whole (and not in part), the relevant series of the outstanding Second Tranche Bonds (the "Early Redemption Option"). The Issuer's Early Redemption Option may be exercised only on the relevant date as follows:

- (a) For Series C Bonds, on the fourth (4th) Interest Payment Date and on the fifth (5th) Interest Payment Date;
- (b) For Series D Bonds, on the sixth (6th) Interest Payment Date and on each Interest Payment Date thereafter until the ninth (9th) Interest Payment Date; and
- (c) For Series E Bonds, on the eighth (8th) Interest Payment Date and on each Interest Payment Date thereafter until the thirteenth (13th) Interest Payment Date,

(each, an "Early Redemption Date"). If the Early Redemption Date is not a Business Day, the Early Redemption Option shall be exercised on the following Business Day.

The amount payable to the Second Tranche Bondholders in respect of an Early Redemption Option exercise shall be calculated, based on the principal amount of the relevant series of the Second Tranche Bonds being redeemed, as the sum of (i) accrued interest computed from the last Interest Payment Date up to the relevant Early Redemption Date; and (ii) the product of the principal amount of the Second Tranche Bonds being redeemed and the Early Redemption Price in accordance with the following schedule:

<u>Series C Early Redemption Date</u>	<u>Early Redemption Price</u>
4 th Interest Payment Date	100.25%
5 th Interest Payment Date	100.25%
<u>Series D Early Redemption Date</u>	<u>Early Redemption Price</u>
6 th Interest Payment Date	101.00%
7 th Interest Payment Date	101.00%
8 th Interest Payment Date	100.25%
9 th Interest Payment Date	100.25%
<u>Series E Early Redemption Date</u>	<u>Early Redemption Price</u>
8 th Interest Payment Date	101.50%
9 th Interest Payment Date	101.50%

10th Interest Payment Date	101.00%
11th Interest Payment Date	101.00%
12th Interest Payment Date	100.25%
13th Interest Payment Date	100.25%

The Issuer shall give not more than sixty (60) days nor less than thirty (30) days prior written notice to the Trustee of its intention to redeem the Second Tranche Bonds, which notice shall be irrevocable and binding upon the Issuer to effect such early redemption of the Second Tranche Bonds at the Early Redemption Date stated in such notice.

PAYMENTS

The principal of, interest on, and all other amounts payable on, the Second Tranche Bonds shall be paid to the Second Tranche Bondholders, as of the relevant Record Date, as follows: not later than 12:00 noon of each relevant Payment Date, the Paying Agent shall pay on behalf of the Issuer the amounts due in respect of the Second Tranche Bonds by crediting the proper amounts via Real Time Gross Settlement ("RTGS"), net of applicable final taxes and fees, to the Demand Deposit Account ("DDA") of the bank designated in writing by each Second Tranche Bondholder for the purpose. The principal and interest on the Second Tranche Bonds will be payable in Pesos. The Issuer will ensure that so long as any of the Second Tranche Bonds remains outstanding, there shall at all times be a Paying Agent for the purposes of the Second Tranche Bonds and the Issuer may not terminate the appointment of the Paying Agent, except as provided in the Registry and Paying Agency Agreement. In the event of the appointed office of any bank being unable or unwilling to continue to act as the Paying Agent, the Issuer shall appoint the Makati City office of such other leading bank in the Philippines to act in its place. The Paying Agent may not resign its duties or be removed without a successor having been appointed.

PAYMENT OF ADDITIONAL AMOUNTS - TAXATION

- (a) Interest income on the Second Tranche Bonds is subject to a withholding tax at rates of ten percent (10.0%) to twenty-five percent (25.0%), depending on the tax status of the relevant Second Tranche Bondholder under relevant law, regulation or tax treaty. Except for such withholding tax and as otherwise provided, all payments of principal and interest are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of the Philippines, including, but not limited to, issue, registration or any similar tax or other taxes and duties, including interest and penalties, if any. If such taxes or duties are imposed, the same shall be for the account of the Issuer; provided, however that, the Issuer shall not be liable for the following:
 - (i) The final withholding tax applicable on interest earned on the Second Tranche Bonds prescribed under the National Internal Revenue Code of 1997, as amended, and its implementing rules and regulations as may be in effect from time to time (the "Tax Code"). An investor who is exempt from the aforesaid withholding tax, or is subject to a preferential withholding tax rate shall be required to submit the following requirements to the Registrar, subject to acceptance by EDC as being sufficient in form and substance: (i) certified true copy of the tax exemption certificate, ruling or opinion issued by the Bureau of Internal Revenue confirming the exemption or preferential rate; (ii) a duly notarized Affidavit with Undertaking in the form attached in the Trust Indenture as Schedule 1 declaring and warranting its tax exempt status or preferential rate entitlement, undertaking to immediately notify EDC of any suspension or revocation of or change in the tax exemption certificates or preferential rate entitlement, and agreeing to indemnify and hold EDC and the Registrar free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding of the required tax; and (iii) such other documentary requirements as may be required under the applicable regulations of the relevant taxing or other authorities which for purposes of claiming tax treaty withholding rate benefits, shall include evidence of the applicability of a tax treaty, consularized or apostilled proof of the Bondholder's legal domicile in the relevant treaty state, and confirmation acceptable to EDC that the Bondholder is not doing business in the Philippines, *provided further*, that all sums payable by EDC to tax exempt entities shall be paid in full without deductions for taxes, duties assessments or government charges subject to the submission by the Bondholder claiming the benefit of any exemption of reasonable evidence of such exemption to the Registrar;

- (ii) Gross Receipts Tax under Section 121 of the Tax Code;
- (iii) Taxes on the overall income of any securities dealer or Second Tranche Bondholder, whether or not subject to withholding;
- (iv) VAT under Sections 106 to 108 of the Tax Code, and as amended by Republic Act No. 9337 and Republic Act No. 10963; and
- (v) Any applicable taxes on any subsequent sale or transfer of the Second Tranche Bonds by any Second Tranche Bondholder which shall be for the account of such Second Tranche Bondholder (or its buyer, as the Second Tranche Bondholder and the buyer may have agreed upon).

Documentary stamp tax for the primary issue of the Second Tranche Bonds and the execution of the Bond Agreements, if any, shall be for the Issuer's account.

(b) Tax-Exempt Status or Entitlement to Preferential Tax Rate

A Second Tranche Bondholder who is exempt from the final withholding tax or is subject to a preferential withholding tax rate shall be required to submit the following requirements to the Registrar, subject to acceptance by the Issuer, as being sufficient in form and substance:

- (i) a current and valid BIR-certified true copy of the tax exemption certificate, ruling or opinion issued by the BIR addressed to the relevant applicant or Second Tranche Bondholder, confirming its exemption or preferential rate, as required under BIR Revenue Memorandum Circular No. 8-2014 including any clarification, supplement or amendment thereto;
- (ii) with respect to tax treaty relief, an Application Form for Treaty Purposes (BIR Form 0901) and Tax Residency Certificate ("TRC") duly issued by the foreign tax authority, and the relevant provision of the applicable tax treaty, and such other documentary requirements enumerated in BIR Revenue Memorandum Order ("RMO") No. 14-2021 in relation to BIR RMC No. 77-2021 and 20-2022. For the avoidance of doubt, the Issuer shall retain sole discretion in determining whether the non-resident Bondholder is entitled to the preferential tax treaty rate based on the documents submitted by the non-resident Bondholder, provided that all the conditions for the availment thereof, other than residency, have been satisfied;
- (iii) a duly notarized affidavit with undertaking or indemnity with undertaking executed by (A) the corporate secretary or the duly authorized representative of such applicant or Second Tranche Bondholder, who has personal knowledge of the exemption based on his official functions, if the applicant purchases, or the Second Tranche Bondholder holds, the Second Tranche Bonds for its account, or (B) the trust officer, if the applicant is a universal bank authorized under Philippine law to perform trust and fiduciary functions and purchase the Second Tranche Bonds pursuant to its management of tax-exempt entities (i.e. Employee Retirement Fund, etc.), declaring and warranting such entities' tax-exempt status or preferential rate entitlement, undertaking to immediately notify the Issuer, the Registrar and the Paying Agent of any suspension or revocation of the tax exemption certificate, ruling or opinion issued by the BIR, executed using the prescribed form under the Registry and Paying Agency Agreement, with a declaration and warranty of its tax exempt status or entitlement to a preferential tax rate, and agreeing to indemnify and hold the Issuer, the Registrar and the Paying Agent free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding or incorrect withholding of the required tax; and
- (iv) such other documentary requirements as may be required under the applicable regulations of the relevant taxing or other authorities which for purposes of claiming tax treaty withholding rate benefits, shall include evidence of the applicability of a tax treaty and consularized or apostilled proof of the Second Tranche Bondholder's legal domicile in the relevant treaty state, and confirmation acceptable to the Issuer that the Second Tranche Bondholder is not doing business in the Philippines; provided, that the Issuer shall have the exclusive discretion to decide whether the documents submitted are sufficient for purposes of applying the exemption or the reduced rate being claimed by the Second

Tranche Bondholder on the interest payments to such Second Tranche Bondholder; provided, further, that all sums payable by the Issuer to tax exempt entities shall be paid in full without deductions for taxes, duties, assessments or government charges, subject to the submission by the Second Tranche Bondholder claiming the benefit of any exemption of the required documents and of additional reasonable evidence of such tax-exempt status to the Registrar;

The foregoing requirements shall be submitted, (i) in respect of an initial issuance of the Second Tranche Bonds, to the Joint Issue Managers, the Joint Lead Underwriters and Joint Bookrunners, or Selling Agents (if any) who shall then forward the same with the Application to Purchase to the Registrar; or (ii) in respect of a transfer from a Second Tranche Bondholder to a purchaser, to the Registrar upon submission of the account opening documents.

(c) Tax on Fees of Joint Issue Managers, the Joint Lead Underwriters and Joint Bookrunners

All payments to be made by the Issuer to the Joint Issue Managers, the Joint Lead Underwriters and Joint Bookrunners and the members of the underwriting syndicate, (in respect of issue management and underwriting fees paid by the Issuer) will be made without withholding or deduction for, or account of, any Taxes (as defined below) other than creditable withholding taxes, duties, assessments or charges imposed by the Philippine Government of whatsoever nature, present or future.

For the purposes of this Section, "Taxes" shall refer to any present and future taxes (including, without limitation, final withholding tax, DST, VAT or such substitute tax as may be imposed on banks and financial institutions), provided that the Issuer shall have no liability with respect to creditable withholding taxes and any taxes on the overall net income of the Joint Issue Managers, the Joint Lead Underwriters and Joint Bookrunners, and the members of the underwriting syndicate. In the event that such deduction or withholding is required to be made, the Issuer will be obliged to gross-up its payments in order that the Joint Issue Managers, the Joint Lead Underwriters and Joint Bookrunners and the members of the underwriting syndicate will receive the full amount which otherwise would have been due and payable as if no such deduction or withholding had been made.

FINANCIAL RATIOS

Incurrence ratio in terms of unconsolidated Financial Indebtedness to unconsolidated Total Equity ratio of no more than 3.00x (after giving effect to the incurrence of such Equity Distribution and/or Debt Incurrence) for Equity Distribution and Debt Incurrence.

Excluded from the financial ratios are finance leases due to IPPA Agreements and those under the take-or-pay contracts (but only to the extent it or a portion thereof has been accounted for as finance lease under applicable accounting standards as the same may be modified from time to time).

Any Refinancing Indebtedness incurred within the reporting period shall be excluded from Financial Indebtedness, provided that the refinanced debt is repaid in full within six (6) months after the date the refinancing debt is incurred.

The Philippine Accounting Standard ("PAS") or Philippine Financial Reporting Standards ("PFRS") to be used for computing the financial ratios shall be the PAS or PFRS applicable as of December 31, 2023. If, as a result of any change or changes in PAS or PFRS, the computation of the above ratio would, solely as a consequence of such change/s in PAS or PFRS, result in a Financial Indebtedness to Total Equity which is higher than the same ratio computed on the basis of PAS or PFRS in effect immediately before such change or changes shall have become effective, then the Issuer and the Trustee/s, at the instance of the former, shall negotiate in good faith and in an expeditious manner the terms and conditions of an amendment to the computation of such ratio (assisted by the hiring of a third party expert acceptable to the Issuer and the Trustee/s to assist in the determination of the effect of the change or changes, as the case may be, in PAS or PFRS, which determination shall be final absent manifest error).

AFFIRMATIVE COVENANTS

For as long as any of the Second Tranche Bonds remain outstanding, the Issuer hereby covenants that it shall:

(a) Payments – As and when the Second Tranche Bonds or any of them becomes due to be redeemed or any principal on the Second Tranche Bonds or any of them becomes due to be repaid in accordance with the Terms and Conditions, unconditionally pay or procure to be paid to the order of the Trustee in Philippine Pesos in same day freely transferable funds the principal amount of the Second Tranche Bonds or any of them becoming due for redemption or repayment on that date and shall (subject to the Terms and Conditions), until all such payments (after as well as before any judgment or other order of any court of competent jurisdiction) are duly made, unconditionally pay or procure to be paid to the order of the Trustee as aforesaid on the dates provided for in the Terms and Conditions interest on the principal amount of the Second Tranche Bonds or any of them outstanding from time to time as set out in the Terms and Conditions, provided that:

(i) Every payment of principal or interest in respect of the Second Tranche Bonds or any of them made to the Paying Agent in the manner provided for in the Registry and Paying Agency Agreement shall satisfy, to the extent of such payment, the relevant covenant by the Issuer contained in this clause except to the extent that there is default in the subsequent payment thereof to the Second Tranche Bondholders as provided in the Terms and Conditions;

(ii) If any payment of principal or interest in respect of the Second Tranche Bonds or any of them is made after the due date, payment shall be deemed not to have been made until the full amount is received by the Paying Agent in accordance with the Terms and Conditions; and

(iii) In any case where payment of the whole or any part of the principal amount and/or interest due in respect of the Second Tranche Bonds is not made, improperly withheld or refused by the Issuer (if so provided for in the Terms and Conditions), Penalty Interest shall accrue on the whole or part of such principal amount and/or interest from the due date thereof, or date of such withholding or refusal until such amounts due are received by the Paying Agent in accordance with the Terms and Conditions.

(b) Maintenance and Continuity of Business – Maintain and preserve its corporate existence, its rights, privileges and authorizations to carry on the normal conduct of its business operations, particularly, the Geothermal Renewable Energy Service Contracts and conduct its business in an orderly, efficient, and customary manner, save to the extent that any failure to do so could not reasonably be expected to have a Material Adverse Effect.

(c) Financial Statements –

(i) The Issuer will maintain proper and adequate financial records in accordance with the PAS or PFRS, then in effect, consistently applied and in compliance with the regulations of any Governmental Authority having jurisdiction and authority over the PAS or PFRS implementation;

(ii) Provide the Second Tranche Bondholders through the Trustee with:

(1) One (1) copy each of its quarterly unaudited financial reports and its audited annual reports and accounts, as submitted to the SEC in its required form, within five (5) Business Days from the SEC prescribed deadline for the submission of each said report, each prepared in accordance with the PAS/PFRS then in effect;

(2) Within five (5) Business Days from the SEC-prescribed deadline for the submission of the Issuer's unaudited financial report for the period ending June 30 and its audited annual reports and accounts for the period ending December 31, a certificate issued by the Chief Financial Officer or any authorized officer of the Issuer, substantially in the form attached as Annex "B" of the Trust Indenture certifying that no Default has occurred and that all of its undertakings set out in the Sections on Affirmative Covenants and Negative Covenants in this Offer Supplement have been met at the date of such reports.

(d) Insurance – (i) To the extent available on commercially reasonable terms, obtain or maintain insurance over its properties, which properties are necessary to its business and the loss of which would have a Material Adverse Effect (provided they are of an insurable nature) with financially sound and reputable insurers, or otherwise self-insure such properties (provided they are of an insurable nature) against loss or damage with such coverage and amounts as are customary for a business of the same character in the Philippines; and (ii) promptly submit to the Trustee, upon request, a certification on payment of insurance premiums.

(e) Appointment of Auditors – Appoint and maintain as auditors a firm of independent public accountants of internationally recognized standing.

(f) Continuing Approvals – Obtain or procure the obtaining of, and thereafter maintain in full force and effect: (i) every Governmental Approval and do all other acts and things as may from time to time be required under Applicable Law for the legality, validity and enforceability of the Trust Indenture, the Second Tranche Bonds and any of the Terms and Conditions; and (ii) every material Governmental Approvals as may from time to time be required under Applicable Law for the due performance of its obligations under the Trust Indenture, the Second Tranche Bonds and any of the Terms and Conditions.

(g) Notice of Occurrence of Default – Inform the Second Tranche Bondholders in writing through the Trustee, within five (5) Business Days after any senior officer with the rank of Vice President or higher or a member of the Board of Directors of the Issuer obtains knowledge of any occurrence of any event which constitutes an Event of Default together with the statement as to the nature thereof.

(h) Compliance with Law – At all times comply with, or cause to be complied with, all Applicable Laws in relation to the Issuer, including obtaining or procuring and thereafter maintaining in full force and effect every Governmental Approval for the maintenance and carrying of its business and operations in the manner in which such business is now carried on, except to the extent failure to do so will not have a Material Adverse Effect.

(i) Taxes – Duly pay and discharge all taxes, final assessments and governmental charges of whatsoever nature and by whomsoever levied upon it or against its properties prior to the date on which penalties attach thereto, unless and to the extent that: (i) the same shall be contested in good faith and by appropriate proceedings, or (ii) failure to do so would not have a Material Adverse Effect.

(j) Indebtedness and Contractual and Other Obligations – Pay all of its Financial Indebtedness as they fall due and perform all contractual obligations relating to such Financial Indebtedness promptly and in accordance with their terms, including, without limitation, its obligations under the Second Tranche Bonds and any of the Terms and Conditions, unless and to the extent that: (i) the unpaid debt does not exceed Ten million U.S. Dollars (US\$10,000,000.00) or the relevant Currency Equivalent, or (ii) the same shall be contested in good faith and by appropriate proceedings, or (iii) that the non-payment or late payment of such Financial Indebtedness will not have a Material Adverse Effect; provided, that with respect to items (ii) and (iii), written notice shall have been given by the Issuer to the Trustee regarding the nature of such contested or unpaid Financial Indebtedness within five (5) Business Days from the date such Financial Indebtedness became due.

(k) Additional Agreements – Promptly execute and deliver to the Second Tranche Bondholders such additional agreements as the Second Tranche Bondholders may reasonably require from time to time to perfect and confirm unto the Second Tranche Bondholders all of the Second Tranche Bondholders' rights, powers and remedies hereunder.

(l) Pro-Rata and *Pari Passu* Treatment – Except with respect to any prepayment under the Terms and Conditions, ensure that each Second Tranche Bondholder shall at all times share pro rata and shall rank *pari passu* with the other Second Tranche Bondholders with respect to any right or remedy set forth in the Trust Indenture or the Terms and Conditions or otherwise granted herein or therein with respect to the Bond or Second Tranche Bonds held by such Second Tranche Bondholder.

(m) Maintenance of Property – Subject to its right to dispose of assets, keep and maintain all the properties of the Issuer necessary for its business in good working order and condition, and the loss of which would have a Material Adverse Effect, normal wear and tear excepted.

(n) Litigation – In the event that any litigation, arbitration or administrative or other proceeding is commenced against the Issuer which is reasonably likely to be decided against the Issuer and if so adversely decided, would have

or be reasonably likely to have a Material Adverse Effect, diligently defend itself in such action or proceeding and not settle any claim against the Issuer without the consent of the Majority Bondholders; provided, that the Majority Bondholders' consent shall not be required where: (i) the settlement of such claim made against the Issuer will not result in a Material Adverse Effect; or (ii) the settlement involves a case filed against the Issuer and, as part of the settlement, any counterclaim filed by the Issuer is offset against the claims against the Issuer or is otherwise withdrawn by the Issuer. Further, the Issuer shall not settle any claim made by the Issuer relating to any litigation, arbitration or administrative or other proceeding commenced by the Issuer which, if adversely decided against the Issuer, would have or be reasonably likely to have a Material Adverse Effect without the consent of the Majority Bondholders (which consent shall not be unreasonably withheld) unless the settlement of such claim will not result in a Material Adverse Effect.

(o) Use of Proceeds – Use the net proceeds of the Second Tranche Bonds as disclosed in this Offer Supplement.

(p) Accounts – Keep in accordance with Applicable Laws such proper books and records of account as are and which may from time to time be required to be kept under Applicable Laws and keep such books and records of account in conformity with PAS/PFRS then in effect.

(q) Compliance with EDC Green Bond Framework – Comply with the EDC Green Bond Framework including (but not limited to) its rules on the use and management of proceeds, its process for project evaluation and selection, as well as reporting requirements.

NEGATIVE COVENANTS

Until redemption or payment in full of the aggregate outstanding principal amount of the Second Tranche Bonds, the Issuer hereby covenants and agrees with the Trustee that the Issuer shall not, without the written consent of the Majority Bondholders:

(a) Change in Business – Make or permit any material change in the general nature of its business from that carried on as at the date of the Trust Indenture or authorized in its articles of incorporation and by-laws, including amendments thereto, or engage in any business operation or activity other than that for which it is presently authorized by Applicable Law.

(b) Amendment of Articles of Incorporation and By-Laws and Quasi-Reorganization – (i) Without prejudice to item (a) above, amend its articles of incorporation, by-laws or other constitutive documents to decrease its authorized capital stock, or otherwise amend any provision which will have a Material Adverse Effect; or (ii) re-organize, undertake a quasi-reorganization, or reduce, return or retire its capital, except where such re-organization, quasi-reorganization, or reduction, return or retirement of capital shall not have a Material Adverse Effect.

(c) Sale of All or Substantially All Assets; Merger – (i) Sell, lease, transfer, grant or otherwise dispose of, either in a single transaction or in a series of transactions, whether related or not, all or substantially all of its properties and assets or (ii) consolidate or merge with any other corporation unless, as a result of any merger, the Issuer becomes the surviving corporation.

(d) Equity Distribution Restriction – Declare or pay cash dividends to its stockholders or purchase, redeem or retire, or otherwise acquire any of its capital stock or any claims thereto, or make any other capital or asset distribution to its stockholders (other than distribution of stock dividends), or pay any Non-Trade Shareholder Advances forming part of Total Equity (excluding those incurred in the ordinary course of business), including interest accruing thereon (if any), (each of the foregoing a "Restricted Payment"), except that the Issuer may pay Restricted Payments, provided that no Event of Default has occurred and is continuing, and if, after giving effect to such Restricted Payment, the Issuer's Financial Indebtedness to Total Equity ratio is at most 3.00x; testing to be done using the most recent unaudited unconsolidated financial statements or the most recent audited unconsolidated financial statements, whichever is applicable; provided that on the basis of the latest available financial statements, with respect to Financial Indebtedness to Total Equity ratio, if any Financial Indebtedness (any such Financial Indebtedness being "Refinancing Indebtedness") is incurred solely for the purpose of repaying or prepaying (as the case may be) any existing Financial Indebtedness on or before its due date (any such Financial Indebtedness being "Refinanced Indebtedness") and paying any fees or expenses in connection therewith, then such Refinancing Indebtedness will not be included in Financial Indebtedness; provided, further, that if such Refinanced Indebtedness is not irrevocably repaid in full on the earliest

of a date within six (6) months following the date that the Refinancing Indebtedness was incurred (such period being "Refinancing Period"), then the principal amount of the Refinancing Indebtedness which is not applied to the repayment of the Refinanced Indebtedness within such Refinancing Period will be included in Financial Indebtedness beginning in the Measurement Period during which the Refinancing Indebtedness was incurred.

The PAS or PFRS to be used for computing the financial ratio shall be the PAS or PFRS applicable as of December 31, 2023. If, as a result of any change or changes in PAS or PFRS, the computation of the above ratio would, solely as a consequence of such change/s in PAS or PFRS, result in a Financial Indebtedness to Total Equity ratio that is higher than the same ratio computed on the basis of PAS or PFRS in effect immediately before such change or changes shall have become effective, then the Issuer and the Trustee, at the instance of the former, shall negotiate in good faith and in an expeditious manner the terms and conditions of an amendment to the computation of such ratio (assisted by the hiring of a third party expert acceptable to the Issuer and the Trustee to assist in the determination of the effect or the change or changes, as the case may be, in PAS or PFRS, which determination shall be final absent manifest error). For the avoidance of doubt, the prohibition hereunder shall not apply to distributions of capital by the Issuer pursuant to any of its employee stock option plans, employee stock grant plans or other similar incentive plans.

(e) Guarantee – Assume, guarantee, endorse or otherwise become directly or contingently liable (including, without limitation, liable by way of agreement, contingent or otherwise, to purchase, use facilities, provide funds of payment, supply funds to or otherwise invest in the debtor or otherwise assure the debtor against loss) for or in connection with any obligation or Debt of any Person. This prohibition shall not apply to (a) Guarantees extended by the Issuer in the ordinary course of its business, including but not limited to, Guarantees or financial support undertakings in connection with the acquisition transactions (whether through competitive bidding or otherwise), and greenfield projects or expansion projects undertaken by any Subsidiary or Downward Affiliate in which the Issuer has an effective equity ownership of at least 20.0%, (b) guarantees of obligations of Subsidiaries of the Issuer, (c) guarantees of obligations of the employees of the Issuer in connection with their employment, not exceeding Five million U.S. Dollars (US\$5,000,000.00) or the relevant Currency Equivalent in the aggregate in any Financial Year, and (d) guarantees of obligations of Downward Affiliates of the Issuer but only up to the proportion in percentage terms of the Issuer's direct or effective ownership in such Downward Affiliate; provided that, in each case, the Issuer is in compliance with all financial covenants set forth in item (h) below on a pro forma basis.

(f) Loans and Advances to Directors, Officers and Stockholders – Extend any loans, advances or subsidies to any of its directors, officers, employees or stockholders other than: (i) loans in the ordinary course of the Issuer's business (such as, but not limited to, loans extended to employees under employee benefit programs that may from time to time be implemented by the Issuer), or (ii) where the same shall not have a Material Adverse Effect.

(g) Capital Expenditures – Make or incur any capital expenditures, if at the time of, or after giving effect to such transaction, an Event of Default would result therefrom.

(h) Incur Financial Indebtedness – Incur Financial Indebtedness (other than (i) accounts payable incurred in the ordinary course of business, (ii) Financial Indebtedness to be incurred under the Bonds, (iii) any Financial Indebtedness created under Permitted Liens, and (iv) any Financial Indebtedness proceeds of which will be used to refinance the existing debt, except if after giving effect to the incurrence of such Financial Indebtedness, the Issuer's Financial Indebtedness to Total Equity ratio does not exceed 3.00x; testing to be done using the most recent unaudited unconsolidated financial statements or the most recent audited unconsolidated financial statements, whichever is applicable; provided that, on the basis of the latest available Financial Statements, with respect to Financial Indebtedness to Total Equity ratio, if any Financial Indebtedness ("Refinancing Indebtedness") is incurred solely for the purpose of repaying or prepaying (as the case may be) any existing Financial Indebtedness on or before its due date ("Refinanced Indebtedness") and paying any fees or expenses in connection therewith, then such Refinancing Indebtedness will not be included in Financial Indebtedness; provided, further, that if such Refinanced Indebtedness is not irrevocably repaid in full on the earliest of a date within six (6) months following the date that the Refinancing Indebtedness was incurred (such period being "Refinancing Period"), then the principal amount of the Refinancing Indebtedness which is not applied to the repayment of the Refinanced Indebtedness within such Refinancing Period will be included in Financial Indebtedness beginning in the Measurement Period during which the Refinancing Indebtedness was incurred.

The PAS or PFRS to be used for computing the financial ratio shall be the PAS or PFRS applicable as of December 31, 2023. If, as a result of any change or changes in PAS or PFRS, the computation of the above ratio would, solely as a consequence of such change/s in PAS or PFRS, result in a Financial Indebtedness to Total Equity ratio that is higher

than the same ratio computed on the basis of PAS or PFRS in effect immediately before such change or changes shall have become effective, then the Issuer and the Trustee, at the instance of the former, shall negotiate in good faith and in an expeditious manner the terms and conditions of an amendment to the computation of such ratio (assisted by the hiring of a third party expert acceptable to the Issuer and the Trustee to assist in the determination of the effect of the change or changes, as the case may be, in PAS or PFRS, which determination shall be final absent manifest error).

(i) Loans and Advances to any Person – Extend any loans, advances or subsidies to any Person, except: (i) loans, advances or subsidies in the ordinary course of business and on arm's length commercial terms, (ii) permitted loans, advances or subsidies to the Issuer's directors, officers, employees or stockholders in accordance with item (f) of the Section on Affirmative Covenants in this Offer Supplement made in the ordinary course of business, (iii) Guarantees or financial support undertaking allowed under item (e) of the Section on Affirmative Covenants in this Offer Supplement (iv) loans, advances or subsidies to any of the Issuer's Subsidiaries and Downward Affiliates in relation to transactions undertaken by such Subsidiaries or Downward Affiliates, provided that in any of the foregoing exceptions, the same shall not result in the occurrence of an Event of Default.

(j) Negative Pledge - Directly or indirectly, incur or suffer to exist any Lien upon any of its assets and revenues, present and future, or enter into any loan facility agreement secured by or to be secured by a Lien upon any of its assets and revenues, present and future, unless it has made or will make effective provisions, satisfactory to the Majority Bondholders, in the Second Tranche Bondholder's absolute discretion, whereby the Lien thereby created will secure, on an equal Second ranking and ratable basis, any and all the obligations of the Issuer hereunder and such other Debt which such Lien purports to secure; provided, that the foregoing restriction shall not apply to the following (the "Permitted Liens"):

(i) Liens over: (i) any non-voting preferred shares held by the Issuer in Bac-Man Geothermal Inc. and Green Core Geothermal Inc.; and (ii) any shares held by Issuer in Second Gen Hydro Power Corporation, EDC Wind Energy Holdings Inc., EDC Wind Energy Holdings 2 Inc., Energy Development (EDC) Chile Holdings SPA, EDC Holdings International Limited, EDC Geothermal Corp., EDC Bright Solar Energy Holdings, Inc. or PT EDC Indonesia;

(ii) Liens arising from any netting or set-off arrangement entered into by the Issuer in the ordinary course of its banking arrangements for the purposes of netting its debit and credit balances or in connection with any hedging transaction entered into in the ordinary course of business and not for speculative purposes;

(iii) Liens arising from any sale, transfer or other disposal of any assets on terms where it is or may be leased to or re-acquired by EDC or any of its related entities, provided that the aggregate amount of all such arrangements outstanding at any time is no greater than Ten Million U.S. Dollars (US\$10,000,000.00) or the relevant Currency Equivalent;

(iv) Liens arising from any sale, transfer or other disposal of receivables under recourse terms, provided that the aggregate amount of all such arrangements relating to receivables outstanding at any time is no greater than Ten Million U.S. Dollars (US\$10,000,000.00) or the relevant Currency Equivalent;

(v) Liens over any shares held by the Issuer in any company in which the Issuer has equity ownership in order to secure any Limited Recourse Project Financing or any Subsidiary's or Downward Affiliate's Limited Recourse Project Financing;

(vi) Liens for taxes, assessments or governmental charges or levies which are being contested in good faith;

(vii) Liens arising by operation of law (including, for the avoidance of doubt, any preference or priority under Article 2244, paragraph 14(a) of the Civil Code of the Philippines existing prior to the date of the Trust Indenture) on any property or asset of the Issuer, including, without limitation, amounts owing to a landlord, carrier, warehouseman, mechanic or materialman and any Liens pursuant to workers' compensation, unemployment insurance and other social security laws;

(viii) Liens incurred on cash deposits made in the ordinary course of business to secure (or obtain letters of credit that secure) the performance of tenders, statutory obligations, surety or appeal bonds, bonds for release of attachment, stay of execution or injunction, bids, tenders, leases, government contracts and similar

obligations (including, without limitation, cash collaterals or hold-out arrangements to secure the repayment of any letter of credit which may be submitted by the Issuer or any of its Subsidiaries or Downward Affiliates in relation to acquisition transactions (whether through competitive bidding or otherwise) of any power plant and related facilities undertaken or administered by PSALM or any other governmental authority or agency), and greenfield projects or expansion projects undertaken by the Issuer or any company in which the Issuer has an effective equity ownership of at least 20.00%;

(ix) Liens created on the Issuer's shareholdings in Subsidiaries or Affiliates (whether now existing or acquired hereafter) to secure any debt incurred by such Subsidiaries or Affiliates for project financing or to secure any debt the principal amount of which does not exceed Thirty Million U.S. Dollars (US\$30,000,000.00) or the relevant Currency Equivalent;

(x) Liens created by or resulting from any litigation or legal proceeding which is effectively stayed while the underlying claims are being contested in good faith by appropriate proceedings and with respect to which the Issuer has established adequate reserves on its books in accordance with PAS/PFRS;

(xi) Liens arising from leases or subleases granted to others, easements, zoning restrictions, rights-of-way and similar charges or encumbrances on real property imposed by Applicable Law or arising in the ordinary course of business that are not incurred in connection with the incurrence of a Debt and that do not materially detract from the value of the affected property or materially interfere with the ordinary conduct of business of the Issuer;

(xii) Liens incidental to the normal conduct of the business of the Issuer or ownership of its properties and which are not incurred in connection with the incurrence of a Debt and which do not in the aggregate materially impair the use of such property in the operation of the business of the Issuer or the value of such property for the purpose of such business;

(xiii) Liens upon tangible personal property (by purchase or otherwise) granted by the Issuer to (i) the vendor, supplier, any of their affiliates or lessor of such property, or (ii) other lenders arranged to secure Debt representing the costs of such property, or incurred to refinance the same principal amount of such purchase money debt outstanding at the time of the refinancing, and not secured by any other asset other than such property;

(xiv) Pre-existing Liens on after-acquired property of the Issuer;

(xv) Liens created with the prior written consent of the Majority Bondholders; and

(xvi) Liens created pursuant to a Refinancing Indebtedness provided that (i) the Issuer repays the Refinanced Indebtedness in full in case of refinancing on Maturity Date or on prepayment date in case of prepayment, and the repayment shall be effected within three (3) Business Days from the earlier of (x) the creation of such Liens or (y) drawdown on the Refinancing Indebtedness; provided further that, no additional Liens, other than pre-existing Liens will be created pursuant to the Refinancing Indebtedness.

(k) Investments – Invest in or acquire:

(i) Any share in or any security issued by any Person, or any interest therein or in the capital of any Person; or

(ii) Directly or indirectly, the business or going concern, or all or substantially all of the properties or assets or business, of any Person or invest in a controlling interest therein,

except where such investment or acquisition will not materially and adversely affect the Issuer's ability to perform its payment obligations under the Trust Indenture and the Second Tranche Bonds, and any investment in such Person, when aggregated with any loan extended by the Issuer to such Person pursuant to the exception in item (i)(iv) of the Section on Negative Covenants in this Offer Supplement does not exceed 60.0% of the Issuer's Tangible Net Worth.

The restriction under this Section shall not apply to:

- (i) Permitted Investments; and
- (ii) Any investments in Subsidiaries or affiliates,

provided that such investment in (i) or (ii) will not have a Material Adverse Effect.

(l) **Arm's Length Transactions** – Subject to the provisions of the Section in Negative Covenants in this Offer Supplement on Guarantee (paragraph (e), Loans and Advances to Directors, Officers and Stockholders (paragraph (f), and Loans and Advances to any Person (specifically, paragraphs (i)(iii) and (i)(iv)), enter into any transaction or agreement between the Issuer, on one hand, and its shareholders or affiliates of the Issuer or its shareholders on the other hand, except on an arm's length commercial basis or in the ordinary course of business; provided, that the foregoing restriction shall not apply to (i) any advances or investments in Subsidiaries or Downward Affiliates, of which 20.0% or more of whose securities, or other ownership interest having voting power to elect the board of directors or other person or body performing similar functions, are directly or indirectly owned by the Issuer; and (ii) any transaction entered into by the Issuer, or a Subsidiary or Downward Affiliate of the Issuer with another Subsidiary or Downward Affiliate of the Issuer that does not or would not reasonably be expected to have a Material Adverse Effect.

(m) **Preferred Debt** – Incur or permit to arise any indebtedness which ranks ahead of the Second Tranche Bonds merely by virtue of being evidenced by a public instrument as provided by Article 2214, paragraph 14(a) of the Civil Code of the Philippines, as the same may be amended from time to time, except any of the following: (i) notarized indebtedness not exceeding Twenty Five Million U.S. Dollars (US\$25,000,000.00) or the relevant Currency Equivalent in the aggregate at any time, or (ii) to the extent that the relevant lender or creditor waives the benefit of such preference or priority.

EVENTS OF DEFAULT

The Issuer shall be considered in default under the Second Tranche Bonds and the Trust Indenture in case any of the following events (each an "Event of Default") shall occur and is continuing:

(a) Payment Default

The Issuer fails to pay any of the principal, interest and fees or any other sum payable by the Issuer under the Second Tranche Bonds, as and when due and payable at the place and in the currency in which it is expressed to be payable; provided, that such non-payment shall not constitute an Event of Default if it is solely due to an administrative or technical reason not attributable to the fault or negligence of the Issuer affecting the transfer of funds despite timely payment instruction having been given by the Issuer and such payment is received by the Paying Agent within two (2) Business Days from the relevant due date.

(b) Representation Default

Any representation or warranty made or repeated by the Issuer in any of the Second Tranche Bonds is incorrect or misleading in any material respect when made or deemed to have been made or repeated, and the same is not cured within a period of thirty (30) days after written notice of such failure given by the Trustee is received by the Issuer.

(c) Other Provisions Default

The Issuer fails to perform or comply with any term, obligation or covenant of the Second Tranche Bonds which would materially and adversely affect the ability of the Issuer to meet its obligations under the Trust Indenture and Terms and Conditions and such failure is not remediable or, if remediable (in the reasonable opinion of the Majority Bondholders), shall continue unremedied during the applicable grace period or, in the absence of such grace period, within a period of thirty (30) days after written notice of such failure given by the Trustee is received by the Issuer.

(d) Cross Default and Cross Acceleration

The Issuer fails to pay or defaults in the payment of any installment of the principal or interest relative to any Financial Indebtedness, or fails to comply with or to perform, any other obligation, or commits a breach or violation of any of the terms, conditions or stipulations, which non-compliance, breach or violation shall result in the acceleration of payment of any Financial Indebtedness of the Issuer under any agreement, contract or document with the Second Tranche Bondholder or any Person, whether executed prior to or after the date hereof or under which the Issuer has agreed to act as guarantor, surety or accommodation party in the same amount or more, which, under the terms of such agreement, contract, document, guaranty or suretyship, including any agreement similar or analogous thereto, shall constitute a default thereunder after allowing for all applicable grace periods; provided, that no Event of Default shall occur under this paragraph unless the aggregate amount involved in the occurrence of one or more of the above events or breaches is at least Thirty Million U.S. Dollars (US\$30,000,000.00) or the relevant Currency Equivalent.

(e) Cancellation or Modification of License

Any Governmental Approval now or hereafter necessary to enable the Issuer to comply with its obligations under the Second Tranche Bonds or required for the conduct of its business and operations shall be (i) withdrawn, withheld, revoked, cancelled or otherwise terminated in a manner which, in the reasonable opinion of the Second Tranche Bondholders, would materially and adversely affect the ability of the Issuer to comply with such obligations or would materially and adversely affect the financial condition or operations of the Issuer taken as a whole, or (ii) modified in a manner which, in the reasonable opinion of the Second Tranche Bondholders, would have the same adverse effect as a withdrawal, revocation, cancellation or termination of such Governmental Approval and would materially and adversely affect the ability of the Issuer to comply with its obligations under the Bond or would materially and adversely affect the operations of the Issuer taken as a whole, and such Governmental Approval is not reinstated within sixty (60) Business Days of having been so withdrawn, revoked, terminated or cancelled or, in the case of such Governmental Approval being withheld, the same is not issued within sixty (60) Business Days from the time that a material and adverse effect on the ability of the Issuer to comply with its obligations under the Second Tranche Bonds or on the financial condition or operations of the Issuer, taken as a whole, is caused by the absence of such Governmental Approval or, in the case of a modification described in item (ii) of this Section, such Governmental Approval is not further modified as to effect a reinstatement thereof, within sixty (60) Business Days of having been so modified.

(f) Inability to Pay Debts; Bankruptcy Default

The Issuer becomes insolvent or unable to pay its Debts when due or commits or suffers any act of bankruptcy, which term shall include: (i) the filing of a petition, by or against the Issuer, in any bankruptcy, insolvency, administration, suspension of payment, rehabilitation, reorganization, winding-up, dissolution, moratorium or liquidation proceeding of the Issuer, or any other proceeding analogous in purpose and effect, unless for such petition filed against the Issuer, it is contested in good faith by the Issuer in appropriate proceedings or otherwise dismissed by the relevant court within sixty (60) days from the filing of such petition; (ii) the making of a general assignment by the Issuer for the benefit of its creditors; (iii) the admission in writing by the Issuer, through its President, Chief Executive Officer, Chief Operating Officer or Chief Financial Officer, of its general inability to pay its Debts; (iv) the entry of any order of judgment of any competent court, tribunal or administrative agency or body confirming the bankruptcy or insolvency of the Issuer or approving any reorganization, winding-up or liquidation of the Issuer, unless withdrawn or revoked by the appropriate court, tribunal or administrative agency or body within sixty (60) days from entry of such order of judgment; (v) the lawful appointment of a receiver or trustee to take possession of a substantial portion of the properties of the Issuer, unless contested in good faith by the Issuer in appropriate proceedings; or (vi) the taking of any corporate action by the Issuer to authorize any of the foregoing, unless withdrawn or rescinded within sixty (60) days from the taking of such action.

(g) Expropriation

Any act or deed or judicial or administrative proceedings in the nature of an expropriation, confiscation, nationalization, acquisition, seizure, sequestration or condemnation of or with respect to all or a material part of the business and operations of the Issuer, or all or substantially all of the property or assets of the Issuer, shall be undertaken or instituted by any Governmental Authority, unless such act, deed or proceeding is otherwise contested in good faith by the Issuer in an appropriate proceeding.

(h) Judgment Default

A final and executory judgment, decree or order for the payment of money, damages, fine or penalty or its equivalent shall be rendered against the Issuer which, together with all other judgments against the Issuer then outstanding and unsatisfied, may in the reasonable opinion of the Majority Bondholders (which opinion shall be exercised in good faith, fairly and equitably) materially and adversely affect the ability of the Issuer to comply with its obligations under the Second Tranche Bonds, and (i) the Issuer has failed to demonstrate to the reasonable satisfaction of the Majority Bondholders within thirty (30) days of the judgment, decree or order being entered that it is reasonably certain that the judgment, decree or order will be satisfied, discharged or stayed within thirty (30) days of the judgment, decree or order being entered, or (ii) the said final judgment, decree or order is not paid, discharged, stayed or fully bonded within thirty (30) days after the date when payment of such judgment, decree or order is due.

(i) Attachment

An attachment or garnishment of or levy upon any of the properties of the Issuer is made which materially and adversely affects the ability of the Issuer to pay its obligations under the Second Tranche Bonds and is not discharged or stayed within thirty (30) days (or such longer period as the Issuer satisfies the Majority Bondholders is appropriate under the circumstances) of having been so imposed.

(j) Contest

The Issuer (acting through its President, Chief Executive Officer, Chief Operating Officer or Chief Financial Officer) shall contest in writing the validity or enforceability of the Second Tranche Bonds or shall deny in writing the general liability of the Issuer under the Second Tranche Bonds.

Consequences of Default

(a) Declaration by the Majority Bondholders

If any one or more of the Events of Default shall have occurred and be continuing, the Trustee upon the written direction of the Majority Bondholders, by notice in writing delivered to the Issuer, or the Majority Bondholders, by notice in writing delivered to the Issuer and the Trustee, may declare all amounts due, including the principal of the Second Tranche Bonds, all accrued interest and other charges thereon, if any, to be immediately due and payable, and upon such declaration the same shall be immediately due and payable, anything contained in the Trust Indenture or in the Second Tranche Bonds to the contrary notwithstanding.

(b) Notice from the Trustee

At any time after any Event of Default shall have occurred, the Trustee may:

(i) By notice in writing to the Issuer, the Paying Agent and the Registrar, require the Paying Agent and the Registrar to:

(x) Act thereafter as agents of the Second Tranche Bondholders represented by the Trustee on the terms provided in the Registry and Paying Agency Agreement (with consequential amendments as necessary and save that the Trustee's liability under any provisions thereof for the indemnification, remuneration and payment of out-of-pocket expenses of the Paying Agent and the Registrar shall be limited to amounts for the time being held by the Trustee on the trusts of the Trust Indenture in relation to the Second Tranche Bonds and available to the Trustee for such purpose) and thereafter to hold all evidence of all bonds and all sums, documents and records held by them in respect of the Second Tranche Bonds on behalf of the Trustee; and/or

(y) Deliver all Bond Certificates and all sums, documents and records held by them in respect of the Second Tranche Bonds to the Trustee or as the Trustee shall direct in such notice; provided, that, such notice shall be deemed not to apply to any document or record which the Paying Agent or Registrar is not obliged to release by any law or regulation.

(ii) By notice in writing to the Issuer require the Issuer to make all subsequent payments in respect of the Second Tranche Bonds to the order of the Trustee and with effect from the issue of any such notice until such notice is withdrawn, proviso (x) above and item (a) of the Section on Affirmative Covenants in this Offer Supplement shall cease to have effect.

(c) Penalty Interest

In case any amount payable by the Issuer under the Second Tranche Bonds, whether for principal, interest, fees due to Trustee or Registrar or otherwise, is not paid on due date, the Issuer shall, without prejudice to its obligations to pay the said principal, interest and other amounts, pay penalty interest on the defaulted amount(s) at the rate of 2.0% p.a. (the "Penalty Interest") computed on a monthly basis over and above and in addition to the Interest Rate computed on the actual number of days from and including the date on which the said amount/s became due until full payment thereof on a year of 360 days.

(d) Payment During an Event of Default

The Issuer covenants that upon the occurrence and due declaration of any Event of Default, the Issuer shall pay to the Second Tranche Bondholders, through the Paying Agent, the whole amount which shall then have become due and payable on all such outstanding Second Tranche Bonds with interest at the rate borne by the Second Tranche Bonds on the overdue principal and with Penalty Interest as described above, and in addition thereto and subject to Section 2.4 of the Trust Indenture, the Issuer shall pay to the Trustee such further amounts as shall be determined by the Trustee to be sufficient to cover the actual, documented, and reasonable cost and expenses of collection, enforcing payment of principal and/or interest on the Second Tranche Bonds, including reasonable compensation to the Trustee, its agents, attorneys and counsel, and any reasonable expenses or liabilities incurred without negligence or bad faith by the Trustee hereunder. Notwithstanding any contrary provision, any such costs incurred by the Trustee shall not require the prior approval of the Issuer.

(e) Application of Payments

Any money collected or delivered to the Paying Agent, and any other funds held by it, subject to any other provision of the Trust Indenture and the Registry and Paying Agency Agreement relating to the disposition of such money and funds, shall be applied by the Paying Agent in the order of preference as follows: *first*, to the payment to the Trustee, the Paying Agent and the Registrar, of the costs, expenses, fees and other charges of collection, including reasonable compensation to them, their agents, attorneys and counsel, and all reasonable expenses and liabilities incurred or disbursements made by them, without negligence or bad faith; *second*, to the payment of the interest in default, in the order of the maturity of such interest with Penalty Interest; *third*, to the payment of the whole amount then due and unpaid upon the Second Tranche Bonds for principal, and interest, with Penalty Interest; and *fourth*, the remainder, if any shall be paid to the Issuer, its successors or assigns, or to whoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

(f) Remedies

All remedies conferred by the Trust Indenture to the Trustee and the Second Tranche Bondholders shall be cumulative and not exclusive and shall not be so construed as to deprive the Trustee or the Second Tranche Bondholders of any legal remedy by judicial or extra judicial proceedings appropriate to enforce the conditions and covenants of the Trust Indenture, subject to the Section below on "*Ability to File Suit*".

No delay or omission by the Trustee or the Second Tranche Bondholders to exercise any right or power arising from or on account of any default hereunder shall impair any such right or power, or shall be construed to be a waiver of any such default or an acquiescence thereto; and every power and remedy given by the Trust Indenture to the Trustee or the Second Tranche Bondholders may be exercised from time to time and as often as may be necessary or expedient.

(g) Prescription

Claims in respect of principal and interest or other sums payable hereunder shall prescribe unless made within ten (10) years (in the case of principal or other sums) or five (5) years (in the case of interest) from the date on which payment becomes due.

(h) **Ability to File Suit**

No Second Tranche Bondholder shall have any right by virtue of or by availing of any provision of the Trust Indenture to institute any suit, action or proceeding for the collection of any sum due from the Issuer hereunder on account of principal, interest and other charges, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless (i) such Second Tranche Bondholder previously shall have given to the Trustee written notice of an Event of Default and of the continuance thereof and the related request for the Trustee to convene a meeting of the Second Tranche Bondholders to take up matters related to their rights and interests under the Second Tranche Bonds; (ii) the Majority Bondholders shall have decided and made the written request upon the Trustee to institute such action, suit or proceeding in the latter's name; (iii) the Trustee for sixty (60) days after the receipt of such notice and request shall have neglected or refused to institute any such action, suit or proceeding; and (iv) no directions inconsistent with such written request shall have been given under a waiver of default by the Second Tranche Bondholders, it being understood and intended, and being expressly covenanted by every Second Tranche Bondholder with every other Second Tranche Bondholder and the Trustee, that no one or more Second Tranche Bondholders shall have any right in any manner whatsoever by virtue of or by availing of any provision of the Trust Indenture to affect, disturb or prejudice the rights of the holders of any other such Second Tranche Bonds or to obtain or seek to obtain priority over or preference to any other such holder or to enforce any right under the Trust Indenture, except in the manner herein provided and for the equal, ratable and common benefit of all the Second Tranche Bondholders.

(i) **Waiver or Revocation of Default by the Second Tranche Bondholders**

The Majority Bondholders may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee, or the Majority Bondholders may decide for and in behalf of the Second Tranche Bondholders to waive any past Default, any of the Events of Default and the consequences of such declaration, upon such terms, conditions and agreement, if any, as they may determine; provided that no Default arising from the following paragraphs on the Section on Default (please refer to page 87 of this Offer Supplement): paragraph (a) (Payment Default), paragraph (b) (Representation Default), paragraph (d) (Cross Default and Cross Acceleration), paragraph (e) (Cancellation of License), and paragraph (f) (Inability to Pay Debts; Bankruptcy Default), and its consequences, may be waived or revoked; provided further that, no such waiver or revocation shall extend to or shall affect any subsequent Default or shall impair any right arising therefrom.

In case of any such waiver, the Issuer, the Trustee and the Second Tranche Bondholders shall be restored to their former positions and rights hereunder; provided however that, no such waiver shall extend to any subsequent or other default or impair any right consequent thereto. Any such waiver by the Majority Bondholders shall be conclusive and binding upon all Second Tranche Bondholders and upon all future holders and owners thereof, irrespective of whether or not any notation of such waiver is made upon the certificate representing the Second Tranche Bonds.

The Trustee shall, within five (5) Business Days after receipt of the written waiver from the Majority Bondholders or revocation of any default previously declared, give to the Second Tranche Bondholders written notice of such waiver, or revocation known to it via publication in a newspaper of general circulation in Metro Manila for two (2) consecutive days as soon as practicable, indicating in the published notice that an Event of Default has occurred and has been waived or a declaration of a default has been revoked by the Majority Bondholders.

SUBSTITUTION

Substitution of the Second Tranche Bonds is not contemplated.

TRUSTEE; NOTICES

Notice to the Trustee

All documents required to be submitted to the Trustee pursuant to the Trust Indenture, the Offer Supplement and all correspondence addressed to the Trustee shall be delivered to:

RCBC TRUST CORPORATION

Attention : Ryan Roy W. Sinaon
First Vice President
Address : 9th Floor, Yuchengco Tower, RCBC Plaza
6819 Ayala Avenue corner Sen. Gil Puyat Avenue
Makati City
Telephone : (+632) 8894 9000 ext. 1278
Facsimile : (+632) 8878-3377
Email Address : rwsinaon@rcbc.com

All documents and correspondence not sent to the above-mentioned address shall be considered as not to have been sent at all.

Notice to the Second Tranche Bondholders

Notices to Second Tranche Bondholders shall be sent to their mailing address as set forth in the Registry of Bondholders when required to be made through registered mail, surface mail, electronic mail, in case the Second Tranche Bondholder has provided his email address in the Application to Purchase the Second Tranche Bonds or in writing to the Trustee with instruction to send notices by electronic mail, or personal delivery. Except where a specific mode of notification is provided for herein, notices to Second Tranche Bondholders shall be sufficient when made in writing and transmitted in any one of the following modes: (i) registered mail; (ii) surface mail; (iii) by one-time publication in a newspaper of general circulation in the Philippines; (iv) personal delivery to the address of record in the Registry of Bondholders; (v) electronic mail; or (vi) disclosure through the Online Disclosure System of the PDEX. The Trustee shall rely on the Registry of Bondholders in determining the Second Tranche Bondholders entitled to notice. All notices shall be deemed to have been received (i) ten (10) days from posting if transmitted by registered mail; (ii) fifteen (15) days from mailing, if transmitted by surface mail; (iii) on date of publication; (iv) on date of delivery, by personal delivery; (v) on date of transmission from the electronic mail server of the Trustee; and (vi) on the date that the disclosure is uploaded on the website of the PDEX, respectively.

A notice to the Trustee is a notice to the Second Tranche Bondholders. The publication in a newspaper of general circulation in the Philippines of a press release or news item about a communication or disclosure made by the Issuer to the SEC or the PDEX on a matter relating to the Second Tranche Bonds shall be deemed a notice to the Second Tranche Bondholders of said matter on the date of the Second publication.

For purposes of transmitting notices or other communications via e-mail or electronic transmission, EDC, the Second Tranche Bondholders and the Trustee hereby agree to comply with the terms of the Terms of Electronic Instructions contained in Schedule 2 of the Trust Indenture.

Notwithstanding the foregoing permissible modes of delivery of notice, the following notices must only be made or delivered either by hand or by reputable courier, subject to the same rules in this Section on Notices:

- a. Notice of Occurrence of Default under Subsection 4.1(g) of the Trust Indenture and the Section on "Consequences of Default";
- b. Notice of contested or unpaid Financial Indebtedness under Subsection 4.1(j) of the Trust Indenture;
- c. Notice of Change in Law under the Section on "Change in Law or Circumstance";
- d. Notice of termination of the services or resignation of the Trustee under the Section on "Resignation and Change of Trustee"; and

- e. Notice to the claiming of fees or reimbursement due to any Party under the Trust Indenture.

Binding and Conclusive Nature

Except as provided in the Trust Indenture, all notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained by the Trustee for the purposes of the provisions of the Trust Indenture, shall (in the absence of willful default, bad faith or manifest error) be binding on the Issuer, and all Second Tranche Bondholders and (in the absence of willful default, bad faith or manifest error) no liability to the Issuer, the Paying Agent or the Second Tranche Bondholders shall attach to the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions under the Trust Indenture.

Duties and Responsibilities of the Trustee

- (a) The Trustee is appointed as trustee for and on behalf of the Second Tranche Bondholders and accordingly shall perform such duties and shall have such responsibilities as provided in the Trust Indenture.
- (b) The Trustee shall, in accordance with the Terms and Conditions, monitor the compliance or non-compliance by the Issuer with all its representations and warranties, and the Issuer's observance of all its covenants and performance of all its obligations, under and pursuant to the Trust Indenture.
- (c) The Trustee shall, prior to the occurrence of an Event of Default or after the curing of all such defaults which may have occurred, perform only such duties as are specifically set forth in the Trust Indenture and the Terms and Conditions.
- (d) The Trustee, in the performance of its duties, shall exercise such rights and powers vested in it by the Trust Indenture, and use the same degree of care and skill in their exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs under similar circumstances.

Liability of the Trustee

No provision of the Trust Indenture shall be construed to relieve the Trustee from liability for its own gross negligent action, its own gross negligent failure to act, or its willful misconduct, provided that:

- (i) Prior to the occurrence of an Event of Default or after the curing or the waiver of all Events of Default which may have occurred, in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely upon, as to the truth of the statements and the correctness of the opinion expressed in, any certificate or opinion furnished to the Trustee conforming to the requirements of the Trust Indenture;
- (ii) The Trustee shall not be liable for any error of judgment made in good faith by their respective responsible officer or officers, unless it shall be proven that the Trustee was grossly negligent in ascertaining the pertinent facts; and
- (iii) The Trustee shall not be liable with respect to any action taken or omitted to be taken by them in good faith in accordance with the direction of the Majority Bondholders relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee under the Trust Indenture.

None of the provisions contained in the Trust Indenture shall require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of their duties or in the exercise of any of their rights or powers if, in the determination of the Trustee, there is reasonable ground for believing that the repayment of such funds or liability is not reasonably assured to them under the terms of the Trust Indenture.

Ability to Consult Counsel

- (i) The Trustee may consult with reputable counsel in connection with the duties to be performed by the Trustee under the Trust Indenture and any opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or omitted to be taken by the Trustee hereunder in good faith and in accordance with such opinion; provided that, prior to taking or not taking such action for which opinion of counsel is sought, the Trustee shall inform the Issuer of the relevant opinion of counsel; provided further that, the Trustee shall not be bound by the foregoing condition to inform the Issuer of counsel's opinion if the opinion of counsel which is being sought by the Trustee pertains to, or involves actions to be undertaken due to, an Event of Default or issues pertaining thereto.
- (ii) Notwithstanding any provision of the Trust Indenture authorizing the Trustee conclusively to rely upon any certificate or opinion, the Trustee may, before taking or refraining from taking any action in reliance thereon, require further evidence or make any further investigation as to the facts or matters stated therein which they may in good faith deem reasonable in the circumstances; and the Trustee shall require such further evidence or make such further investigation as may reasonably be requested in writing by the Majority Bondholders.
- (d) The Trustee as Owner of the Second Tranche Bonds

The Trustee, in its individual or any other capacity, may become a holder of the Second Tranche Bonds with the same rights it would have if it were not the Trustee and the Trustee shall otherwise deal with the Issuer in the same manner and to the same extent as though it were not the Trustee hereunder; provided, that such ownership shall not be considered a conflict of interest requiring resignation or change of the Trustee under the section on "Resignation and Change of Trustee" below.

Resignation and Change of Trustee

- (a) The Trustee may at any time resign by giving thirty (30) days' prior written notice to the Issuer and to the Second Tranche Bondholders of such resignation.
- (b) Upon receiving such notice of resignation of the Trustee, the Issuer shall immediately appoint a successor trustee by written instrument in duplicate, executed by its authorized officers, one (1) copy of which instrument shall be delivered to the resigning Trustee and one (1) copy to the successor trustee. If no successor shall have been so appointed and have accepted appointment within forty-five (45) days after the giving of such notice of resignation, the Majority Bondholders with prior written notice to the Issuer, may appoint a successor trustee. Upon the acceptance of any appointment as trustee hereunder by a successor trustee, such successor trustee shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the resigning Trustee, and the resigning Trustee shall be discharged from its duties and obligations hereunder. The resigning Trustee shall cooperate with the successor trustee and the Second Tranche Bondholders in all reasonable ways to ensure an orderly turnover of its functions and the records in its custody. Subject to the provisions of Subsection (d) below, such a successor trustee should possess all the qualifications required under pertinent laws.
- (c) In case at any time the Trustee shall become incapable of acting, or has acquired conflicting interest, or shall be adjudged as bankrupt or insolvent, or a receiver for the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its properties or affairs for the purpose of rehabilitation, conservation or liquidation, then the Issuer may within thirty (30) days from there remove the Trustee concerned, and appoint a successor trustee, by written instrument in duplicate, executed by its authorized officers, one (1) copy of which instrument shall be delivered to the Trustee so removed and one (1) copy to the successor trustee. If the Issuer fails to remove the Trustee concerned and appoint a successor trustee, any bona fide Second Tranche Bondholder may petition any court of competent jurisdiction for the removal of the Trustee concerned and the appointment of a successor trustee. Such court may thereupon after such notice, if any, as it may deem proper, remove the Trustee and appoint a successor trustee. Subject to the provisions of Subsection (e) below, such successor trustee should possess all the qualifications required under pertinent laws; otherwise, the incumbent trustee shall continue to act as such until a successor trustee

is duly appointed.

- (d) The Majority Bondholders may at any time remove the Trustee for cause, and appoint a successor trustee, by the delivery to the Trustee so removed, to the successor trustee and to the Issuer of the required evidence under the provisions on Evidence Supporting the Action of the Second Tranche Bondholders in the Terms and Conditions attached to the Trust Indenture.
- (e) Any resignation or removal of the Trustee and the appointment of a successor trustee pursuant to any of the provisions of this Subsection shall become effective upon the earlier of the: (i) acceptance of appointment by the successor trustee as provided in the Trust Indenture; or (ii) effectivity of the resignation notice sent by the Trustee under Subsection (a) above and Section 20(e)(i) of the Trust Indenture (the "Resignation Effective Date") or the lapse of the thirty (30)-day period from the time the cause for removal under Section 20(e)(iii) arose (the "Removal Effective Date"); provided, however, that after the Resignation Effective Date and, as relevant, until such successor trustee is qualified and appointed (the "Holdover Period"), the resigning or removed Trustee shall discharge duties and responsibilities solely as a custodian of records for turnover to the successor Trustee promptly upon the appointment thereof by the Issuer provided further that the resigning Trustee shall be entitled to the payment of the fee stipulated in Section 2.2 of the Trust Indenture during the Holdover Period.

Successor Trustee

- (a) Any successor trustee appointed as provided in this Section shall execute, acknowledge and deliver to the Issuer and to its predecessor Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the predecessor Trustee shall become effective and such successor trustee, without further act, deed or conveyance, shall become vested with all the rights, powers, trusts, duties and obligations of its predecessor in the trusteeship with like effect as if originally named as trustee in the Trust Indenture. The foregoing notwithstanding, on the written request of the Issuer or of the successor trustee, the Trustee ceasing to act as such shall execute and deliver an instrument transferring to the successor trustee, all the rights, powers and duties of the Trustee so ceasing to act as such. Upon request of any such successor trustee, the Issuer shall execute any and all instruments in writing as may be necessary to fully vest in and confer to such successor trustee all such rights, powers and duties.
- (b) Upon acceptance of the appointment by a successor trustee, the Issuer shall notify the Second Tranche Bondholders in writing of the succession of such trustee to the trusteeship. If the Issuer fails to notify the Second Tranche Bondholders within ten (10) days after the acceptance of appointment by the trustee, the latter shall cause the Second Tranche Bondholders to be notified at the expense of the Issuer.

Reports to the Second Tranche Bondholders

The Trustee shall submit to the Second Tranche Bondholders on or before January 31 of each year from the relevant Issue Date, until full payment of the Second Tranche Bonds, a brief report dated December 31 of the immediately preceding year with respect to:

- (i) The funds, if any, physically in the possession of the Trustee held in trust for the Second Tranche Bondholders on the date of such report; and
- (ii) Any action taken by the Trustee in the performance of its duties under the Trust Indenture which it has not previously reported and which in its opinion materially affects the Second Tranche Bonds, except action in respect of a default, notice of which has been or is to be withheld by it.

The Trustee shall submit to the Second Tranche Bondholders a brief report within ninety (90) days from the making of any advance for the reimbursement of which it claims or may claim a lien or charge which is prior to that of the Second Tranche Bondholders on the property or funds held or collected by the Paying Agent with respect to the character, amount and the circumstances surrounding the making of such advance; provided that, such advance remaining unpaid amounts to at least 10.0% of the aggregate outstanding principal amount of the Second Tranche Bonds at such time.

(a) Merger or Consolidation

Any corporation into which the Trustee may be merged or with which it may be consolidated or any corporation resulting from any merger or consolidation to which the Trustee shall be a party or any corporation succeeding to the business of the Trustee shall be the successor of the Trustee hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding, provided that, such successor trustee shall be eligible under the provisions of the Trust Indenture and the Securities Regulation Code; however, where such successor trustee is not qualified under the pertinent Laws, then the provisions of the section on "Resignation and Change of Trustee" on page 94 of this Offer Supplement shall apply.

(b) Reliance

In the performance of its obligations under the Trust Indenture, the Trustee is entitled to rely on the records of the Registrar, but shall exercise such judgment and care under the circumstances then prevailing, that individuals of prudence, discretion and intelligence, and familiar with such matters exercise in the management of their own affairs.

In addition, the Trustee shall not be held liable for any of its act or omission unless (i) such act or omission was committed with fraud, evident bad faith, gross or willful negligence, or (ii) the Trustee failed to exercise the skill, care, prudence and/or diligence required by law and under the circumstances.

Inspection of Documents

The following pertinent documents may be inspected during regular business hours on any Business Day at the principal office of the Trustee:

1. Trust Indenture Agreement;
2. Registry and Paying Agency Agreement;
3. Articles of Incorporation and By-Laws of the Company; and
4. Registration Statement of the Company with respect to the Bonds.

MEETINGS OF SECOND TRANCHE BONDHOLDERS

A meeting of the Second Tranche Bondholders may be called at any time for the purpose of taking any actions authorized to be taken by or in behalf of the Second Tranche Bondholders of any specified aggregate principal amount of Second Tranche Bonds under any other provisions of the Trust Indenture or under the law and such other matters related to the rights and interests of the Second Tranche Bondholders under the Second Tranche Bonds.

Notice of Meetings

The Trustee may at any time call a meeting of the Second Tranche Bondholders, or the holders of at least 25.00% of the aggregate outstanding principal amount of Second Tranche Bonds may direct in writing the Trustee to call a meeting of the Second Tranche Bondholders, to take up any allowed action, to be held at such time and at such place as the Trustee shall determine. Notice of every meeting of the Second Tranche Bondholders, setting forth the time and the place of such meeting and the purpose of such meeting in reasonable detail, shall be sent by the Trustee to the Issuer and to each of the registered Second Tranche Bondholders not earlier than forty five (45) days nor later than fifteen (15) days prior to the date fixed for the meeting.

The Trustee shall send notices in respect of any meeting called by EDC to obtain consent of the Second Tranche Bondholders to an amendment of the Trust Indenture in the following manner: a notice shall be sent to Second Tranche Bondholders detailing the amendments proposed and consents requested by EDC not earlier than sixty (60) days nor later than forty five (45) days prior to the date fixed for the meeting, if the Second Tranche Bondholder fails to respond as required by such notice, the Trustee shall send a second notice to such Second Tranche Bondholder not later than fifteen (15) days prior to the date fixed for the meeting. Each of such notices shall be published in a newspaper of general circulation as provided in the Trust Indenture. All reasonable costs and expenses incurred by the Trustee for the proper dissemination of the requested meeting shall be reimbursed by the Issuer within ten (10) days from receipt of the duly supported billing statement.

Failure of the Trustee to Call a Meeting

In case at any time the Issuer, pursuant to a resolution of its board of directors, or the holders of at least 25.0% of the aggregate outstanding principal amount of the Second Tranche Bonds shall have requested the Trustee to call a meeting of the Second Tranche Bondholders by written request setting forth in reasonable detail the purpose of the meeting, and the Trustee shall not have mailed and published, in accordance with the notice requirements, the notice of such meeting within twenty (20) days after receipt of such request, then the Issuer or the Second Tranche Bondholders in the amount above specified may determine the time and place for such meeting and may call such meeting by mailing and publishing notice thereof.

Quorum

The Trustee shall determine and record the presence of the Majority Bondholders, personally or by proxy. The presence of the Majority Bondholders shall be necessary to constitute a quorum to do business at any meeting of the Second Tranche Bondholders except for any meeting called by EDC solely for the purpose of obtaining the consent of the Second Tranche Bondholders to an amendment of the Trust Indenture, where the failure of any Second Tranche Bondholder to transmit an objection to such proposal of EDC after at least two (2) notices to such Second Tranche Bondholder have been sent by the Trustee, will be considered by the Trustee as an affirmative vote (and such Second Tranche Bondholder will be considered present for quorum purposes by the Trustee) for the proposal of EDC.

Procedure for Meetings

- (a) Meetings may be either in person or through teleconference, videoconference or through similar modes of modern communication technology.
- (b) The Trustee shall preside at all the meetings of the Second Tranche Bondholders, unless the meeting shall have been called by the Issuer or by the Second Tranche Bondholders, in which case the Issuer or the Second Tranche Bondholders calling the meeting, as the case may be, shall in like manner move for the election of the chairman and secretary of the meeting.
- (c) Any meeting of the Second Tranche Bondholders duly called may be adjourned for a period or periods not to exceed in the aggregate of one (1) year from the date for which the meeting shall originally have been called and the meeting as so adjourned may be held without further notice. Any such adjournment may be ordered by persons representing a majority of the aggregate principal amount of the Second Tranche Bonds represented at the meeting and entitled to vote, whether or not a quorum shall be present at the meeting.

Voting Rights

To be entitled to vote at any meeting of the Second Tranche Bondholders, a person shall be a registered holder of one (1) or more Second Tranche Bonds or a person appointed by an instrument in writing as proxy by any such holder as of the date of the said meeting. Second Tranche Bondholders shall be entitled to one vote for every Ten Thousand Pesos (₱10,000.00) interest. The only persons who shall be entitled to be present or to speak at any meeting of the Second Tranche Bondholders shall be the persons entitled to vote at such meeting and any representatives of the Issuer and its legal counsel.

Voting Requirement

All matters presented for resolution by the Second Tranche Bondholders in a meeting duly called for the purpose shall be decided or approved by the affirmative vote of the Majority Bondholders present or represented in a meeting at which there is a quorum except as otherwise provided in the Trust Indenture (please refer to the discussion on "Quorum"). Any resolution of the Second Tranche Bondholders which has been duly approved with the required number of votes of the Second Tranche Bondholders as herein provided shall be binding upon all the Second Tranche Bondholders and the Issuer as if the votes were unanimous. Provided that:

- (i) in respect of any matter presented for resolution at any meeting of Second Tranche Bondholders that affect the rights and interests of only the holders of the Series C Bonds, a quorum and the affirmative vote of the Majority Bondholders of the Series C Bonds, exclusively, will be required to decide or approve such resolution;
- (ii) in respect of any matter presented for resolution at any meeting of Second Tranche Bondholders that affect

the rights and interests of only the holders of the Series D Bonds, a quorum and the affirmative vote of the Majority Bondholders of the Series D Bonds, exclusively, will be required to decide or approve such resolution; and

(iii) in respect of any matter presented for resolution at any meeting of Second Tranche Bondholders that affect the rights and interests of only the holders of the Series E Bonds, a quorum and the affirmative vote of the Majority Bondholders of the Series E Bonds, exclusively, will be required to decide or approve such resolution.

Role of the Trustee in Meetings of the Second Tranche Bondholders

Notwithstanding any other provisions of the Trust Indenture, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of the Second Tranche Bondholders, in regard to proof of ownership of the Second Tranche Bonds, the appointment of proxies by registered holders of the Second Tranche Bonds, the election of the chairman and the secretary, the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidences of the right to vote and such other matters concerning the conduct of the meeting as it shall deem fit.

Amendments

EDC and the Trustee may amend the Terms and Conditions or the Second Tranche Bonds without notice to any Second Tranche Bondholder in order to correct an error, clarify a provision or ensure consistency provided that no rights of any Second Tranche Bondholder are adversely affected thereby. Otherwise, amendments shall require the prior written consent of the Majority Bondholders (including consents obtained in connection with a tender offer or exchange offer for the Second Tranche Bonds).

However, without the consent of each Second Tranche Bondholder affected thereby, an amendment may not:

- (1) reduce the amount of Second Tranche Bondholder that must consent to an amendment or waiver;
- (2) reduce the rate of or extend the time for payment of interest on any Bond;
- (3) reduce the principal of or extend the Maturity Date of, or vary the Early Redemption Date of, any Bond;
- (4) impair the right of any Second Tranche Bondholder to receive payment of principal of and interest on such Holder's Second Tranche Bonds on or after the due dates therefore or to institute suit for the enforcement of any payment on or with respect to such Second Tranche Bondholders;
- (5) reduce the amount payable upon the redemption or repurchase of any Bond under the Terms and Conditions attached to the Trust Indenture or change the time at which any Bond may be redeemed;
- (6) make any Bond payable in money other than that stated in the Bond;
- (7) subordinate the Second Tranche Bonds to any other obligation of EDC;
- (8) release any security interest that may have been granted in favor of the Second Tranche Bondholders;
- (9) amend or modify the Payment of Additional Amounts, Taxation, the Events of Default of the Terms and Conditions or the Waiver of Default by the Second Tranche Bondholders; or
- (10) make any change or waiver of this Section on Amendments.

It shall not be necessary for the consent of the Second Tranche Bondholders under this Section to approve the particular form of any proposed amendment, but it shall be sufficient if such consent approves the substance thereof. After an amendment under this Section becomes effective, EDC shall send a notice briefly describing such amendment to the Second Tranche Bondholders in the manner provided in the Section entitled "Notices".

Evidence Supporting the Action of the Second Tranche Bondholders

Wherever in the Trust Indenture it is provided that the holders of a specified percentage of the aggregate outstanding principal amount of the Second Tranche Bonds may take any action (including the making of any demand or requests and the giving of any notice or consent or the taking of any other action), the fact that at the time of taking any such action the holders of such specified percentage have joined therein may be evidenced by: (i) any instrument executed by the Second Tranche Bondholders in person or by the agent or proxy appointed in writing or (ii) the duly authenticated record of voting in favor thereof at the meeting of the Second Tranche Bondholders duly called and held in accordance herewith or (iii) a combination of such instrument and any such record of meeting of the Second Tranche Bondholders.

GOVERNING LAW

The Bond Agreements are governed by and are construed in accordance with Philippine law.

Interest of Named Experts

Legal Matters

Certain Philippine legal matters in connection with the Offer have been passed upon for the Company by The Law Firm of Quiason Makalintal, the independent legal counsel of the Company, and for the Joint Issue Managers, the Joint Lead Underwriters and Joint Bookrunners by Picazo Buyco Tan Fider & Santos. The aforesaid counsels have no shareholdings in the Company, or any right, whether legally enforceable or not, to nominate persons or to subscribe to the securities of the Company, in accordance with the standards of independence required in the Code of Professional Responsibility and as prescribed by the Supreme Court of the Philippines.

Independent Auditors

The financial statements of EDC as at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021 appearing in this Offer Supplement have been audited by SyCip, Gorres, Velayo and Co. ("SGV & Co."), independent auditors, as set forth in their report thereon appearing elsewhere herein.

The Company's Audit and Governance Committee reviews and approves the scope of audit work of the independent auditors and the amount of audit fees for a given year. The amount will then be presented for approval by the stockholders in the annual meeting. As regards services rendered by the external auditors other than the audit of financial statements, the scope of, and amount for the same are subject to review and approval by the Audit and Governance Committee.

The following table sets out the aggregate fees billed for each of the last three (3) fiscal years for professional services rendered by SGV & Co. from 2021 to 2023.

	Year-ended December 31,		
	2023	2022	2021
Audit and Audit-Related Fees	₱14,103,838	₱14,408,135	₱13,801,700
All Other Fees ¹³	1,398,679	1,605,529	10,528,402
	₱15,502,517	₱16,013,664	₱24,330,102

Fees categorized under "All Other Fees" include procedures for regulatory requirements, advisory, compliance review, and transfer pricing services.

There is no arrangement that SGV & Co. shall receive a direct or indirect interest in EDC in connection with the Offer. SGV & Co. have not acted and will not act as promoter, underwriter, voting trustee, officer or employee of the Company in relation to the Offer.

SGV & Co. has acted as the Company's external auditors since 2007. The Company has not had any disagreements on accounting and financial disclosures with its current external auditors for the same periods or any subsequent interim period. SGV & Co. has neither shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities in the Company. SGV & Co. has no, and will not receive any, direct or indirect interest in the Company or in any securities pursuant to or in connection with the Offer. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

¹³2021 fees mainly pertain to services related to mergers and acquisitions and international tax advisories.

Description of the Company

Business Overview

EDC was incorporated on, and has been in business since, March 5, 1976. EDC, by itself and through its Subsidiaries are the Philippines' leading 100.0% renewable energy producer, possessing interests in geothermal energy, hydro power, wind power and solar power and are primarily engaged in the business of (i) exploring, developing, and operating geothermal energy and other indigenous renewable energy projects in the Philippines, and (ii) utilizing geothermal and other indigenous renewable energy sources for electricity generation.

As of March 31, 2024, the Group has total installed capacity of 1,463 MW composed of (i) 1,169 MW in geothermal, (ii) 150 MW in wind, (iii) 132 MW in hydro, and (iv) 12 MW in solar.

The Company is the largest vertically integrated geothermal company globally. It is also the largest producer of geothermal energy in the Philippines.¹⁴ The Philippines, with a total installed geothermal capacity of 1,952 MW, is the third largest geothermal energy producer in the world. The United States, the world's largest geothermal energy producer, has an installed geothermal capacity of 3,900 MW and Indonesia, the second largest geothermal energy producer, has an installed geothermal capacity of 2,418 MW.¹⁵

EDC's geothermal power projects are composed of two (2) principal activities: (i) the production of geothermal steam for use at the Group's geothermal power plants, and (ii) the generation and sale of electricity through those geothermal power plants pursuant to "take-or-pay and take-and-pay offtake arrangements". EDC's steam and electricity sales are supported by medium-term to long-term offtake agreements in various forms. EDC's steam sales are backed by offtake agreements with its wholly owned Subsidiaries: (i) Geothermal Resource Sales Contracts ("GRSCs") with Green Core Geothermal Inc. ("GCGI"); and (ii) Steam Sales Agreement ("SSA") with Bac-Man Geothermal Inc. ("BGI").

The Company and some of its Subsidiaries, namely GCGI, BGI, and First Gen Hydro Power Corporation ("FG Hydro") hold offtake agreements in the form of Power Supply Agreements ("PSAs") with various customers, particularly electric cooperatives, and retail electricity suppliers. Generated electricity in excess of contracted levels is sold to the Wholesale Electricity Spot Market ("WESM").

Each of GCGI and BGI has a Retail Electricity Supplier ("RES") license which authorizes said companies to engage in the supply of electricity to end-users in the contestable market through retail supply contracts ("RSC"). Each RES license is for a period of five (5) years.

The Company believes that it has become one of the world's leading geothermal power producers through its expertise in geothermal exploration and development. The Company has long-standing relationships and/or expertise spanning the entire geothermal energy value chain, including geothermal energy exploration and development, reservoir engineering and management, engineering design and construction, environmental management and energy research and development. As of March 31, 2024, the Group's s geothermal power plants had a total installed capacity of 1,169 MW.

The Company commenced commercial operations in 1983 with the commissioning of its first steamfield projects in Leyte and Negros islands. The Company holds service contracts with the Department of Energy ("DOE") corresponding to ten (10) geothermal contract areas, each granting EDC exclusive rights to explore, develop, and utilize the corresponding resources in the relevant contract area. EDC conducts commercial operations in four (4) of its ten (10) geothermal contract areas as follows:

- Tongonan, Kananga, Leyte - EDC operates geothermal steamfield projects in Leyte, which deliver steam to the Tongonan geothermal power plant, owned by EDC's Subsidiary GCGI, and the EDC-owned Unified Leyte geothermal power plants.
- Southern Negros, Valencia, Negros Oriental - EDC operates one (1) geothermal steamfield project in Southern Negros, which delivers steam to the two (2) GCGI-owned Palinpinon geothermal power plants, and EDC-owned Nasulo geothermal power plant.
- Bacon-Manito, Albay and Sorsogon - EDC operates one (1) geothermal steamfield project, which delivers steam to two (2) geothermal power plants in Albay and Sorsogon, owned by BGI.

¹⁴ ERC Resolution No. 03 Series of 2023.

¹⁵ ThinkGeoEnergy. (2024 January 8). *ThinkGeoEnergy's Top 10 Geothermal Countries 2023 – Power Generation Capacity*. <https://www.thinkgeoenergy.com/thinkgeoenergys-top-10-geothermal-countries-2023-power-generation-capacity/>.

- Mt. Apo, Kidapawan, Cotabato - EDC operates one (1) geothermal steamfield project, which delivers steam to three (3) EDC-owned geothermal power plants in Mt. Apo.

Since July 2014, EDC operates the 49 MW Nasulo Geothermal Power Plant located in Southern Negros. Most of its capacity is sold through power supply agreements with distribution utilities and Contestable Customers while the balance of its generation is sold through WESM.

The Group is also into hydro, wind, and solar power and is also pursuing growth opportunities outside the Philippines.

The Company owns a 60.0% equity interest in FG Hydro. FG Hydro owns and operates the 120 MW Pantabangan and the 12 MW Masiway Hydroelectric power plants located in Pantabangan, Nueva Ecija. Pantabangan commenced operations in 1977 and initially consisted of two 50 MW generating units, while Masiway commenced operations in 1981 and consists of one 12 MW generating unit. The rehabilitation of Pantabangan was completed in 2010, which increased the total capacity of Pantabangan-Masiway to 132 MW. FG Hydro sells electricity through ancillary service to the National Grid Corporation of the Philippines ("NGCP") under Ancillary Services Procurement Agreements ("ASPA"), which is set to expire on September 20, 2028, and various PSCs.

The Group holds fifteen (15) WESCs to develop wind projects in Ilocos Norte and in the Visayas area. One of these WESCs covers the 150 MW wind farm in Burgos, Ilocos Norte operated by the Company's Subsidiary, EDC Burgos Wind Power Corporation ("EBWPC"), which commenced full commercial operation in November 2014.

The Group also holds two (2) Solar Energy Service Contracts ("SESCs") located in various areas in Ilocos Norte and Iloilo. One of these two (2) SESC of the Company is for the operation of the 6.82 MW solar project (consisting of Phases 1 and 2) located in Burgos, Ilocos Norte, which started its commercial operation in March 2015 for Phase 1 and March 2016 for Phase 2.

The 150 MW wind and 6.82 MW solar projects of EBWPC and EDC were granted a Feed-In-Tariff ("FIT") Certificate of Compliance ("COC") by the ERC that entitles them to the applicable FIT rates, subject to adjustments as may be approved by the ERC, for the entire duration of their FIT eligibility periods.

EDC Siklab, a Subsidiary of EDC, operates solar rooftop systems in various Gaisano Capital's malls located in the provinces of Iloilo, Aklan, Leyte, Southern Leyte and Sorsogon.

From 2016 to 2018, EDC Siklab entered into one (1) PPA and eight (8) Solar Rooftop Lease Agreements ("SRLAs") with HEVA Management Development Corporation ("HEVA"). These SRLAs provide, among others, that EDC Siklab will construct, install, test, commission, operate and maintain solar power facilities in Gaisano Capital's mall in Passi, Ormoc, Sogod, Sorsogon, Tacloban, Kalibo, Oton, and Balasan, and HEVA will lease these facilities for a period of twenty-five (25) years. In 2018, EDC Siklab's solar rooftop systems in Gaisano Capital's malls in Passi, Kalibo, Oton and Balasan started commercial operations while the Gaisano Tacloban Solar Rooftop Project was terminated. To date, all seven (7) sites with SRLAs are in commercial operation.

Beyond the domestic market, the Company is exploring growth opportunities outside the Philippines. The Company has opened offices in Jakarta in Indonesia, and Santiago in Chile, to facilitate the identification and exploration of new geothermal projects. The Company also used to have an office in Lima, Peru but has since refocused its resources given challenging market conditions. The Company has and continues to send experts overseas to evaluate its international business prospects. In Latin America, the Company has three (3) existing concessions with other geothermal industry players to explore and conduct due diligence in geothermal contract areas. In Indonesia, the Company has already acquired a Preliminary Survey and exploration permit. The Company is also in touch with various government agencies and advisors overseas for various early stage works such as permitting, regulatory consultations, engineering design, environmental studies, and technical evaluation studies, among others.

As of December 31, 2023, the Group had consolidated assets of ₱166.3 Billion and consolidated equity of ₱83.4 Billion. For the year ended December 31, 2023, the Group had consolidated revenues of ₱47.2 Billion and a consolidated net income of ₱14.4 Billion.

Principal Products or Services and their markets

The Group has evolved into being the country's premier pure renewable energy player, having interests in geothermal, hydro, wind, and solar power.

For geothermal energy, its long-standing relationships and/or expertise spans the entire geothermal value chain, i.e., from geothermal energy exploration and development, reservoir engineering and management, engineering design

and construction to environmental management and energy research and development. The Group, through EDC, GCGI and BGI, commercially operates in the four (4) geothermal service contract areas, where it is principally involved in the generation and sale of electricity through company-owned geothermal power plants to NPC, electric cooperatives ("ECs"), privately-owned distribution utilities ("DUs"), large and mid-sized industrial clients thru Retail Competition and Open Access ("RCOA") and the GEOP, RES, and WESM sales. GCGI and BGI hold a RES license and a GEOP operating permit, through which it contracts with contestable customers and end-users.

Its wind energy expertise covers project research and development and wind data assessment. EBWPC's Burgos Wind Power project has a concession area in Burgos, Ilocos Norte and is under the FIT arrangement.

With FG Hydro, the Group has not only acquired expertise in hydropower operation and maintenance, but also improved its capability to sell power on a merchant basis. Through its 60.0% equity interest in FG Hydro, EDC indirectly operates the 132 MW PAHEP/ MAHEP located in Nueva Ecija. The power plants supply electricity to the Luzon grid to service the consumption of its distribution utility clients covered by PSAs.

EDC also operates the Burgos Solar Project (Phases 1 and 2), which is inside the same concession area as EBWPC wind farm and are also under the FIT arrangement. The Group, through Siklab, also has solar rooftop projects in Gaisano La Paz, Kalibo, Oton, Passi, Balasan, Sogod, Ormoc and Sorsogon.

Distribution methods of products or services

For the period ended March 31, 2024, the 432.1 GWh of electricity sold by Unified Leyte was delivered mainly to the WESM, Meralco, electric cooperatives and to other customers through First Gen Energy Solutions Inc. ("FGES").

The 174.1 GWh of electricity sold by the Mindanao geothermal power plants were delivered mainly to NPC, the WESM and other industrial customers.

The 79.6 GWh of electricity sold by the Nasulo geothermal power plant was delivered mainly to the WESM and to FGES.

A total of 672.9 GWh sold by the geothermal power plants in Tongonan and Palinpinon was delivered to electric cooperatives, industrial customers and to the WESM in the Visayas region. Tongonan also delivered electricity through its RES/GEOP contracts.

The 446.6 GWh of electricity sold by the Bac-Man geothermal power plants was delivered mainly through RES/GEOP contracts, to the WESM and electric cooperatives in the Luzon region.

The 101.3 GWh, and 2.2 GWh of electricity sold by the Burgos Wind power plants, and Burgos Solar power plants, respectively, were delivered mainly to WESM and TransCo.

107.5 GWh of electricity was sold by FG Hydro mainly to the WESM and through PSAs with various customers. FG Hydro also sold 5.4 GWh as sale of electricity as contingency and dispatchable reserves/ASPA.

1.7 GWh of electricity sold by EDC Siklab pertained to solar rooftop projects.

The electricity generated by the Group's power plants is transmitted to its customers through the high voltage backbone system of the NGCP.

For the year ended December 31, 2023, the 1,868.4 GWh of electricity sold by Unified Leyte was delivered mainly to the WESM, Meralco, electric cooperatives and to other customers through First Gen Energy Solutions Inc. ("FGES").

The 664.9 GWh of electricity sold by the Mindanao geothermal power plants were delivered mainly to NPC, the WESM and other industrial customers.

The 322.6 GWh of electricity sold by the Nasulo geothermal power plant was delivered mainly to the WESM and to FGES.

A total of 2,866.1 GWh sold by the geothermal power plants in Tongonan and Palinpinon was delivered to electric cooperatives, industrial customers and to the WESM in the Visayas region. Tongonan also delivered electricity through its RES/GEOP contracts.

The 1,754.1 GWh of electricity sold by the Bac-Man geothermal power plants was delivered mainly through RES/GEOP contracts, to the WESM and electric cooperatives in the Luzon region.

The 351.7 GWh, and 9.9 GWh of electricity sold by the Burgos Wind power plants, and Burgos Solar power plants, respectively, were delivered mainly to WESM and TransCo.

177.8 GWh of electricity was sold by FG Hydro mainly to the WESM and through PSAs with various customers. FG Hydro also sold 24.1 GWh as sale of electricity as contingency and dispatchable reserves/ASPA.

4.7 GWh of electricity sold by EDC Siklab pertained to solar rooftop projects.

The electricity generated by the Group's power plants is transmitted to its customers through the high voltage backbone system of the NGCP.

New Products or Services

The Group is in various phases of early stage/pre-development activities in some of its concession areas.

In September 2020, EDC and its Subsidiaries registered as member participants in the Renewable Energy Market ("REM"). Once the REM fully operates, the Group intends to engage in trading of Renewable Energy Certificates ("RECs") and complying with the Renewable Portfolio Standards.

EDC's Subsidiaries, BGI and GCGI, secured its GEOP operating permit from the DOE in October 2020 and May 2021, respectively. In September 2021, the ERC released the implementing rules and regulations on GEOP which officially took effect upon the Central Registration Body's acceptance of companies for registration in December 2021. Pursuant to the rules, both BGI and GCGI submitted their registration as a GEOP RE supplier in December 2021. BGI and GCGI completed their registration process as GEOP RE supplier and commenced its GEOP supply to more end-users.

In December 2020, the ERC issued Resolution No. 12, Series of 2020 expanding the RCOA coverage to include electricity end-users with an average monthly peak demand of at least 500 kilowatts (kW) for the preceding twelve (12) months on a voluntary basis. The implementation started on February 26, 2021.

FG Hydro is currently developing the Aya pumped-storage facility designed to increase the capacity of the Pantabangan-Masiway plant complex by up to 120MW. The facility is expected to store and generate electricity by moving water between the Pantabangan reservoir and the Masiway reservoir, which are situated at different elevations, and is expected to be operational by the second half of 2027. The project is designed to allow full year operations independent of the irrigation demands from National Irrigation Administration ("NIA").

The Group is building three (3) Battery Energy Storage Systems ("BESS") which will be co-located at the Group's existing geothermal facilities. EDC will be installing a 20 MWh BESS in Bac-Man, 10 MWh in Tongonan, Leyte, and 10 MWh in Southern Negros. These BESS projects are expected to provide ancillary services to the Grid and are targeted to be operational in December 2024. These BESS projects are in various stages of development, with the installation expected to be performed from April to September 2024, as the necessary equipment arrive.

Competition

The government, in implementing the thrust of the Electric Power Industry Reform Act ("EPIRA"), has paved the way for a more independent and market-driven Philippine power industry. Essentially, selling power and consequently the dispatch of power plants depend on the ability to offer competitively priced power supply to the market. However, unique to the RE resources is the granting of its preferential dispatch in the market. Wind, solar, run-of-river hydro or ocean energy, are considered "Must Dispatch" units while geothermal, biomass and impounding hydro were granted "Priority Dispatch" which guarantee its dispatch to the grid at prevailing merchant WESM prices.

The Group has multiple power projects in Luzon, Visayas, and Mindanao. While Luzon and Visayas grids have been in operation since 2006 and 2010, respectively, the WESM in Mindanao commenced operations last January 26, 2023. In addition, the Mindanao Visayas Interconnection Line, which connects the island to the rest of the Luzon and Visayas grids, was energized last April 30, 2023. These enabled the unified market across the three islands and allowed the transfer of energy surplus to the region experiencing deficit.

The Reserve Market, which aims to co-optimize the dispatch schedule and prices for both the energy and reserve requirements of the grid, was launched on January 26, 2024. On March 26, 2024, the ERC ordered the temporary suspension of the billing and settlement of the Reserve Market for the March billing period (February 26 to March 25, 2024) until ERC finalizes the Price Determination Methodology (PDM) used by the market system.

Pursuant to the RCOA, a new electricity buyer group consisting of individual retail customers has emerged. "Retail Competition" means that eligible end-users of electricity (or retail customers) may directly contract for the supply of electricity with authorized RES, instead of sourcing the same through the franchised distribution facility. "Open Access", on the other hand, means that retail electricity customers and suppliers of electricity may contract with the transmission company and the distribution company for the "wheeling" or delivery of energy/electricity through the transmission or distribution wires. Open Access is thus a means by which Retail Competition is achieved¹⁶.

Republic Act No. 9513, otherwise known as the Renewable Energy Act of 2008 (the "RE Law"), provides for policy mechanisms, such as the Renewable Portfolio Standards ("RPS") and the GEOP, to further promote the development and utilization of renewable energy resources.

Under the RPS, mandated participants such as but not limited to distribution utilities and suppliers of electricity for the contestable market are required to source a portion of their energy requirement from RPS-eligible plants while GEOP gives end-users the opportunity to source their power supply from renewable energy suppliers. On August 16, 2021, the ERC issued Resolution No. 08, Series of 2021, A Resolution Adopting the Rules for the GEOP. On September 3, 2021, the ERC GEOP rules took effect. Following the issuance of GEOP rules, the IEMOP launched the GEOP on December 3, 2021.

Pursuant to the RE Law, a REM shall be established where Renewable Energy Certificates corresponding to energy generated from eligible RE facilities can be traded. Participants under the RPS and GEOP must register in the REM. EDC and its operating Subsidiaries intend to participate in the REM.

To further provide more avenues to meet the RPS compliance of mandated participants and provide additional market options for RE developers and generators, the DOE issued Department Circular No. DC 2021-11-0036 providing the Revised Guidelines for the Green Energy Auction Program ("GEAP") in the Philippines. The GEAP succeeds the FIT award mechanism; however, the twenty (20)-year tariffs will be determined through a competitive selection process. DOE further clarified under DC 2023-09-0027 published in September 2023 that the Green Energy Tariff (GET) from the Green Energy Auction of the winning bidder is considered as the FIT.

The GEAP was designed to continuously trigger the increase of RE capacity in the country, which will help realize the government's target of 35.0% RE in the energy mix by 2030 and 50.0% by 2040. For its first round of auction in 2022 or Green Energy Auction-1, DOE set an installation target of 2,000MW of RE capacity for 2023-2025 and awarded nineteen (19) winning bidders. This was able to generate 1,967 MW of committed renewable energy capacity or 98.0% of installation target to be delivered between 2023 to 2025. The first round offered capacities utilizing hydro, biomass, solar and wind generation technologies, with the bulk (1,490 MW) of awarded capacities coming from solar projects. In 2023, for Green Energy Auction-2, DOE set an installation target of 11,600 MW of RE capacity for 2024-2026 and released the Notice of Award to a hundred and five (105) winning bidders. While it was able to raise 3,581 MW worth of committed RE capacity targeted to be delivered between 2024 to 2026, it was only 30.9% of the DOE's ambitious target. Currently, the DOE is gearing up for the conduct of the third round of GEAP in 2024, which will auction out geothermal, run-of-river and pumped storage hydro capacities for the first time.

Further enhancing competition in the renewable energy sector is the passage of Republic Act No. 11659 or the Public Services Act, as amended, which eliminates previous Filipino ownership requirements in public services companies. This legislation, signed into law on March 21, 2022, removed the nationality restrictions on RE companies by limiting the definition of "public utility" to certain sectors only in the power industry, particularly in the distribution and transmission of electricity. The government's move to open competition in the RE market is further strengthened with the issuance of DOE Department Circular No. DC2022-11-0034 on November 15, 2022, amending the Implementing Rules and Regulations of RA 9513, which now allows foreign citizens or 100.0% foreign-owned companies to undertake the exploration, development, and utilization of solar, wind, hydro, and ocean or tidal energy resources. This shift in government policy to allow full foreign ownership of certain renewable energy projects aims to attract more investments in the renewable energy sector and meet the long-term climate target commitments of the country.

The Group will face competition in both the development of new power generation facilities and the acquisition of existing power plants, as well as in the financing for these activities.

The performance of the Philippine economy and the historical high returns of power projects in the country have attracted many potential competitors, including multinational development groups and equipment suppliers, to explore opportunities in the development of electric power generation projects in the Philippines. Accordingly, competition for and from new power projects may increase in line with the long-term economic growth of the Philippines.

¹⁶ Source: The Energy Report Philippines 2013-2014 Ed, KPMG Global Energy Institute.

The Group believes that it will be able to compete because of its competitively priced power, the reliability of its power plants, its use of clean and renewable fuels, and its expertise and experience in power supply contracting and trading.

Dependence on one or a few major customers and identity of any such major customers

For the period ended March 31, 2024, the Group's revenue from sale of electricity is not dependent on one or a few major customers.

Government approvals, patent, trademarks, copyright and concessions

The Company secures various government approvals as part of the normal course of its business.

As of the date of this Offer Supplement, the Company and its Subsidiaries have obtained, or are in the process of obtaining, all governmental approvals, permits and licenses issued by the appropriate government agencies or authorities necessary to operate their respective businesses.

The Company and its Subsidiaries believe that they have all the material permits and licenses necessary to operate their respective businesses as currently conducted and that such permits and licenses are valid and subsisting.

The Company and its Subsidiaries have also secured business permits from the relevant local government units where their facilities are located. These business permits will expire on December 31, 2024 and will be regularly renewed by the Company.

Patent

The Company has four (4) patent registrations with the Intellectual Property Office of the Philippines ("IPO"). These registrations are maintained in accordance with applicable regulations, including the payment of annual fees required by the IPO commencing on the fifth (5th) year from publication of the patent application.

The inventions subject of these patent registrations are used in the Company's geothermal field and plant operations, specifically in relation to its fluid collection and reinjection system and geothermal wells. Details of the patents are as follows:

INVENTION	Registration No.	Expiration Dates
CONTINUOUS ON-LINE STEAM PURITY MONITORING SYSTEM	1-2007-000448	October 31, 2027
DECLOGGING TOOL	1-2013-000385	May 29, 2033
VERSATILE TAPPING MACHINE	1-2013-000387	June 6, 2033
IMPROVED THERMOWELL	1-2013-000386	June 20, 2033

Trademarks

Based on the Group's records, EDC and its Subsidiaries have fourteen (14) trademarks registered with the IPO. These registrations are maintained in accordance with applicable regulations, including the submission of renewal registrations and Declarations of Actual Use of the trademark to the IPO. In addition, EDC has one (1) pending application for trademark registration with the IPO as of March 31, 2024.

Details of these trademarks are as follows:

No.	TRADEMARK	Registration Number	Registered Date	Renewal Date
1	BAC-MAN ENERGY DEVELOPMENT CORPORATION, BEDC AND DEVICE 	4-2012-00501430	December 27, 2012	December 27, 2032
2	BAC-MAN GEOTHERMAL, INC. BAC-MAN GEOTHERMAL, INC	4-2010-00501269	November 8, 2012	November 8, 2032
3	BAC-MAN GEOTHERMAL INC., BGI AND DEVICE 	4-2012-00501423	June 25, 2015	June 25, 2025
4	BGI BGI	4-2010-00501272	May 5, 2011	May 5, 2031
5	ENERGY DEVELOPMENT CORPORATION AND LOGO 	4-2008-00010584	February 23, 2009	February 23, 2029
6	EDC EDC	4-2008-00011967	March 16, 2009	March 16, 2029
7	ENERGY DEVELOPMENT CORPORATION ENERGY DEVELOPMENT CORPORATION	4-2008-00011964	June 15, 2009	June 15, 2029
8	EDC GEOTHERMAL CORP., EGC AND DEVICE 	4-2012-00501422	December 13, 2012	December 13, 2032

No.	TRADEMARK	Registration Number	Registered Date	Renewal Date
9	EDC WIND ENERGY HOLDINGS INC., EWEHI AND DEVICE 	4-2012-00501441	November 8, 2012	November 8, 2032
10	EDC BURGOS WIND POWER CORPORATION, EBWPC AND DEVICE 	4-2012-00501431	December 20, 2012	December 20, 2032
11	GCGI 	4-2010-00501265	May 5, 2011	May 5, 2031
12	GREEN CORE GEOTHERMAL INC., GCGI AND DEVICE 	4-2012-00501424	November 8, 2012	November 8, 2032
13	GREEN CORE GEOTHERMAL, INC. 	4-2010-00501262	May 5, 2011	May 5, 2031
14	UNIFIED LEYTE GEOTHERMAL ENERGY INC., ULGEI AND DEVICE 	4-2012-00501427	August 22, 2013	August 22, 2033

No.	TRADEMARK	Registration Number	Registered Date	Renewal Date
15	BINHI LOGO 	4-2023-525822	October 3, 2023*	-

* Pending approval of IPO.

Copyright

The Company has a registered copyright for the book, BINHI Tree for the Future, which was registered on March 31, 2019. The book chronicles the journey of the BINHI team to search and rescue ninety-six (96) threatened native tree species. The book aims to educate people about the importance of the threatened native tree species in the Philippines.

The Company seeks to protect its intellectual property rights by registering its intellectual properties and incorporating adequate safeguards in its agreements with third parties.

As for the other intellectual property rights that the Company needs but does not own, the Company is generally granted a worldwide, royalty-free, perpetual, irrevocable license to exploit any commissioned work, procured item, or incorporated items, including, any and all copyrights, patents, designs, trade secrets, trademarks or other intellectual property rights, that the Company deems appropriate. Contracting parties are likewise required to warrant against infringement of intellectual property rights of any third party.

Concessions

The Group is the holder of five (5) GRESCs and the corresponding DOE Certificates of Registration as an RE Developer for the following geothermal projects:

- Tongonan Geothermal Project;
- Southern Negros Geothermal Project;
- Bacon-Manito Geothermal Project;
- Mt. Apo Geothermal Project; and
- Northern Negros Geothermal Project.

These contract areas are in Luzon, Leyte, Negros, and Mindanao. The following table provides a summary of the Group's geothermal projects, grouped by the contract areas in which they are located:

Contract Area	Expiry of GRESC	Project	Installed Capacity ¹⁷ (in MWe)	Product	Expiry of Offtake Agreement	Minimum take-or-pay Capacity (in GWh/yr)	Plant Owner	Expiry of GOC
Tongonan Geothermal Project	2031	Tongonan	123.000	Steam and Electricity	2031 (GRSC) ¹⁸ 2040 (PSAs)		GCGI ¹⁹	2037 ²⁰

¹⁷ Based on the Certificates of Compliance ("COCs") or Provisional Authorities to Operate ("PAO") issued by the ERC, where "installed nameplate capacity" is defined as "full-load continuous gross capacity of a unit under specified conditions, as calculated from the electric generator nameplate based on the rated power factor xxx" pursuant to ERC Resolution No. 16, Series of 2014.

¹⁸ The GRSC for Tongonan commenced upon take-over of the plants by GCGI.

¹⁹ On October 23, 2009, the Palinpinon and Tongonan geothermal power plants were turned over to GCGI, which won the PSALM's auction of the said plants on September 2, 2009.

²⁰ Renewable for another twenty-five (25) years.

Contract Area	Expiry of GRESC	Project	Installed Capacity ¹⁷ (in MWe)	Product	Expiry of Offtake Agreement	Minimum take-or-pay Capacity (in GWh/yr)	Plant Owner	Expiry of GOC
		Upper Mahiao	112.080 ²¹	Steam and Electricity			EDC	
		Malitbog	232.614	Steam and Electricity			EDC	
		Mahanagdong	198.135	Steam and Electricity			EDC	
		Optimization	30.000 ²²	Steam and Electricity			EDC	
Southern Negros Geothermal Project	2031	Palinpinon I	112.500	Steam and Electricity	2031 (GRSC) ²³ 2040 (PSAs)		GCGI ¹⁹	2037 ²⁰
		Palinpinon II	60.000 ²⁴	Steam and Electricity	2031 (GRSC) ²³		GCGI ¹⁹	2037 ²⁰
		Nasulo	49.370	Steam and Electricity	2033 (PSA)		EDC	
Bacon-Manito Geothermal Project	2031	Bac-Man I	120.000 ²⁵	Steam and Electricity	2024 (SSA) ²⁶ 2037 (PSA)	722.7	BGI ²⁷	2037 ²⁰
		Bac-Man II	20.000	Steam and Electricity	2024 (SSA) ²⁸	131.4	BGI ²⁷	2037 ²⁰
Mt. Apo Geothermal Project	2042 ²⁹	Mindanao I	54.240	Steam and Electricity	2025 (PSAs)	41.5	EDC	
		Mindanao II	54.240	Steam and Electricity	2024 (PPA)	398.0	EDC	
		Mindanao III	3.669	Steam and Electricity			EDC	
Total			1,169.848			1,293.6		

²¹ Does not include Unit 3 (37.36 MW); unit was offline during ERC's virtual inspection held on August 20, 2020

²² On July 25, 2023, the Company's 19.5 MW Tongonan-1 Topping Cycle Power Plant, consisting of three (3) Ormat Energy Conversion units, located in Barangay Lim-ao, Kananga, Leyte, was decommissioned.

²³ The GRSC for Palinpinon I & Palinpinon II commenced upon take-over of the plants by GCGI.

²⁴ Palinpinon-2 includes Sogongon 1, Sogongon 2 and Okoy 5 GPPs. PAO for Sogongon 1 & 2 was issued on November 4, 2020 while PAO for Okoy 5, integrated in Palinpinon-1 GPP PAO, was issued on February 4, 2021; does not include 20-MW Nasuji GPP (on preservation mode).

²⁵ Based on Dependable Capacity of 60 MW per unit, as indicated in the PAO issued by the ERC on October 6, 2020.

²⁶ On June 1, 2018, EDC and BGI entered into an interim agreement for the supply of steam for Bac-Man I Geothermal Power Plants effective from the date of expiration of the SSA until the new SSA takes effect or December 25, 2020, whichever is earlier. On December 24, 2020, the term of such interim agreement was extended for another three (3) years, or until December 25, 2023. On December 22, 2023, this was further extended from December 25, 2023 to December 25, 2024 or until the new SSA takes effect, whichever is earlier.

²⁷ On September 3, 2010, the Bac-Man 1 and Bac-Man II geothermal power plants were turned over to BGI, which won the PSALM's auction of the said plants on May 5, 2010.

²⁸ On April 30, 2019, EDC and BGI entered into an interim agreement for the supply of steam for Bac-Man II Cawayan Unit effective from the date of expiration of the SSA until the new SSA takes effect or December 25, 2020, whichever is earlier. On December 24, 2020, the term of such interim agreement was extended for another three (3) years, or until December 25, 2023. On December 22, 2023, this was further extended from December 25, 2023 to December 25, 2024 or until the new SSA takes effect, whichever is earlier.

²⁹ Includes a twenty-five (25)-year extension period to GRESC.

On May 8, 2012, EDC, through its subsidiaries GCGI and BGI, secured three (3) Geothermal Operating Contracts ("GOCs"), each with a twenty-five (25) year contract period expiring in 2037 and renewable for another twenty-five (25) years, covering the following power plant operations:

- 1) Tongonan Geothermal Power Plant under DOE Certificate of Registration No. GOC 2012-04-038;
- 2) Palinpinon Geothermal Power Plant under DOE Certificate of Registration No. GOC 2012-04-037; and
- 3) Bacon-Manito Geothermal Power Plant under DOE Certificate of Registration No. GOC 2012-04-039.

The Company also holds Geothermal Service Contracts ("GSC") for the following prospect areas:

- Mt. Zion 2 Geothermal Project (converted to the new RE contract template per DOE Department Circular No. DC 2019-10-0013, with pre-development period expiring in 2028, twenty-five (25)-year contract period expiring in 2040, renewable for another twenty-five (25) years);
- Amacan Geothermal Project (currently undergoing conversion to the new RE contract template per DOE Department Circular No. DC2019-10-0013, with pre-development period expiring in 2025, twenty-five (25)-year contract period expiring in 2041, renewable for another twenty-five (25) years);
- Mainit-Sadanga Geothermal Project (with a seven (7)-year pre-development period expiring in 2028, twenty-five (25)-year contract period expiring in 2046, renewable for another twenty-five (25) years);
- Mt. Sembrano Geothermal Power Project (with pre-development period expiring in 2030, twenty-five (25)-year contract period expiring in 2048, renewable for another twenty-five (25) years); and
- Buguias-Tinoc Geothermal Power Project (with pre-development period expiring in 2030, twenty-five (25)-year contract period expiring in 2048, renewable for another twenty-five (25) years).

As of March 31, 2024, the Group holds fifteen (15) Wind Energy Service Contracts ("WESC") with the DOE, each with a twenty-five (25)-year contract period. The WESCs cover the following:

Projects	DOE Certificates of Registration
1) 150 MW Wind Project in Burgos, Ilocos Norte	WESC 2009-09-004 (expiring in 2034)
2) 84 MW Wind Project in Pagudpud, Ilocos Norte	WESC 2010-02-040 (expiring in 2035)
3) Burgos 1 Wind Project in Burgos, Ilocos Norte	WESC 2013-12-063 (expiring in 2038)
4) Burgos 2 Wind Project in Burgos, Ilocos Norte	WESC 2013-12-064 (expiring in 2038)
5) Iloilo 1 Wind Project in Batad and San Dionisio, Iloilo	WESC 2014-07-078 (expiring in 2039)
6) Burgos 3 Wind Project in Burgos and Pasuquin, Ilocos Norte	WESC 2015-09-085 (expiring in 2040)
7) Burgos 4 Wind Project in Burgos, Ilocos Norte	WESC 2015-09-086 (expiring in 2040)
8) Ilocos Norte Wind Power Project in Burgos and Pasuquin, Ilocos Norte	WESC 2021-01-147 (expiring in 2046)
9) Pasuquin Wind Power Project in Pasuquin Ilocos Norte	WESC 2021-01-148 (expiring in 2046)
10) Guimaras Onshore Wind Project	WESC 2022-03-199 (expiring in 2047)
11) Guimaras 1 Offshore Wind Project	WESC 2022-05-202 (expiring in 2047)
12) Iloilo-Guimaras Offshore Wind Project	WESC 2022-05-203 (expiring in 2047)
13) Guimaras-Negros Occidental Offshore Wind Project	WESC 2022-05-204 (expiring in 2047)
14) Laguna 1 Onshore Wind Project	WESC 2022-10-224 (expiring in 2047)
15) Negros Occidental Offshore Wind Project	WESC 2022-10-225 (expiring in 2047)

Location	Project	Expiration of WESC ³⁰	WESC Owner
Ilocos Norte	Burgos	2034	EBWPC
	Pagudpud	2035	EPWPC
	Burgos 1	2038	EBBWPC
	Burgos 2	2038	EPBWPC
	Burgos 3	2040	EDC
	Burgos 4	2040	EDC
	Ilocos Norte	2046	EDC
	Pasquin	2046	EDC
Iloilo	Iloilo 1	2039	I1REC
Guimaras Island	Guimaras Onshore	2047	EDC
	Guimaras 1 Offshore		
	Iloilo-Guimaras Offshore		
Negros Occidental	Guimaras-Negros Occidental Offshore	2047	EDC
	Negros Occidental Offshore		
Laguna	Laguna 1	2047	EDC

The Group holds two (2) Solar Energy Service Contracts ("SESCs") with the DOE, each with a twenty-five (25)-year contract period. The SESC's cover the following:

Projects	DOE Certificates of Registration
1) 6.82 MW Burgos Solar Project in Burgos, Ilocos Norte	SESC No. 2014-07-088 (expiring in 2039 and renewable for another twenty-five (25) years)
2) Gaisano Iloilo, Iloilo City Solar Rooftop Project	SESC No. 2016-11-352 (expiring in 2042 and renewable for another twenty-five (25) years)

Location	Project	Expiration of SESC ³¹	Installed Capacity (in MW)	SESC Owner
Ilocos Norte	Burgos Solar Project	2039	6.82	EDC
Iloilo	Gaisano La Paz Solar Rooftop Project	2042	1.03	ESPC

Effect of existing or probable governmental regulations on the business

The Group and its projects are subject to significant regulation under various laws and regulations, including the EPIRA and the RE Law, as well as changes in the regulatory structure and decisions of the Supreme Court on regulatory issues. The regulatory framework of the energy industry has been constantly evolving as policies continue to develop, be challenged, and/or be modified. Any such change could potentially affect aspects of the Group's present and future operations or increase the Group's cost of compliance, which could materially impact its fiscal position.

³⁰ Renewable for another twenty-five (25) years.

³¹ Renewable for another twenty-five (25) years.

In recent years, the Government has sought to implement measures designed to establish a more competitive energy market and further accelerate the utilization of renewable energy.

For instance, in December 2021, the DOE promulgated Department Circular ("DC") No. DC2021-12-0042, which simplified the availment of RE incentives by amending Sections 13I and 18(C) of the Implementing Rules and Regulations of the RE Law. In 2022, the Bureau of Internal Revenue ("BIR") issued Revenue Regulations ("RR") No. 7-2022 relative to the tax incentives granted to RE Developers under the RE Law. RR No. 7-2022 reiterated the national tax incentives under the RE Law (e.g., income tax holiday, reduced corporate income tax, and VAT zero-rating), and clarified that ancillary services utilizing renewable sources of energy are also subject to zero percent (0.0%) VAT. These administrative issuances demonstrate the Government's commitment to promote RE development and increase the contribution of renewable energy in the country's energy mix.

In addition to the recognition of RE Developers' incentives, the implementation of the development mechanisms of the RE Law continues. One such mechanism is the policy on Renewable Portfolio Standards ("RPS"), which mandates the sourcing by Mandated Participants of a portion of their energy supply from eligible RE resources, thus contributing to the growth of the RE industry. The RPS, which was promulgated for on-grid areas through DOE Department Circular No. DC2017-12-0015 ("RPS On-Grid Rules"), creates many opportunities for the Group. In May 2023, the RPS policies and guidelines were enhanced, through DOE DC No. DC2023-05-0015, toward greater efficiency and effectiveness considering the latest development in consumer empowerment.

In July 2018, the rules and guidelines for the Green Energy Option Program ("GEOP") were laid down by the DOE, through DOE DC No. DC2018-07-0019, to enable end-users with an average peak demand of at least 100 kW to choose RE as their source of energy. This was followed by the issuance in April 2020 of the GEOP operating permit guidelines under DOE DC No. DC2020-04-0009, which sets out the procedures on the issuance, administration, and revocation of operating permits for RE suppliers. Complementing these, the ERC issued ERC Resolution No. 8, Series of 2021 in August 2021, which, among others, sets the technical and interconnection standards and wheeling fees of RE generating facilities; prescribes templates for connection, transmission, and distribution wheeling services agreements; and provides guidelines for customer switching, reversion to captive market, disconnection/reconnection, and dispute resolution.

In December 2019, the DOE promulgated DOE DC No. DC2019-12-0016 or the rules governing the establishment of the Renewable Energy Market ("REM") to facilitate compliance with the RPS. REM enables the trading of RE certificates ("RECs") corresponding to energy generated from eligible RE facilities, which may be used for compliance with the Mandated Participants' RPS requirements and to facilitate the participation of end-users in the GEOP. In June 2022, the DOE issued Department Circular No. DC2022-06-0019, which declared the interim commercial operations of the REM.

To provide an additional market for RE and more opportunities for Mandated Participants to comply with their RPS requirements, the DOE issued DOE DC Nos. DC2020-07-0017 and DC2021-11-0036, laying down the guidelines governing the policy for the conduct of the Green Energy Auction. Also, in support of the approval of the 2020-2040 National Renewable Energy Program, which sets out the RE targets for the period, the DOE issued in September 2022 DOE DC No. DC2022-09-0030, which adjusted the minimum annual RE percentage increment under the RPS On-Grid Rules from 1.0% to 2.52% starting year 2023.

In addition, the release of DOE DC No. DC2019-12-0018 or the General Framework Governing the Provision and Utilization of Ancillary Services in the Grid presents an opportunity for the Company to participate in the ancillary service market, which is envisioned to maintain electric power stability and reliability in the country.

Operationally, there had also been a number of favorable developments in the RE industry in the last few years.

The ERC released in May 2022 the Amended Open Access Transmission Service ("OATS") Rules, which seeks to ensure a more transparent electricity market along with the provision of safe, reliable, and efficient operation of the power system. In particular, it sets out the services provided by and the responsibilities of the Transmission Network Provider (i.e., NGCP) as specified in the revised Philippine Grid Code and WESM Rules. The Amended OATS Rules likewise provide the responsibilities accepted by Transmission Customers as a condition for receiving the services.

In October 2022, the DOE issued DOE DC No. DC2022-10-0031, which grants all generating units that utilize RE a "preferential dispatch" status in the WESM. With this, output from geothermal plants (alongside those from biomass and impounding hydro plants) are given preference in WESM's dispatch schedule over those from non-RE plants. In the same month, the ERC promulgated ERC Resolution No. 11, Series of 2022 or the Rules Governing Distributed Energy Resources, which seeks to promote the development and utilization of smaller RE power sources and sets the guidelines, standards, licensing requirements, pricing methodologies, and commercial arrangements for such facilities.

A landmark policy in 2022 was the amendment of Section 19 of the Implementing Rules and Regulations of the RE Law, as encapsulated in DOE DC No. DC2022-11-0034, which lifted the foreign ownership restriction in solar, wind, hydro, ocean or tidal energy projects. Also in 2022, the DOE, through DOE DC No. DC2022-11-0039, declared the commercial operation of the WESM in Mindanao by January 26, 2023, opening the opportunity for the power output from EDC's Mt. Apo geothermal facilities to be traded and/or dispatched not only within the Mindanao grid, but also in the Visayas and Luzon grids, with the energization of the Mindanao-Visayas Interconnection Line last April 30, 2023.

In 2023, the DOE issued DC No. DC2023-04-008 prescribing the policy for Energy Storage System ("ESS"). This would allow the Company to tap into the potential of ESS for additional capacity. ESS facilities may now be constructed within the contract areas of existing geothermal facilities. The Company has commenced construction of its ESS facilities in Leyte, Negros, and Bacman, while the ESS facility in Northern Negros is targeted to commence construction in 2025.

The development of Offshore Wind ("OSW") projects is also being pushed with the recent issuance by the DOE of DC No. DC2023-05-0013 adopting a "whole-government approach" to develop OSW and its permitting requirements from LGUs for integration in the Energy Virtual One-Stop Shop ("EVOSS"), which was set up through RA No. 11234. The Company is well-positioned in OSW with four (4) service contracts already in the pre-development stage.

In 2023, the ERC issued Resolution No. 16, Series of 2023, which prescribed the guidelines for the procurement, execution, and evaluation of Power Supply Agreements ("PSA") by Distribution Utilities ("DU"). Under this resolution, DUs are given the option to procure either a Financial or Physical PSA in implementing their Power Supply Procurement Plan ("PSP"), and they may engage in negotiated procurement of an emergency power supply agreements ("EPSAs") in case of force majeure or fortuitous events. The ERC set a maximum term of one (1) year for EPSAs, ten (10) years for Financial PSAs, fifteen (15) years for Physical PSAs, and twenty (20) years for PSAs involving RE plants.

The ERC also issued Resolution No. 17, Series of 2023, or the 2023 Revised COC Rules that provided for the non-expiration of the Certificate of Compliance ("COC"), a notable departure from the previous guidelines requiring the renewal of the COC every five (5) years. This is a welcome development in the permitting process, which will allow the generation facilities of the Company and its affiliates to maintain their respective COCs and/or apply for Provisional Authorities to Operate ("PAOs").

Towards the end of 2023, the DOE declared the commercial operation of the Reserve Market with the issuance of DOE DC No. DC2023-09-0026 giving the Company an option to sell its uncontracted capacities for ancillary services. Participating generation companies were directed to complete their registrations and accreditations and comply with other regulatory requirements to fully implement the commercial operation of the Reserve Market by December 26, 2023.

Finally, the DOE issued DOE DC No. DC2023-10-0029 providing an auction round for Non-FIT Eligible RE Technologies such as geothermal, impounding and pumped-storage hydro resources and other emerging technologies. The inclusion of geothermal technology in the auction round gives the Company and its Subsidiaries with RPS-eligible facilities another alternative market to consider for available and additional capacities in the future.

The aforementioned policy issuances on RE fiscal incentives, energy market governance, and mechanisms for RE development, coupled with the EVOSS, and the approval of the Omnibus Guidelines Governing the Award and Administration of RE Service Contracts and Registration of RE Developers (DOE DC No. DC2019-10-0013, which took effect in November 2019), place the Group in a good position to accelerate the implementation of its new RE projects.

The Company anticipates the release of additional policy issuances and guidelines that will further promote RE development in the Philippines. It continues to closely monitor relevant proposed legislation and regulations and participate in public hearings or consultations on such guidelines and legislative/policy proposals.

In addition to RE-related laws and regulations, environmental laws and regulations, as well as rules of the LGUs, also affect the Company's operations from geothermal resource management to operation and maintenance of wells and power plants. The coverage includes the generation, transport, storage, and/or disposal of waste materials and hazardous substances. The Company, for example, utilizes industrial chemicals some of which may be classified as hazardous substances under various environmental regulations and improper disposal can lead to fines and penalties in addition to remediation. Thus, the Company observes various guidelines and controls and maintains comprehensive general liability insurance which includes a limited cover for liability that may be owed to third parties arising from sudden and accidental discharge of pollutants in the course of its operations. These laws, rules, and regulations also impact on the rehabilitation, repair, or construction of facilities, particularly in cost and time.

The passage of new laws and regulations on safety, health, and environment, the adoption of new government policies, and other legal and regulatory developments in the future, may require additional capital expenditures and operating expenses to facilitate compliance with the changes.

Development Activities

The Group follows the full cost method of accounting for its exploration costs determined based on each service contract area. Under this method, all exploration costs relating to each service contract are accumulated and deferred under the "Exploration and evaluation assets" account in the consolidated statement of financial position pending the determination of whether the wells have proven reserves. Capitalized expenditures include costs of license acquisition, technical services and studies, exploration drilling and testing, and appropriate technical and administrative expenses.

Project development costs are expensed as incurred until management determines that the project is technically, commercially, and financially viable, at which time, project development costs are capitalized. Project viability generally occurs in tandem with management's determination that a project should be classified as an advanced project, such as when favorable results of a system impact study are received, interconnected agreements are obtained, and project financing is in place.

Amount spent on Development Activities ("DA") and its percentage to revenue:

(Amounts in Pesos)	2023	2022	2021
Exploration and Evaluation Assets	116,232,331	72,159,209	17,554,441
Palayan Binary Project	1,047,411,844	2,656,701,855	1,722,838,131
Mindanao 3 Binary Power Plant Project	1,462,139	522,230,823	1,113,006,197
Tanawon Project	2,513,830,567	391,050,211	4,631,102
Mahanagdong Binary Project	2,888,639,019	20,994,745	-
Northern Negros Geothermal Project	1,264,607,452	3,747,386	-
Aya Pumped-Storage Hydroelectric Power Project	225,092,063	125,078,309	73,642,941
Battery Energy Storage System	1,902,877,068	6,112,863	-
Total DA	9,960,152,483	3,798,075,401	2,931,672,812
Revenue	47,171,649,795	48,700,352,764	42,368,368,769
Percentage of DA to Revenue	21.1%	7.8%	6.9%

Cost and effects of compliance with environmental laws

The Group's geothermal, wind, and solar operations are subject to extensive, evolving and increasingly stringent safety, health and environmental laws and regulations. These laws and regulations include but are not limited to the Philippine Clean Air Act (or Republic Act No. 8749), Philippine Clean Water Act (or "RA 9275"), Toxic Substances and Hazardous and Nuclear Waste Control Act of 1990 (or "RA 6969"), Ecological Solid Waste Management Act (or "RA 9003"), the DOE's Renewable Energy Safety Health and Environment Rules and Regulations ("RESHERR") (2012), and the Department of Labor and Employment's ("DOLE") Occupational Safety and Health Standards, as amended, i.e., DOLE RA 11058 and its Implementing Rules and Regulations ("IRR") or Department Order 198-18, RA 9514 The Fire Code of the Philippines and its 2019 Revised IRR, and other regulations of bureaus related with transportation of chemicals, and of the Philippine National Police. Such legislations address, among other things, air and ambient noise emissions, wastewater discharges, and solid wastes management, as well as the generation, handling, storage, transport, treatment and disposal of toxic and hazardous materials and wastes. They also regulate workplace conditions within power plant facilities and employee exposure to hazardous work environments. In particular, the Occupational Safety and Health Standards were formulated to safeguard workers' social and economic well-being, as well as their physical safety and health. In addition, EDC also complies with other laws and standards, such as the Revised Forestry Code of the Philippines (or "PD 705"), the National Integrated and Protected Areas System Act (or "RA 7586"), Geothermal Reservation Law (Executive Order No. 223), Wildlife Resources Conservation and Protection Act, Indigenous Peoples Rights Act (or "RA 8371"), Climate Change Act (or "RA 9729") and the International Finance Corporation ("IFC")/ World Bank environmental and social safeguards.

The total cost incurred by the Group to comply with environmental laws for 2023 was approximately ₱123.5 Million. Overall, the Group achieved full and continuing compliance with applicable environmental legal and regulatory requirements, resulting in the absence of Notice of Violation and fines/penalties from regulatory agencies.

History of Ownership

EDC (formerly, PNOC-EDC) was incorporated on March 5, 1976 to explore, develop, and operate geothermal energy projects in the Philippines. Prior to its initial public offering ("IPO") in December 2006, PNOC-EDC was a wholly-owned subsidiary of PNOC. Following the IPO, PNOC's holdings in PNOC-EDC was reduced to 60.0% of the voting shares and issued share capital of PNOC-EDC.

In 2007, PNOC-EDC was privatized in a series of transactions that culminated in its full privatization in November of the same year. Red Vulcan Holdings Corporation, ("Red Vulcan"), a subsidiary of First Gen Corporation ("First Gen"), submitted the highest bid and was declared the winner in the public bidding for the privatization of PNOC-EDC.

Given the change in ownership of PNOC-EDC, the company changed its corporate name in 2008 to "Energy Development (EDC) Corporation", which was further changed in 2010 to its current name "Energy Development Corporation".

On August 3, 2017, EDC received a notice from Philippines Renewable Energy Holdings Corporation ("PREHC") that it filed a Tender Offer Report with the Philippine SEC in which it indicated that it will launch a voluntary tender offer to acquire up to a maximum of 8.9 billion common shares of EDC, representing approximately 31.7% of EDC's total outstanding voting shares, at a price of ₱7.25 per share. PREHC is indirectly held by a consortium of investors comprising funds managed by Macquarie Infrastructure Management (Asia) Pty Limited, Singapore Branch, a member of Macquarie Infrastructure and Real Assets ("MIRA"), and Arran Investment Pte Ltd, an affiliate of GIC Pte Ltd. Of Singapore. The tender offer began on August 10, 2017 and ended on September 18, 2017.

The completion of the tender offer resulted to PREHC owning 31.7% of EDC's outstanding voting shares while Red Vulcan retains the controlling interest with 60.0% ownership of EDC's outstanding voting shares.

On August 7, 2018, the Board of the Company approved the voluntary delisting of its common shares from the Main Board of the PSE, and, in accordance with the PSE's delisting rules and regulations, the conduct of a Tender Offer for up to 2,040,006,713 common shares held collectively by all shareholders of the Company other than Red Vulcan, First Gen, Northern Terracotta, and PREHC. This represented all remaining EDC common shares that were held by the public, and which equated to approximately 10.9% of its total outstanding common shares.

On September 19, 2018, the Company filed the petition for the Delisting with the PSE. The Tender Offer began on September 24, 2018 until October 22, 2018. The Board of the PSE subsequently granted the petition for voluntary delisting filed by the Company, and accordingly, ordered the delisting of the Company's common shares from the official registry of the PSE (electronic board and ticker) effective on November 29, 2018.

Red Vulcan is the parent company of EDC, while Lopez, Inc. is the ultimate parent company. Red Vulcan and Lopez, Inc. are both incorporated in the Philippines.

As of March 31, 2024, Red Vulcan holds the controlling voting interest with 63.9% ownership of EDC's outstanding voting shares while PREHC owns 34.9%.

Subsidiaries

The Company and its Subsidiaries were separately incorporated and registered with the SEC, except for its foreign subsidiaries. Below are the Company's voting interests in its Subsidiaries:

	March 31, 2024		December 31, 2023 and 2022	
	Direct	Indirect	Direct	Indirect
EDC Geothermal Corp. (EGC) ³²	100.00	—	100.00	—
Green Core Geothermal Inc. (GCGI)	—	100.00	—	100.00
Bac-Man Geothermal Inc. (BGI)	—	100.00	—	100.00
Unified Leyte Geothermal Energy Inc. (ULGEI)	—	100.00	—	—
Bac-Man Energy Development Corporation (BEDC) ³³	—	100.00	—	100.00

³² Serves as an investment holding company.

³³ Has not started commercial operations as of March 31, 2024.

	March 31, 2024		December 31, 2023 and 2022	
EDC Chile Limitada ³³	99.99	0.01	99.99	0.01
EDC Holdings International Limited (EHIL) ³²	100.00	–	100.00	–
Energy Development Corporation Hong Kong Limited (EDC HKL) ³²	–	100.00	–	100.00
Energy Development Corporation Hong Kong International Investments Limited (EDC HKIIL) ³²	–	100.00	–	100.00
EDC Chile Holdings SpA ³²	–	100.00	–	100.00
EDC Geotermica Chile SPA ³³	–	100.00	–	100.00
EDC Peru Holdings S.A.C. ³⁴	–	99.00	–	99.00
EDC Geotermica Peru S.A.C. ³⁴	–	100.00	–	100.00
Energy Development Corporation Peru S.A.C. ³⁴	–	100.00	–	100.00
EDC Geotermica Del Sur S.A.C. ³⁴	–	100.00	–	100.00
EDC Energía Azul S.A.C. ³⁴	–	100.00	–	100.00
Geotermica Crucero Peru S.A.C. ³⁴	–	70.00	–	70.00
EDC Energía Perú S.A.C. ³⁴	–	100.00	–	100.00
Geotermica Tutupaca Norte Peru S.A.C. ³⁴	–	70.00	–	70.00
EDC Energia Geotermica S.A.C. ³⁴	–	100.00	–	100.00
EDC Progreso Geotermica Perú S.A.C. ³⁴	–	100.00	–	100.00
Geotermica Loriscota Peru S.A.C. ³⁴	–	70.00	–	70.00
EDC Energía Renovable Perú S.A.C. ³⁴	–	100.00	–	100.00
EDC Soluciones Sostenibles Ltd ³²	–	100.00	–	100.00
EDC Energia Verde Chile SpA ³⁵	–	–	–	100.00
EDC Energia de la Tierra SpA ³⁵	–	–	–	100.00
EDC Desarrollo Sostenible Ltd ³²	–	100.00	–	100.00
EDC Energia Verde Peru S.A. ³⁴	–	100.00	–	100.00
PT EDC Indonesia ³³	–	95.00	–	95.00
PT EDC Panas Bumi Indonesia ³³	–	95.00	–	95.00
EDC Wind Energy Holdings, Inc. (EWEHI) ³²	100.00	–	100.00	–
EDC Burgos Wind Power Corporation (EBWPC)	–	100.00	–	100.00
EDC Pagudpud Wind Power Corporation (EPWPC) ³³	–	100.00	–	100.00
EDC Bayog Burgos Wind Power Corporation (EBBWPC) ³³	–	100.00	–	100.00
EDC Pagali Burgos Wind Power Corporation (EPBWPC) ³³	–	100.00	–	100.00
Iloilo 1 Renewable Energy Corporation (I1REC) ³³	–	100.00	–	100.00
EDC Bright Solar Energy Holdings, Inc. (EBSEHI) ³²	100.00	–	100.00	–
EDC Siklab Power Corporation (EDC Siklab)	–	100.00	–	100.00
EDC Sinag Power Corporation (EDC Sinag) ³³	–	100.00	–	100.00
EDC Wind Energy Holdings 2 Inc. (EWEHI2) ³²	100.00	–	100.00	–
First Gen Hydro Power Corporation (FG Hydro)	60.00	–	60.00	–

EGC

EGC was incorporated on April 9, 2008. EGC became an investment holding company of its subsidiaries, namely GCGI, BGI, ULGEI, and BEDC.

Further details on EGC's subsidiaries are as follow:

- GCGI was incorporated on June 22, 2009 with primary activities on power generation, transmission, distribution, and other energy-related businesses. GCGI is currently operating the 172.5 MW Palinpinon and 123.0 MW

³⁴ Ceased exploration and development activities as of March 31, 2024

³⁵ In February 2020, the Internal Revenue Services authorized the closure. As of December 31, 2023, the closing of accounting records is ongoing. As of March 31, 2024, accounting records have been closed.

Tongonan 1 geothermal power plants in Negros Oriental and Leyte, respectively, following its successful acquisition from the Power Sector Assets and Liabilities Management Corporation ("PSALM") in 2009.

GCGI holds a RES license and a GEOP operating permit which are valid until June 2025 and May 2026, respectively.

On July 25, 2023, the 19.5 MW Tongonan-1 Topping Cycle Power Plant ("T1TCP"), consisting of three (3) Ormat Energy Conversion units, located in Barangay Lim-ao, Kananga, Leyte, was decommissioned, due to deficient high-pressure steam caused by natural steam decline.

- BGI was incorporated on April 7, 2010 primarily to carry on the general business of generating, transmitting, and/or distributing energy. BGI is currently operating the 140 MW Bac-Man Geothermal Power Plants ("BMGPP") in Bicol, which it acquired from PSALM in May 2010. Prior to the acquisition of BGI of the BMGPP, the Company supplied and sold steam to NPC under the SSA.

BGI holds a RES license and a GEOP operating permit which are valid until August 13, 2028 and October 22, 2025, respectively.

In 2020, BGI awarded an engineering, procurement and construction ("EPC") contract for the 29 MW Palayan Binary Balance of Plant ("BOP"). BGI also awarded a contract for the supply of the plant for the binary cycle power generation equipment to be installed at Bacman geothermal power plant in Manito, Albay. The mechanical completion has been achieved on November 2023, and the test and commissioning works are in the final stage.

On February 22, 2021, MUFG Bank, Ltd. issued an irrevocable standby letter of credit amounting to US\$34.6 Million in favor of Turboden for the supply contract entered by BGI. This expired on January 23, 2023. On December 6, 2022, MUFG Bank, Ltd. - Manila Branch issued an irrevocable standby letter of credit amounting to US\$8.4 Million in favor of Turboden S.p.A. for the supply contract entered with BGI. Effective November 30, 2023, the amount was reduced to US\$8.3 Million and expiry date was extended to March 31, 2024.

- ULGEI was incorporated on June 23, 2010. The operation of ULGEI involves managing and/or trading of 40 MW Strips of Energy from ULGPP under the IPPA Agreement with PSALM. The agreement expired last July 25, 2021. As of March 31, 2024, there are no live power supply contracts under ULGEI.
- BEDC was incorporated on September 22, 2011, to carry on the general business of generating, transmitting, and/or distributing energy derived from any and all forms, types and kinds of energy sources for lighting and power purposes and whole-selling the electric power to power corporations, public electric utilities and electric cooperatives. As of March 31, 2024, BEDC remained non-operating.

EDC Chile Limitada

EDC Chile Limitada is a limited liability company incorporated on February 11, 2010 in Santiago, Chile with the purpose of exploring, evaluating and extracting any mineral or substance to generate geothermal energy. As of December 31, 2023, EDC Chile Limitada remained non-operating.

EHIL and EDC HKL

EHIL was incorporated on August 17, 2011 in British Virgin Islands and serves as an investment holding company of EDC's international Subsidiaries. EHIL owns 100.0% interest in EDC HKL, a company incorporated on November 22, 2011, in Hong Kong. The following entities are the subsidiaries under EDC HKL:

- EDC HKIIL, a wholly-owned subsidiary of EDC HKL, is a company incorporated on November 18, 2016 in the British Virgin Islands.
- EDC Chile Holdings SpA, which was incorporated on January 13, 2012 in Santiago, Chile, is a wholly-owned subsidiary of EDC HKL and is the holding company of EDC Geotermica Chile SpA (Chile) which was also incorporated on January 13, 2012 in Santiago, Chile. Their main purpose is to carry on the general business of generating, transmitting, and/or distributing energy derived from any and all forms, types, and kinds of energy sources for lighting and power purposes and whole selling the electric power to power corporations, public electric utilities, and electric cooperatives.

- EDC Peru Holdings S.A.C., incorporated on January 19, 2012 in Lima, Peru, is a 99.9%-owned subsidiary of EDC HKL. EDC Peru Holdings S.A.C. holds 99.9% stake in EDC Geotermica Peru S.A.C., which was also incorporated on January 19, 2012 in Lima, Peru. EHIL owns the remaining 0.1% stake in EDC Peru Holdings S.A.C. and EDC Geotermica S.A.C. (Peru). Their main purpose is to carry on the general business of generating, transmitting, and/or distributing energy derived from any and all forms, types and kinds of energy sources for lighting and power purposes and whole-selling the electric power to power corporations, public electric utilities and electric cooperatives.
 - On July 17, 2012, Energy Development Corporation Peru S.A.C. was incorporated in Lima, Peru as a subsidiary of EDC Geotermica Peru. Its main purpose is to carry on the general business of generating, transmitting, and/or distributing energy derived from any and all forms, types and kinds of energy sources for lighting and power purposes and whole-selling the electric power to power corporations, public electric utilities and electric cooperatives. On January 3, 2014, Energy Development Corporation Peru S.A.C. became 100.0% indirectly owned subsidiary by the Company through acquisition of Hot Rock Entities.
 - On February 27, 2013, EDC Geotermica Del Sur S.A.C., EDC Energía Azul S.A.C., EDC Energía Perú S.A.C., EDC Energía Geotérmica S.A.C., EDC Progreso Geotérmico Perú S.A.C., EDC Energía Renovable Perú S.A.C. were incorporated in Lima, Peru as 99.9%-owned by EDC HKL and 0.1%-owned by EDC Peru Holdings S.A.C. Their main purpose is to carry on the general business of generating, transmitting, and/or distributing energy derived from any and all forms, types and kinds of energy sources for lighting and power purposes and whole-selling the electric power to power corporations, public electric utilities and electric cooperatives.
- On July 5, 2013, three (3) entities were incorporated in Lima, Peru. These entities are Geotermica Crucero Peru S.A.C., as 70.0%-owned by EDC Energia Azul S.A.C.; Geotermica Tutupaca Norte Peru S.A.C. as 70.0%-owned by EDC Energia Peru S.A.C.; and Geotermica Loriscota Peru S.A.C. as 70.0%-owned by EDC Progreso Geotermico S.A.C. Their main purpose is to carry on the general business of generating, transmitting, and/or distributing energy derived from any and all forms, types and kinds of energy sources for lighting and power purposes and whole-selling the electric power to power corporations, public electric utilities and electric cooperatives.
- On May 25, 2023, the Board of Directors and stockholders of Energy Development Corporation Peru S.A.C has decided to no longer pursue exploration and development activities in Peru due to political and market factors. As a result, the Group recognized provision for impairment loss on goodwill, property, plant and equipment, exploration and evaluation assets, and other various assets totaling to ₪282.4 Million in 2023.
- On January 3, 2014, EDC HKL purchased 100.0% interest in EDC Soluciones Sostenibles Ltd and EDC Desarrollo Sostenible Ltd located in British Virgin Islands ("BVI") with a total offer price of US\$3.0 million. This effectively gave EDC HKL a 100.0% indirect interest to acquirees' subsidiaries EDC Energia Verde Chile SpA, EDC Energia de la Tierra SpA and EDC Energia Verde Peru S.A.
- In February 2020, the Internal Revenue Services authorized the closure of EDC Energia Verde Chile SpA and EDC Energia de la Tierra SpA.
- On July 9, 2012, PT EDC Indonesia and PT EDC Panas Bumi Indonesia were incorporated in Jakarta Pusat, Indonesia as 95.0%-owned subsidiaries of EDC HKL.

As of March 31, 2024, all subsidiaries of EDC HKL remained non-operating.

EWEHI

EWEHI was incorporated on April 15, 2010 as a holding company. The following entities are the wholly-owned subsidiaries of EWEHI:

- EBWPC was incorporated on April 13, 2010 to carry on the general business of generating, transmitting, and/or distributing energy. EBWPC operates the 150 MW Burgos Wind Project located in the Municipality of Burgos, Ilocos Norte.

- EPWPC was incorporated on February 29, 2012 to carry on the general business of generating, transmitting, and/or distributing energy. As of March 31, 2024, EPWPC remained non-operating.
- EBBWPC and EPBWPC were both incorporated on May 22, 2014 to carry on the general business of generating, transmitting, and/or distributing energy. As of December 31, 2023, EBBWPC and EPBWPC remained non-operating.
- I1REC was incorporated on February 9, 2016 to carry on the general business of generating, transmitting, and/or distributing energy. As of March 31, 2024, I1REC remained non-operating.

EBSEHI

EBSEHI was incorporated on May 23, 2014 as a holding company. The following entities are the wholly-owned subsidiaries of EBSEHI:

- EDC Siklab was incorporated on May 22, 2014 to carry on the general business of generating, transmitting, and/or distributing energy.
- EDC Sinag was incorporated on November 19, 2014 to carry on the general business of generating, transmitting, and/or distributing energy. As of March 31, 2024, EDC Sinag remained non-operating.

EWEHI2

EWEHI2 was incorporated on January 5, 2017 as a holding company.

FG Hydro

FG Hydro was incorporated on March 13, 2006 with primary activities on power generation, transmission, distribution, and other energy-related businesses. FG Hydro operates the 132 MW PAHEP/MAHEP located in Nueva Ecija, Philippines. FG Hydro buys from and sells electricity to the WESM and to various privately-owned DUs under the PSAs PSCs, and to NGCP through ancillary services under the ASPA.

Operational Highlights

The Group's total electricity sales of 8,044.3 GWh in 2023, was an 8.3% decrease from the 8,770.6 GWh in 2022. Total revenue was ₱47,171.6 Million in 2023, a 3.1% or ₱1,528.8 Million decrease from the ₱48,700.4 Million revenue in 2022.

Revenue from the combined bilateral contracts and WESM sales decreased by 2.7% or ₱1,282.3 Million to ₱47,082.1 Million in 2023 from ₱48,364.4 Million in 2022. Electricity sales totaled 8,020.2 GWh in 2023, a 7.8% decrease from the 8,695.3 GWh in 2022.

Revenue from sale of electricity under ASPA decreased by 73.4% or ₱246.5 Million to ₱89.5 Million in 2023 from ₱336.0 Million in 2022. The corresponding volume of 24.1 GWh in 2023 was 68.0% lower from the 75.3 GWh in 2022.

Electricity Sales

For the current year, revenue from the 8,044.3 GWh sales volume amounted to ₱47,171.6 Million, which was a decrease by ₱1,528.8 Million as compared with the ₱48,700.4 Million in 2022. The decrease was mainly due to the lower sales volume.

	Sales Volume (in GWh)				Revenues (In P Million)			
	2023	2022	vs.		2023	2022	vs.	
Unified Leyte	1,868.4	2,684.7	(816.3)	-30.4%	10,275.6	13,925.4	(3,649.8)	-26.2%
Mindanao I, II, III	664.9	610.4	54.5	8.9%	2,858.3	2,044.7	813.6	39.8%
Nasulo	322.6	374.5	(51.9)	-13.9%	2,032.1	2,351.8	(319.7)	-13.6%
ASPA	-	7.9	(7.9)	-100.0%	-	26.9	(26.9)	-100.0%
WESM & BCQs*	322.6	366.6	(44.0)	-12.0%	2,032.1	2,324.9	(292.8)	-12.6%
Palinpinon	1,334.2	1,613.7	(279.5)	-17.3%	8,065.9	9,946.3	(1,880.4)	-18.9%
ASPA	-	21.3	(21.3)	-100.0%	-	95.4	(95.4)	-100.0%
WESM & BCQs*	1,334.2	1,592.4	(258.2)	-16.2%	8,065.9	9,850.9	(1,785.0)	-18.1%
Tongonan	1,531.9	981.7	550.2	56.0%	9,386.0	5,791.4	3,594.6	62.1%
Bacman	1,754.1	1,783.3	(29.2)	-1.6%	9,792.0	9,369.6	422.4	4.5%
Burgos Wind	351.7	299.3	52.4	17.5%	3,392.3	2,829.3	563.0	19.9%
Burgos Solar	9.9	9.6	0.3	3.1%	102.4	98.9	3.5	3.5%
Siklab (Solar Rooftop)	4.7	5.4	(0.7)	-13.0%	27.9	32.2	(4.3)	-13.4%
FG Hydro	201.9	408.0	(206.1)	-50.5%	1,239.1	2,310.8	(1,071.7)	-46.4%
ASPA	24.1	46.2	(22.1)	-47.8%	89.5	213.6	(124.1)	-58.1%
WESM & BCQs*	177.8	361.8	(184.0)	-50.9%	1,149.6	2,097.2	(947.6)	-45.2%
	8,044.3	8,770.6	(726.3)	-8.3%	47,171.6	48,700.4	(1,528.8)	-3.1%

*BCQ – bilateral contract quantities

Operating Segment Information

The Company's operating segments are determined based on geographical segment, with each segment representing a strategic business location that has similar economic and political conditions, proximity of operations and specific risks associated with operations in a particular area.

The Company's identified operating segments are consistent with the segments reported to the BOD which is the Company's Chief Operating Decision Maker.

- Leyte Geothermal Facilities - This segment pertains to Leyte Geothermal Production Field and Power Plants. This includes projects in Tongonan, Mahanagdong, Upper Mahiao, Malitbog, ULGEI and other projects in Leyte Province.
- Negros Island Geothermal Facility - This segment refers to Southern Negros Geothermal Production Field and Power Plants. Power plants included in Negros are Palinpinon I, Palinpinon II and Nasulo.
- Bacon-Manito Geothermal Facility - This segment relates to Bacon-Manito Geothermal Production Field and Power Plants.
- Mt. Apo Geothermal Business Facility - This segment refers to Mt. Apo Geothermal Production Field and Power Plants.
- Pantabangan/Masiway - This segment relates to Pantabangan-Masiway hydroelectric complex located in Nueva Ecija Province.
- Wind Business Facility - This segment pertains to wind project commercially operating in Northern Luzon.
- Solar Business Facility - This segment pertains to solar projects commercially operating in Northern Luzon and Visayas.
- Others - This refers to other renewable energy projects including foreign investments and Head Office of the Group.

Financial information on the operating segments are summarized as follows:

	GEOTHERMAL				TOTAL GEOTHERMAL	HYDRO Pantabangan /Masiway		WIND	SOLAR	OTHERS	TOTAL
	Leyte	Negros Island	Bacon-Manito	Mt. Apo							
Year ended December 31, 2023											
Segment revenue	₱27,097,217,549	₱15,477,870,670	₱12,560,728,814	₱2,863,661,605	₱57,999,478,638	₱2,132,798,804	₱3,456,144,561	₱131,472,971		₱-	₱63,719,894,974
Intersegment revenue	(6,489,763,498)	(4,700,380,049)	(5,322,021,176)	-	(16,512,164,723)	(51,742,402)	15,661,946	-		-	(16,548,245,179)
Total segment revenue	20,607,454,051	10,777,490,621	7,238,707,638	2,863,661,605	41,487,313,915	2,081,056,402	3,471,806,507	131,472,971		-	47,171,649,795
% of Total Revenues	43.7%	22.8%	15.3%	6.1%	87.9%	4.4%	7.4%	0.3%		0.0%	100.0%

	GEOTHERMAL				TOTAL GEOTHERMAL	HYDRO Pantabangan /Masiway		WIND	SOLAR	OTHERS	TOTAL
	Leyte	Negros Island	Bacon-Manito	Mt. Apo							
Year ended December 31, 2022											
Segment revenue	₱24,142,334,227	₱17,379,779,488	₱11,996,353,674	₱2,044,656,193	₱55,563,123,582	₱4,061,353,917	₱2,911,576,221	₱135,156,939		₱-	₱62,671,210,659
Intersegment revenue	(3,870,740,749)	(4,668,378,555)	(4,347,027,589)	-	(12,886,146,893)	(1,090,110,224)	5,598,865	(199,643)		-	(13,970,857,895)
Total segment revenue	20,271,593,478	12,711,400,933	7,649,326,085	2,044,656,193	42,676,976,689	2,971,243,693	2,917,175,086	134,957,296		-	48,700,352,764
% of Total Revenues	41.6%	26.1%	15.7%	4.2%	87.6%	6.1%	6.0%	0.3%		0.0%	100.0%

	GEOTHERMAL				TOTAL GEOTHERMAL	HYDRO Pantabangan /Masiway		WIND	SOLAR	OTHERS	TOTAL
	Leyte	Negros Island	Bacon-Manito	Mt. Apo							
Year ended December 31, 2021											
Segment revenue	₱19,406,823,917	₱12,969,796,538	₱10,055,892,961	₱2,319,617,824	₱44,752,131,240	₱4,937,153,924	₱3,941,791,972	₱141,286,466		₱-	₱53,772,363,602
Intersegment revenue	(3,680,380,387)	(3,547,882,387)	(3,366,157,630)	-	(10,594,420,404)	(809,574,429)	-	-		-	(11,403,994,833)
Total segment revenue	15,726,443,530	9,421,914,151	6,689,735,331	2,319,617,824	34,157,710,836	4,127,579,495	3,941,791,972	141,286,466		-	42,368,368,769
% of Total Revenues	37.1%	22.2%	15.8%	5.5%	80.6%	9.7%	9.3%	0.3%		0.0%	100.0%
% of Total Revenues	42.5%	22.7%	13.8%	7.4%	86.4%	4.8%	8.5%	0.3%		0.0%	100.0%

There were no sales or revenues and net income contributed by foreign sales for each of the last three years.

Suppliers

For the period ending March 31, 2024, the top five (5) suppliers/contractors of the Company are Thermaprime Drilling Corp., Excelprime Supplies & Services Private Ltd, Integral Industrial Management Corp., Wilhelm (S.E.A.) PTE. LTD., and Schlumberger Services Limited.

They provide various goods and services including but not limited to rig services, wellsite services such as cementing, acidizing and mud logging, goods such as valves, pipes and casings for geothermal wells to EDC.

The Company is not dependent on one or a limited number of suppliers for essential raw materials, energy or other items.

Factors affecting the Group's results of operations

The Group's relationship with NPC

As per the Company's PPAs, NPC is obligated to pay for a minimum quantity of electricity pursuant to its take-or-pay and minimum offtake energy obligations. As of March 31, 2024, the only remaining contract with NPC is the Mindanao II Power Purchase Agreement, expiring on June 17, 2024.

*Impact of coal*³⁶

The Philippines' electricity market is still dominated by coal fuel as 60.0% of the 2022 gross generation still comes from coal. The year 2023 was mostly a "recovery period" where prices decreased steadily after the steep increase caused by the Russia-Ukraine war. Increased domestic production by countries such as the United States and China helped ease global demand, and coal prices dropped from an all-time high average of 214.72 \$/MT in 2022 to a monthly average of 117.85 \$/MT by the end of September 2023. However, coal prices unexpectedly shot back up during the start of the final quarter, as the Israel-Hamas conflict shook the global energy commodity market once again. Prices were able to stabilize after the initial shock, settling at around 119.40 \$/MT by the end of December, and the average price of coal for 2023 settled at 129.87 \$/MT. Moving forward, coal prices are expected to show slight corrections by dropping to an average of 110.12 \$/MT in 2024. However, this is still much higher than pre-pandemic coal prices and such elevated coal prices will continue to persist until 2025.

Exchange Rate Fluctuations

The Group's accounting records, and financial statements are prepared in Philippine Peso (except for EBWPC, which is reporting in US Dollar effective January 1, 2016) even as some of its payments for debt service and major materials and services are denominated in US Dollar. Foreign exchange rate fluctuations affect the cost of borrowings, as well as the peso value of such in the Group's balance sheet.

In 2023 and 2022, the Group recorded foreign exchange gains (losses) of ₱10.3 Million and (₱43.9 Million), respectively.

Bankruptcy, Receivership or Similar Proceedings

There was no bankruptcy, receivership or similar proceedings initiated against the Group during the past three (3) years.

Material Reclassification, Merger, Consolidation or Purchase or Sale of a Significant Amount of Assets (not in the ordinary course of business) over the past three (3) years

On August 7, 2018, the Board of Directors ("BOD") of the Company approved the voluntary delisting (the "Delisting") of its common shares from the Main Board of the PSE, and, in accordance with the PSE's delisting rules and regulations, the conduct of a tender offer (the "Tender Offer") for up to 2,040,006,713 common shares held collectively by all shareholders of the Company other than Red Vulcan, First Gen, Northern Terracotta, and PREHC. This represented all remaining EDC common shares that were held by the public, and which equated to approximately 10.9% of its total outstanding common shares. On September 19, 2018, the Company filed the petition for the Delisting with the PSE and on November 14, 2018, the BOD of the PSE granted the petition for voluntary delisting filed by the Company, and accordingly, ordered the delisting of the Company's common shares from the official registry of the PSE (electronic board and ticker) effective on November 29, 2018.

On December 29, 2023, the SEC issued the Company's Certificate of Filing of Amended Articles of Incorporation for (i) the increase in the par value of its common share from Php1.00 to Php1,000,000.00, and (ii) the increase in the par value of its voting preferred share from Php0.01 to Php10,000.00, while maintaining its current authorized capital stock, as part of the Company's equity restructuring.

As a result of the increase in the par value of its common share, the Company will pay affected shareholders whose common shares in the Company are fractionalized the fair value of their shares in the amount of Php7.50 per common share (based on the previous par value of Php1.00 per share), which is equivalent to Php7.5 Million of the resulting fractionalized common share (based on the new par value of Php1.0 Million per share).

Except as otherwise disclosed in this Offer Supplement, the Group has not been the subject of any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business over the past three (3) years.

³⁶ Sources: DOE 2023 Power Development Plan; Platts Coal Reports as of January 2024

Business Prospects

The Company plans to capitalize on the favorable industry dynamics in the Philippines. The country's electricity consumption per capita has sustained a 2.39% Annual Average Growth Rate increase since 1982³⁷. Demand is expected to grow in 2024 as experts forecast GDP growth to be around 7.0% or more. Aggregate demand is expected to reach up to 14,501 MW in Luzon, 3,427 MW in Visayas, and 3,456 MW in Mindanao by 2025³⁸. As of April 2023, the Company's generation assets represent 2.40% (427 MW) of the installed capacity in Luzon, 24.66% (854 MW) in Visayas, and 2.46% (104 MW) in Mindanao³⁹.

This, and a strong government policy supporting the development of geothermal energy, such as the issuance by the DOE of Department Circular No. DC2022-10-0031, which grants preferential dispatch status to all RE resources such as geothermal in the WESM, should help support dispatch and further growth of electricity supply from geothermal power in the coming years.

In addition, there is a growing emphasis on the importance of Environmental, Social and Governance practices, an area where EDC, as a pure renewable energy company, can capitalize on. EDC is well-positioned to take advantage of this growing trend in sustainable and green investing.

Competitive Strengths

The Company believes that its success and future prospects will benefit from a combination of strengths, including the following:

The Company is the leading geothermal energy company in the Philippines, with significant reserves and long-standing relationships and/or expertise spanning the entire geothermal value chain.

The Company is the leading producer of geothermal energy in the Philippines. The Company owns and operates thirteen (13) geothermal power plants with a total installed capacity of 1,169 MW. The Philippines, with a total installed geothermal capacity of 1,952 MW, is the third largest producer of geothermal energy in the world, next to the United States and Indonesia in terms of geothermal capability, with a total installed geothermal capacity of 3,900 MW and 2,418 MW respectively⁴⁰. The Company also has exclusive exploration and development rights over key geothermal reserve areas in the Philippines through long-term contracts with the Government. In addition to being engaged in geothermal exploration, development and power generation, the Company has expertise in reservoir engineering and management, engineering design and construction and environmental management. The Company also has long-standing relationships with drilling and civil works contractors, and equipment suppliers, among others, who can support EDC in its operations and expansion. As a result, the Company benefits from its ability to service all aspects of its own geothermal energy projects. The Company believes that its high level of vertical integration and its extensive experience in all aspects of geothermal energy production place it in a strong position to capture future market share in this industry.

The Company possesses relatively stable contracted cash flows.

A significant portion of the Group's power generation capacity is sold through one (1)- to two (2)-year contracts with contestable customers with high renewal rate, and five (5)- to ten (10)-year PSAs for the sale of electricity to highly rated electric cooperatives, distribution utilities and industrial customers. For the year ended 2023, 68.0% of the Group's revenues in 2023 were derived from contracted electricity sales (from 65.0% in 2022). This allowed the company to have room for market and contract optimization, while providing a steady base to generate predictable cash flows.

³⁷ The World Bank. *Philippines / Data*. <https://data.worldbank.org/country/PH>.

³⁸ Department of Energy. *Power Development Plan 2020-2040*. <https://www.doe.gov.ph/electric-power/power-development-plan-2020-2040>

³⁹ ERC Resolution 3 Series of 2023: Market Share Limitations as of April 2023.

⁴⁰ ThinkGeoEnergy. (2024 January 8). *ThinkGeoEnergy's Top 10 Geothermal Countries 2023 – Power Generation Capacity*. <https://www.thinkgeoenergy.com/thinkgeoenergys-top-10-geothermal-countries-2023-power-generation-capacity/>

The Company has a strong track record, proven technical expertise, and well-equipped facilities.

The Company has become the leading geothermal energy producer in the Philippines through the successful development, acquisition, and operation of numerous geothermal energy projects. Since 1983, the Company has successfully developed, financed, built and operated several geothermal steamfields in four (4) geothermal contract areas, containing both wet and dry steam, which currently supply steam to thirteen (13) geothermal power plants owned and operated by the Company, with aggregate installed capacity of 1,169 MW. The Company employs extensively-trained, highly experienced geoscientists and technicians specializing in the development, application and maintenance of practical technologies for the efficient and sustainable utilization of geothermal energy. In addition, the Company has well-equipped integrated laboratories located in Santo Tomas, Batangas and in each of its project sites in Albay, Leyte, Negros and North Cotabato to regularly monitor the geothermal wells as well as the environmental parameters to manage its geothermal resource in which its plants operate and comply with regulatory requirements. These laboratories are PNS ISO/IEC 17025 -accredited and DENR-recognized with a scope covering chemical testing of waters and wastewaters, gases and isotopes. The organization of each laboratory is composed of experienced and competent chemists and laboratory analysts committed to provide quality laboratory services to customers. All rock samples from exploration areas and drilled wells and scales and corrosion products from the FCRS are analyzed for characterization and temperature predictions at the Company's Petrology Laboratory, also at Santo Tomas, Batangas. The Company believes it has the experience and expertise needed to assess the feasibility of future geothermal energy projects, provide for the efficient operation of geothermal energy facilities and ensure the safe and efficient construction of new geothermal energy projects, given its past initiatives such as in digital transformation (e.g., control systems integration) as well as resiliency improvement efforts. The Company also believes that its strong track record gives it credibility in terms of geothermal project development and implementation, which enhances its ability to negotiate competitive terms for project agreements, consulting services and financing facilities for future projects.

The Company is a low marginal-cost producer of clean, renewable and competitively-priced energy.

Geothermal energy is one of the more cost-competitive sources of power and the cost of generating electrical power from geothermal sources is not tied to the cost of crude oil. The relatively low marginal cost of geothermal power generally supports dispatch for geothermal energy providers as base load power plants in the Philippines. Over the past twenty (20) years, there has been a significant increase in the global demand for environmentally friendly sources of energy as a number of international conventions that assign emission quotas to countries have come into effect. The Company believes it is at the forefront of this growing global demand for clean and renewable energy. All of the Company's existing geothermal projects produce electricity from resources that are clean, renewable and generally sustainable. Unlike electricity produced from burning fossil fuels, electricity produced from geothermal energy sources is produced without emission of certain harmful pollutants, such as nitrogen oxide, and with far lower emission of other pollutants, such as CO₂. Such clean and renewable characteristics give the Company a competitive advantage over fossil fuel-based electricity generation as the Philippines and other countries increasingly seek to balance environmental concerns with demand for reliable sources of electricity.

The Company has a diversified portfolio of renewable generating assets.

Adding to its portfolio of geothermal energy projects, the Company has diversified its portfolio of renewable generating assets by expanding into the areas of hydroelectric, wind and solar power generation. In late 2008, the Company acquired a 60.0% equity interest in FG Hydro, the owner and operator of two (2) hydroelectric power plants located in Pantabangan, Nueva Ecija, with aggregate installed capacity of 132 MW. The Company's subsidiary, EBWPC also owns and operates the 150 MW wind farm in Burgos, Ilocos Norte, which commenced full commercial operation in November 2014. The Company likewise owns and operates the 6.82 MW solar project (consisting of Phases 1 and 2) located in Burgos, Ilocos Norte which started its commercial operation in March 2015 for Phase 1 and March 2016 for Phase 2. With such a diversified portfolio of renewable generating assets, the Company has now evolved into the country's leading 100% renewable energy producer.

The Company has experienced management and technical teams.

The Company has an experienced team of management and technical employees. The Company's senior management has extensive operational and management experience in the power industry and has enjoyed long tenure with the Company. The Company's management team has in-depth knowledge of the Philippine power industry's business and regulatory environment, having developed good relationships with key industry participants such as contractors,

oftakers, and regulatory agencies, such as the DOE and the ERC, all of which are important to the Company maintaining successful operations and growing its business. Additionally, the Company has a highly experienced and skilled set of technical employees who have gained their knowledge and expertise both through on-the-job training at the Company's facilities, as well as academic technical qualifications at leading geothermal training programs in the United States, Iceland, and New Zealand.

Business Strategies

The Company plans to enhance its leading market position in the Philippine geothermal energy business by leveraging on its strong technical expertise in geothermal energy exploration, development, and production and by pursuing growth opportunities both locally and internationally. The Company's vision is to be the leading global geothermal energy company and key provider of 24/7 clean and renewable energy, guided by its mission to forge collaborative pathways for a decarbonized and regenerative future. It plans to realize its vision by implementing the following strategies:

Increasing production and sale of power from renewable energy sources, both locally and internationally, and expanding its drilling program across the Philippines

The Company has lined up an extensive drilling campaign across its sites as part of its capital investment program to maximize the generation of its existing assets. The Company also plans to expand its geothermal portfolio domestically and internationally through its growth projects, while diversifying its renewable energy portfolio with its hydro, wind and solar power generation capacities.

On the local front, the Company continues to secure areas for prospective geothermal sites and remains focused on leveraging existing assets. In 2023, EDC was able to fortify its growth agenda through the acquisition of Geothermal Service Contracts for two (2) additional concessions, namely, the Buguias-Tinoc Geothermal Power Project located in the province of Benguet and Mt. Sembrano Geothermal Power Project located in the province of Rizal. Kicking off with the successful commissioning and operations of the Mindanao 3 Binary Power Plant in 2022, the Company continues to expand its power generation capacity by leveraging its existing geothermal wells and power plants with additional power plant investments that utilize binary cycle technology, particularly in Albay (Palayan Bayan), Leyte (Mahanagdong), and Northern Negros (Bago Binary). In addition to these projects, the Company also continues to maximize the high enthalpy regions of operational concessions through the development of steam fueled power plants such as the Tanawon project in Albay. These projects are set to commence operations within the year and is expected to add 82.7 MW to the Company's total installed capacity. The Company is also constructing and expects to commission 40 MWh of Battery Energy Storage Solutions ("BESS") projects in Bacman, Leyte and Southern Negros in 2024.

Likewise, the Company will keep pursuing its exploration and pre-development works on its local greenfield prospects within its existing DOE geothermal service contracts. To date, the Company is eyeing greenfield geothermal projects including, Amacan Geothermal Power Project located in the province of Davao de Oro, Mt. Zion 2 Geothermal Power Project located in the provinces of North Cotabato and Davao Del Sur and Mainit-Sadanga Geothermal Power Project located in the Mountain Province, although these projects are still in the exploration or pre-development phase and are consequently still in the very early stages of Company deliberation or development. A more detailed discussion on these greenfield projects may be found in the Future Projects subsection on page 147.

For other potential geothermal platforms, the Company is actively looking for promising prospective sites held by developers open to partnership. It is also participating actively in the DOE's Open and Competitive Selection Process for RE Service Contracts.

Beyond the domestic market, the Company is exploring growth opportunities outside the Philippines. The Company has opened offices in Jakarta in Indonesia, and Santiago in Chile to facilitate the identification and exploration of new geothermal projects. The Company also used to have an office in Lima, Peru but has since refocused its resources given challenging market conditions. The Company has and continues to send experts overseas to evaluate its international business prospects, except during the period of the COVID-19 pandemic due to the related travel constraints. In Latin America, the Company has entered into non-binding agreements with other geothermal industry players to explore and conduct due diligence in geothermal contract areas. In Indonesia, the Company has already acquired a Preliminary Survey and exploration permit. The Company is also in touch with various government agencies and advisors overseas for various early stage works such as permitting, regulatory consultations, engineering design, environmental studies, and technical evaluation studies, among others.

Leveraging on its strong technical expertise in geothermal to explore emerging adjacent renewable technologies

The Company plans to leverage its multi-disciplinary expertise in geothermal technology to expand and grow its portfolio as well as generate new sources of revenue. The Company is exploring the direct use application of low enthalpy geothermal wells as potential sources of revenue, as well as hybrid energy systems like geothermal plus solar and geothermal plus storage to maximize generation.

Maintaining a competitive cost structure

The Company plans to maintain and build upon its expertise at efficiently managing its geothermal operations in order to operate in a cost-effective manner and increase margins. The Company has embarked on programs to:

- improve its procurement systems to anticipate requirements, and leverage on bulk and volume purchases;
- decrease costs for extracting steam and increasing fuel supply, as well as prolonging the life of existing sources;
- deploy Enterprise Asset Management⁴¹ to optimize the quality and utilization of assets throughout their life cycles, increase productive uptime and reduce operational costs;
- lower business support and administration costs through optimization of travels, meetings, office space, handling/hauling and mailing, shared services contracts; and
- simplify and improve business processes through digital and technological transformation to enhance efficiency and make better decisions faster; and instill the mindset and behavior of cost efficiency to ensure sustainability of cost competitiveness.

Developing customer-centric energy solutions

The Company is preparing for the expansion of the coverage of RCOA to customers with lower average peak demand profiles. At present, RCOA allows electricity end-users with an average monthly peak consumption of at least 500 kW over the last twelve (12) months ("Contestable Customers") to select their own energy provider. The threshold is expected to further go down to cover end-users with a monthly average peak consumption of 100 to 499 kW. To contract with a Contestable Customer, a generation company must become a licensed RES. Green Core and BGI, subsidiaries of the Company, are currently licensed RES and are able to serve the Contestable Market. The Company has also engaged its affiliate, First Gen Energy Solutions ("FGES") to market its capacity to the Contestable Market as well as to DUs, and ECs.

In order to respond to a forecasted increase in retail customers, the Company, through FGES is building up its front, middle, and back office by augmenting its workforce. Apart from this, FGES is developing an automated billing system to scale up its capability to process retail power bills.

Embarking on an innovative approach to improving the business model and delivering value through an Agile-enabled organization

The Company has adopted the Agile ways of working. Under Agile, projects are developed iteratively through short cycles of working or "sprints". The focus is on frequently delivering value with Minimum Viable Products that are continuously improved in contrast to the traditional "Waterfall" approach where requirements are defined at the start, and a product is only available in a usable state towards the end of the process. Because of the short working cycles, feedback is obtained more frequently, and teams are able to make necessary changes to adapt to today's fast-paced

⁴¹ Enterprise Asset Management (EAM) is the management of the assets of an enterprise across departments, facilities, business units and geographical locations. EAM integrates techniques for holistic control and optimization throughout asset life cycles, including design, commissioning, operations and replacement. <https://www.techopedia.com/definition/13883/enterprise-asset-management-eam>.

business environment. The Company has invested in formally training several of its employees in Agile methodology. As of March 31, 2024, the following employees have become certified in Scrum, an Agile framework: eighty eight (88) in Professional Scrum Master 1, 5 in Professional Scrum Master 2, twenty four (24) in Professional Scrum Product Owner and eighteen (18) in Professional Agile Leadership Evidence-Based Management. With these certifications, the Company's employees are further improving cross-functional collaboration in the teams that they are in. The Company also has three (3) Agile Coaches to continuously guide and help employees unlock the power of Agile. EDC also has one hundred twenty six (126) squads working on initiatives to deliver the Company's strategic priorities.

Continuing to build strong relationships with its stakeholders while pursuing regenerative growth for both the Company, and the community

The Company is committed to going beyond sustainability by striving for regenerative growth. In contrast to sustainability, which only seeks to do less harm to the planet, regeneration is about elevating all that is touched. This includes Company employees, customers, contractors, suppliers, shareholders, and other stakeholders. Regenerative growth means using a wider lens than just profitability to guide decision-making. The Company has actively participated in the development of local communities where its projects are based. Portions of the Company's revenues are paid to LGUs to fund community development activities for education, health care, rural electrification, environment, and livelihood projects with farmers associations to reduce poverty levels.

The Company has two (2) major Corporate Social Responsibility programs, BINHI and SIKAT. BINHI is the Company's banner environment program which aims to restore denuded forests, preserve and propagate threatened native tree species, and protect biodiversity. The Company collaborates with the academe, NGOs, the DENR, and other private sector partners, emphasizing a multi-sectoral approach to stewardship. As of March 31, 2024, EDC and its BINHI partners have established forty-one (41) arboreta with additional two (2) in development, and 165 tree parks nationwide that serve as safe havens for threatened native species. BINHI has contributed to the inventory and assessment of 1,470 Philippine endemic and near-endemic tree species, and continues to work toward propagating 145 priority species. By investing in research and development, it has formulated new propagation protocols for various threatened tree species that will help ensure these will not be extinct in the future. At the recently held 2023 Tambuli Asia Pacific Awards, BINHI won the top Gold citation under the Care for the Environment category of the Sustainability & Corporate Purpose division and went on to receive the event's highest commendation possible—the Grand Prix—considered the best among all other Gold winners across the division's various categories. The BINHI greening legacy program was also included in the 2023 Steward Leadership 25. Organised by Stewardship Asia Centre, INSEAD Hoffmann Global Institute for Business and Society, Willis Towers Watson, and The Straits Times, this prestigious award recognises the top twenty five (25) projects that have significantly impacted stakeholders, society, future generations, and the environment across fourteen (14) countries in the Asia Pacific region and the Middle East.

On the other hand, through SIKAT, the Company has been providing educational support to scholars from various state universities and colleges since 1993. This program expresses EDC's aspirations to improve the lives of its host communities through quality education, and help transform the scholars into future change-drivers in their respective communities and spheres of influence. As of March 31, 2024, it has admitted a total of 307 scholars since 2011 and produced a total of 173 graduates who are developed to be workforce ready, of which 30.0% became licensed professionals. In addition to SIKAT, the Company has also been supporting two educational foundations, Keitech Educational Foundation, Inc. ("Keitech") and Mount Apo Foundation, Inc ("MAFI"). Keitech is a technical-vocational training center based in Leyte providing full scholarships and employment placement support after graduation to poor but deserving students. It has produced more than 1,000 graduates with 100.0% National Certificate II passing rate and 96.0% employment rate. Meanwhile, MAFI has provided academic scholarship grants to deserving youth in Mindanao since its establishment in 1993. As of March 31, 2024, 79.0% of the scholars came from Indigenous People communities within the 20km radius of Mt. Apo Natural Park. It has also produced 355 graduates since its inception.

Last April 10, 2024, EDC was awarded the Environment, Social, and Governance (ESG) Award for Societal Impact for the social and environmental benefits it enabled in partnership with its communities through its CSR programs besting Macquarie Asset Management's (MAM) other assets in the Asia-Pacific region. The award was given during the 2024 MAM Asset Leadership Forum for the Asia-Pacific region which was participated in by CEOs and other key executives from MAM's portfolio companies and operating partners from across the Asia-Pacific region.

In addition, the Company plans to continue to strengthen its relationships with key industry participants and regulatory agencies, to execute its regenerative mission.

Sustaining a values-, purpose-, and behavior-based high-performing culture with highly capable and engaged employees who are equipped to support the Company's growing portfolio

Employee engagement is a key metric regularly tracked by the management of the Company. Aside from the employee engagement surveys conducted biennially through a third-party provider, quick polls called "Kumustahan Polls" are administered by the Company regularly. The Kumustahan Polls originated from the desire of the Company's leadership team to check in more with employees and get their pulse in terms of their total wellbeing, satisfaction and productivity, and serves as an additional venue to hear their feedback, especially amid a new and hybrid work arrangement coming from the pandemic. Amid the transition, EDC obtained above average ratings in its employee engagement survey conducted in 2023, with a score of 90.0% sustainable engagement, which is 2.0% higher than the score among Global High Performance Organizations, and 7.0% higher than the Energy and Utilities norm.

The Company continues to implement engagement activities not just at the corporate level but more so at the site and team levels. Among the more popular engagement programs are the company-wide Town Hall Meetings (held simultaneously across all sites combining face-to-face meeting and the use of online platforms), Ask Management Anything series, Ask HR Anything sessions, Annual Leaders Assembly, EDC Booster Talks, "EDC Rocks" (the annual employee recognition program of the Company), and the annual Christmas Parties (held in all sites). During the height of the community lockdowns, the Company also made available online counseling and mental wellness support to employees through professional service providers such as MyGolana, PowerVision EAP & MindNation. The said services thus allowed employees to avail of online well-being assessment and counseling sessions at no cost. Along with these, the EmPower (Employee) Councils in all sites were also reactivated to resume their roles of identifying and implementing truly employee-driven activities and initiatives. Similarly, wellness programs that include interest clubs, volunteerism, and community outreach programs were introduced in 2023 across the EDC sites which offer opportunities to connect and recharge in the wellness aspects to allow a more balanced life for our employees.

In anticipation of the worldwide public health emergency coming to an end, the Company also came out with new Guidelines on Work Arrangements to formalize remote work arrangements for identified employees and continue the work on premise arrangements for some employees, guided by their role and responsibilities, the business and operational needs of the Company, and in consideration of employee welfare. This is in step with the Company's commitment to mainstream employee flexibility and provide a wide range of flexible work options through available tools, solutions, and applications that are supported by technology. To carefully manage the changes experienced in the hybrid set-up where employees can work in company premises as well as in alternative workplaces, the Company conducted a three-month transition period so that the employees concerned could gradually get used to their new ways of work. "Employee Experience" surveys were also conducted during the said period to identify the concerns and challenges they encountered. The Company likewise crafted "Curated Face-to-Face" work mechanics to provide guidance as well as to continue promoting face-to-face interactions for the following reasons:

- To support and/or promote collaboration (between individuals and/or teams);
- To build relationships within the organization and strengthen corporate culture; and,
- To closely monitor the planning and execution of specific projects or activities.

The Company's employees show their engagement not just during company events and initiatives, but also in their pursuit of learning and growth. The Company's Capability System focuses on differentiating capabilities to support its Regenerative Agenda. The Capability System also provides a roadmap for employees to pursue development of new competencies needed in the future. Leaders and leadership development have played a key role in the Company's employee experience. Through our Leaders Coaching Leaders program, coaching has become a staple activity amongst people managers that allows them to have meaningful conversations with their direct reports, while building the leadership competencies of their peers.

Moreover, to ensure knowledge transfer, and development of emerging talents in EDC, Maestro, EDC's mentoring program was piloted in 2023. Select top leaders play the mentor role, and select emerging talents participate in this program as mentees.

The use of online platform for performance management continues, which enables the entry and monitoring of accomplishments, milestones, and feedback to be done more efficiently. EDC also endeavors to ensure a stronger alignment of business goals and health, safety and environment (HSE) goals to individual goals. Over the last three (3) years, there have been closer monitoring of alignment of individuals and teams on the aspects of organizational goals, functional goals and HSE performance, reinforcing EDC's *malasakit* culture, where operations and activities must happen with utmost care and safety at all times.

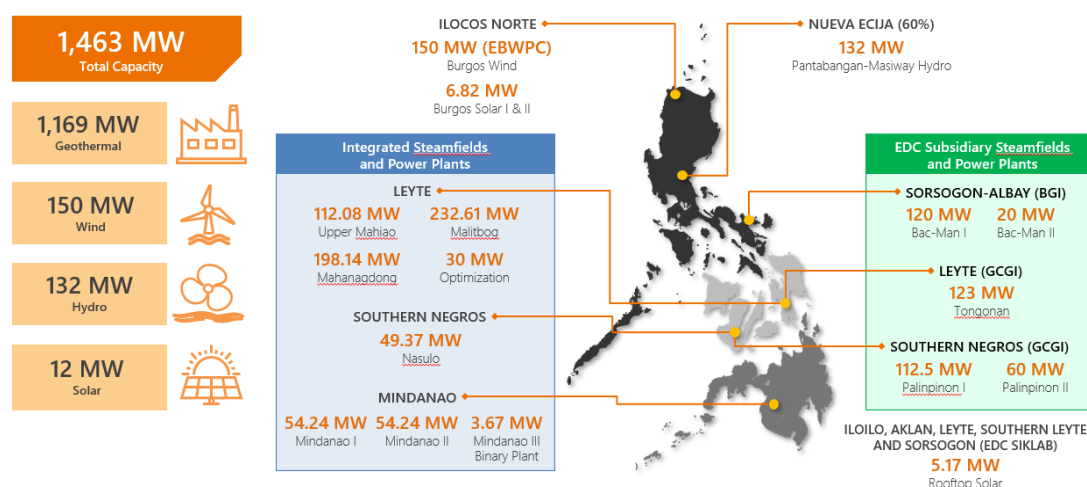
Geothermal Energy

Geothermal energy is a clean, renewable and generally sustainable energy source that, because it does not use combustion in the production of electricity, releases significantly lower levels of emissions, principally steam, than those that result from energy generation based on the burning of fossil fuels. Geothermal energy is derived from the natural heat of the earth when water comes sufficiently close to hot molten rock to heat the water to temperatures of 320° Celsius (608° Fahrenheit) or more. Prospective sites are indicated by dormant volcanoes, hot springs and other geothermal activity. The heated water then ascends toward the surface of the earth where it can be extracted by drilling geothermal wells, if geological conditions are suitable, for commercial production.

The energy necessary to operate a geothermal power plant is typically obtained from several wells that are drilled using technology that is similar to that employed in the oil and gas industry. Geothermal production wells are normally located within approximately one to two miles of the power plant as geothermal fluids cannot be transported economically over longer distances due to heat and pressure losses. As long as the steamfield is properly managed, the geothermal reservoir is a sustainable source of energy. Geothermal energy projects typically have higher capital costs (primarily as a result of the costs attributable to steamfield development) but tend to have significantly lower variable operating costs, principally consisting of maintenance expenditures, than fossil fuel-fired power plants which continue to be subject to ongoing fuel expenses throughout their productive lives. (see section "Philippine Power Industry – Geothermal Energy" on page 216).

The Company's Power Projects

The following map sets out the locations where the Group conducts its commercial operations. Projects enumerated in the blue box represent projects wherein the Company owns and operates both the geothermal steamfield and power plant. In comparison, projects enumerated in the green box represent projects where the Company owns the steamfields and supplies steam to power plants owned by a Subsidiary of the Company.



Contractual Framework

The Company's power generation operations are primarily based on a contractual framework that allows it to source steam (for itself or for sale to its Subsidiaries) and to generate power for consumption by its various customers. In this regard, the Company's key contracts include: (i) service contracts with the Government, including geothermal renewable energy service contracts, or GRESCs, geothermal operating contracts, or GOCs, geothermal service contracts, or GSCs, wind energy service contracts, or WESCs, and solar energy service contracts, or SESC, each of which cover a specific contract area; (ii) twenty five (25)-year PPAs covering the sale of electricity to NPC; (iii) PSAs, covering the sale of electricity to electric cooperatives and distribution utilities; (iv) RSCs, covering electricity sales to industrial and commercial users classified as Contestable Customers; (v) SSAs and GRSC, covering the sale of steam between the Company and its Subsidiaries; and (vi) REPA covering rate of the Company's FIT eligible plants; and (vii) ASPA with the NGCP to ensure reliability in the operation of the transmission system. The following chart illustrates the contractual framework for the Company's operation:



The following table provides a summary of the Company's operating geothermal projects, grouped by the contract areas in which they are located:

Contract Area	Expiry of GRES	Project	Installed Capacity ⁴² (in MWe)	Product	Expiry of Offtake Agreement	Minimum take-or-pay Capacity (in GWh/yr)	Plant Owner	Expiry of GOC
Tonganon Geothermal Project	2031	Tonganon	123.000	Steam and Electricity	2031 (GRSC) ⁴³ 2040 (PSAs)		GCGI ⁴⁴	2037 ⁴⁵
		Upper Mahiao	112.080 ⁴⁶	Steam and Electricity			EDC	
		Malitbog	232.614	Steam and Electricity			EDC	
		Mahanagdong	198.135	Steam and Electricity			EDC	
		Optimization	30.000 ⁴⁷	Steam and Electricity			EDC	
Southern Negros Geothermal Project	2031	Palinpinon I	112.500	Steam and Electricity	2031 (GRSC) ⁴⁸ 2040 (PSAs)		GCGI ⁴⁴	2037 ⁴⁵

⁴² Based on the Certificates of Compliance (COCs) or Provisional Authorities to Operate ("PAO") issued by the ERC, where "installed nameplate capacity" is defined as "full-load continuous gross capacity of a unit under specified conditions, as calculated from the electric generator nameplate based on the rated power factor xxx" pursuant to ERC Resolution No. 16, Series of 2014.

⁴³ The GRSC for Tongonan commenced upon take-over of the plants by GCGI.

⁴⁴ On October 23, 2009, the Palinpinon and Tongonan geothermal power plants were turned over to Green Core, which won the PSALM's auction of the said plants on September 2, 2009.

⁴⁵ Renewable for another twenty-five (25) years.

⁴⁶ Does not include Unit 3 (37.36 MW); unit was offline during ERC's virtual inspection held on August 20, 2020.

⁴⁷ On July 25, 2023, the Company's 19.5 MW Tongonan-1 Topping Cycle Power Plant, consisting of three (3) Ormat Energy Conversion units, located in Barangay Lim-ao, Kananga, Leyte, was decommissioned.

⁴⁸ The GRSC for Palinpinon I & Palinpinon II commenced upon take-over of the plants by GCGI.

Contract Area	Expiry of GRESC	Project	Installed Capacity ⁴² (in MWe)	Product	Expiry of Offtake Agreement	Minimum take-or-pay Capacity (in GWh/yr)	Plant Owner	Expiry of GOC
		Palinpinon II	60.000 ⁴⁹	Steam and Electricity	2031 (GRSC) ²³		GCGI ⁴⁴	2037 ⁴⁵
		Nasulo	49.370	Steam and Electricity	2033 (PSA)		EDC	
Bacon-Manito Geothermal Project	2031	Bac-Man I	120.000 ⁵⁰	Steam and Electricity	2024 (SSA) ⁵¹ 2037 (PSA)	722.7	BGI ⁵²	2037 ⁴⁵
		Bac-Man II	20.000	Steam and Electricity	2024 (SSA) ⁵³	131.4	BGI ⁵²	2037 ⁴⁵
Mt. Apo Geothermal Project	2042 ⁵⁴	Mindanao I	54.240	Steam and Electricity	2025 (PSAs)	41.5	EDC	
		Mindanao II	54.240	Steam and Electricity	2024 (PPA)	398.0	EDC	
		Mindanao III	3.669	Steam and Electricity			EDC	
Total			1,169.848			1,293.6		

Leyte Island Projects

The Company, at the parent level, owns and operates four (4) geothermal power plants in Leyte, including an optimization plant, with a total installed capacity of 695.83 MW. The Company's Subsidiary, Green Core, owns and operates the 123.0 MW Tongonan power plant. Electricity generated at Unified Leyte is transmitted to Luzon and Cebu through NGCP's 380.0 MW Leyte-Cebu and 400.0 MW Leyte-Luzon interconnection projects. Unified Leyte accounted for 21.8% of the Group's revenues for the year ended December 31, 2023.

Tongonan

Tongonan I Project

The Tongonan I project was commissioned in 1983 and was the first geothermal energy project developed by the Company. It consists of twenty-six (26) production wells, nine (9) injection wells and a 13.2-kilometer pipe network. The Tongonan I geothermal project is located at the center of the Greater Tongonan reservoir and supplies steam to Green Core's 123.0 MW Tongonan power plant.

⁴⁹ Palinpinon-2 includes Sogongon 1, Sogongon 2 and Okoy 5 GPPs. PAO for Sogongon 1 & 2 was issued on November 4, 2020 while PAO for Okoy 5, integrated in Palinpinon-1 GPP PAO, was issued on February 4, 2021; does not include 20-MW Nasuji GPP (on preservation mode).

⁵⁰ Based on Dependable Capacity of 60 MW per unit, as indicated in the PAO issued by the ERC on October 6, 2020.

⁵¹ On June 1, 2018, EDC and BGI entered into an interim agreement for the supply of steam for Bac-Man I Geothermal Power Plants effective from the date of expiration of the SSA until the new SSA takes effect or December 25, 2020, whichever is earlier. On December 24, 2020, the term of such interim agreement was extended for another three (3) years, or until December 25, 2023. On December 22, 2023, this was further extended from December 25, 2023 to December 25, 2024 or until the new SSA takes effect, whichever is earlier.

⁵² On September 3, 2010, the Bac-Man 1 and Bac-Man II geothermal power plants were turned over to BGI, which won the PSALM's auction of the said plants on May 5, 2010.

⁵³ On April 30, 2019, EDC and BGI entered into an interim agreement for the supply of steam for Bac-Man II Cawayan Unit effective from the date of expiration of the SSA until the new SSA takes effect or December 25, 2020, whichever is earlier. On December 24, 2020, the term of such interim agreement was extended for another three (3) years, or until December 25, 2023. On December 22, 2023, this was further extended from December 25, 2023 to December 25, 2024 or until the new SSA takes effect, whichever is earlier.

⁵⁴ Includes a twenty five (25)-year extension period to GRESC.

The 123.0 MW Tongonan geothermal power plant was owned by NPC before its purchase by Green Core in October 2009. The power plant originally consists of three (3) 37.5 MW generating units, supplied by Mitsubishi Heavy Industries, Ltd. The Tongonan geothermal power plant is located in Kananga, Leyte. The power plant was commissioned in 1983 and supplies power to electric cooperatives and industrial customers via medium-term and long-term power supply contracts. The three (3) units underwent rehabilitation and upgrade in 2015 to 2017, extending their useful life and increasing the capacity of the three (3) units to 123.0 MW.

The table below summarizes certain operating statistics of the Tongonan plant for the period ended March 31, 2024 and years ended December 31, 2023, 2022 and 2021.

Tongonan Project: Operating Statistics

	Period Ended March 31	Years Ended December 31		
Tongonan power plant	2024	2023	2022	2021
Actual Energy Delivered (in GWh)	228.32	928.41	901.71	931.50
Average Generation (in MW)	104.54	105.98	102.93	106.34
Average Plant Capacity Factor (%)	92.64%	93.91%	91.21%	94.23%
Annual nominated energy (in GWh)	903.33	901.60	858.10	951.50
Availability	91.15%	96.54%	93.32%	95.76%
Reliability	97.78%	98.07%	97.54%	99.14%
Net dependable capacity (in MW)	112.85	112.85	112.85	112.85

Unified Leyte

Upper Mahiao Project

The Upper Mahiao project is located in the Greater Tongonan reservoir. The Upper Mahiao project has a total of twenty nine (29) production wells, ten (10) injection wells and a 29.5-kilometer pipe network.

The 112.079 MW Upper Mahiao geothermal power plant was constructed under a BOT arrangement with Ormat Inc. ("Ormat") and was commissioned in June 1996. Pursuant to the terms of the BOT Contract, the geothermal field for this project was developed by the Company, while the power plant was financed, designed and constructed and operated by Ormat. The power plant was turned over to the Company in June 2006 pursuant to the terms of the applicable BOT Contract.

Malitbog Project

The Malitbog project is located on the Greater Tongonan reservoir. The Malitbog project has a total of thirty two (32) production wells, seventeen (17) injection wells and a 16.3 kilometer pipe network. In addition, the waste brine from the steam of the Malitbog geothermal plant is supplied to the Leyte Optimization plants to generate additional power.

The Malitbog geothermal power plant was constructed on a BOT basis by Magma Power Company. The power plant consists of three (3) 77.5 MW units, supplied by Fuji Electric Co., Ltd., and provides a total installed capacity of 232.614 MW. The power plant was commissioned in July 1996 and it was turned over to the Company in July 2007 pursuant to the terms of the applicable BOT Contract.

Mahanagdong Binary Project

The Mahanagdong Binary Project is located in the City of Ormoc, Leyte, on the Mahanagdong reservoir. The Mahanagdong project has a total of thirty two (32) production wells, sixteen (16) injection wells and a 30.3 kilometer pipeline network that conveys geothermal steam to the power plants.

The Mahanagdong geothermal power plants have three (3) generating units of 66.045⁵⁵ MW each, which were supplied by Toshiba Corporation of Japan, and provide a total installed capacity of 198.135 MW. The Mahanagdong geothermal

⁵⁵The nameplate capacity per unit expressed in 77.700 megavolt amperes ("MVA") is equal to 66.045 MW at a power factor of 0.85.

power plants were built under the BOT agreement between the Company and a joint venture between California Energy Company Inc. and CE Philippines Ltd. The power plants were commissioned in July 1997 and were turned over to the Company in July 2007 pursuant to the terms of the applicable BOT Contract.

Leyte Optimization Project

The Leyte optimization project consists of four (4) geothermal power plants, with an aggregate installed capacity of 49.5 MW, that use the existing geothermal energy resources of all of the Company's existing projects in Leyte. The four (4) optimization plants are situated near the Tongonan I, Malitbog and Mahanagdong power plants. Geothermal fluids are conveyed to the optimization plants either before they are directed to the main power plants (a process referred to as "topping") or after they have been directed to the main power plants (referred to as "bottoming"). This allows the Company to use energy from the geothermal fluids that would otherwise not be used by the main power plant. The optimization plants use equipment supplied by both General Electric Co. and Ormat.

The first three (3) units, constructed with Ormat equipment, add approximately 33.50 MW of power generating capacity. The Ormat units, which started commercial operations in 1997, are used exclusively for the topping cycle. The fourth unit, constructed with General Electric equipment, adds approximately 16 MW of additional power generating capacity. The General Electric unit, which commenced commercial operation in January 1998, is used for the bottoming cycle. All four (4) geothermal power plants associated with the Leyte optimization project were built pursuant to the BOT Contract between the Company and Ormat and were transferred to the Company in September 2007.

On July 2023, the Company decommissioned its 19.50MW Tongonan 1 Topping Cycle Plant ("T1TCP"), one of the Leyte optimization plants, due to deficient high pressure steam caused by natural steam decline. The T1TCP consisted of three Ormat Energy Conversion units, located in Barangay Lim-ao, Kananga, Leyte.

Below is a summary of operating statistics of the Leyte power plants both on a unified and individual basis for the period ended March 31, 2024 and years ended December 31, 2023, 2022 and 2021.

Unified Leyte Project: Operating Statistics⁵⁶

	Period Ended March 31	Years Ended December 31		
	2024	2023	2022	2021
Unified Leyte				
Actual energy delivered (in GWh)	671.84	2,728.20	2,928.24.24	2,951.00
Average generation (in MW)	307.62	311.44	334.27	336.87
Average plant capacity factor	52.87%	53.52%	57.45%	57.89%
Annual nominated energy (in GWh)	2,484.01	3,771.00	3,771.00	3,771.00
Upper Mahiao power plant				
Availability	98.59%	98.42%	70.38%	65.91%
Reliability	94.10%	99.52%	72.09%	68.78%
Net dependable capacity (in MW)	116.40	116.40	116.40	116.40
Malitbog power plant				
Availability	95.20%	84.58%	96.27%	92.49%
Reliability	98.67%	88.69%	96.89%	97.71%
Net dependable capacity (in MW)	223.50	223.50	223.50	223.50
Mahanagdong A power plant				
Availability	94.80%	88.48%	90.68%	97.62%
Reliability	97.08%	96.41%	95.08%	98.50%
Net dependable capacity (in MW)	165.00	165.00	165.00	165.00

⁵⁶ Meter readings are taken on the 25th day of each month.

Optimization

Availability	96.54%	92.92%	93.15%	88.79%
Reliability	92.36%	94.21%	94.26%	88.79%
Net dependable capacity (in MW)	46.06	27.10	46.60	46.60

The table below summarizes the terms of Unified Leyte's existing power supply agreements with several electric cooperatives and private distribution utilities as of March 31, 2024:

Customer	Demand (KW)	Commencement Date	Expiration Date
Manila Electric Company (MERALCO)	100,000	July 26, 2022	December 25, 2024
Bohol Light Company, Inc. (BLCI)	12,000	December 26, 2023	December 25, 2033
Bohol I Electric Cooperative, Inc. (BOHECO I)	26,000	December 26, 2023	December 25, 2033
Bohol II Electric Cooperative, Inc. (BOHECO II)	12,000	December 26, 2023	December 25, 2033
Cagayan II Electric Cooperative, Inc. (CAGELCO II)	10,000	July 26, 2023	December 25, 2037
MORE Electric and Power Corporation (MORE)	20,000	March 20, 2023	March 25, 2028
Dagupan Electric Corporation (DECORP)	20,000	December 26, 2022	December 26, 2032
Pampanga I Electric Cooperative Inc. (PELCO I)	15,000	May 26, 2023	March 25, 2032

Negros Island hosts two (2) geothermal steamfield projects, the Southern Negros Project and the Northern Negros Geothermal Project. The Southern Negros steamfield supplies steam to Palinpinon I, Palinpinon II and the Nasulo plants. The electrical power generated by the Southern Negros Island projects is transmitted to Panay and Cebu via NGCP's transmission network that has interconnected Negros with the islands since 1990 and 1993, respectively. The Company historically experienced steam generation shortfalls at its Northern Negros steamfield, which led to its decision to eventually redeploy the power plant at Northern Negros to Nasulo in Southern Negros in July 2014. To date, EDC continues to consider options to right size the plant in Northern Negros.

The Company has been exploring and developing geothermal resources in Negros since 1976, pursuant to a GSC with the Government. In October 2009, the GSC was replaced by a GRESC with the Government. In September 2006, the Company entered into two (2) GRSCs with PSALM, as the successor-in-interest to NPC, covering the geothermal facilities at Tongonan I, Palinpinon I and Palinpinon II. The GRSCs took effect in October 2009. The GRSCs terminate in 2031, unless sooner terminated due to non-payment, material breach or other causes identified in the contracts.

In addition, the Company currently owns one (1) geothermal power plant in Nasulo with a total installed capacity of 49.37 MW. The powerplant originally came from Northern Negros, which was transferred in July 2014 to Nasulo in Southern Negros, adjacent to its existing Palinpinon power plants.

Palinpinon I and Palinpinon II

Southern Negros steamfield supplies steam to Green Core's 112.5 MW Palinpinon I geothermal power plant and 60 MW Palinpinon II geothermal power plant.

The Palinpinon I project was the second geothermal project developed by the Company and was commissioned in 1983. The project consists of thirty (30) production wells, seventeen (17) injection wells and a 19.8-kilometer pipe network.

The Palinpinon II project is located in the same reservoir as the Palinpinon I project. The project consists of nineteen (19) production wells, six (6) injection wells and a 16.1-kilometer pipe network.

The 112.5 MW Palinpinon I and 60 MW Palinpinon II geothermal power plants were owned by NPC before their purchase by Green Core in October 2009. The Palinpinon I power plant has three (3) 37.5 MW generating units, supplied by Fuji Electric Co. Ltd. and was commissioned in 1983. The Palinpinon II power plants consist of four (4) separate modular power plants. The first three (3) power plants were commissioned in 1993 and the final plant was commissioned in 1995. The Palinpinon geothermal power plants are located in Valencia, Negros Oriental and supply power to distribution utilities, electric cooperatives and industrial customers via medium-term and long-term power supply contracts. The table below summarizes certain operating statistics of the Palinpinon power plants for the period ended March 31, 2024 and years ended December 31, 2023, 2022 and 2021:

Palinpinon: Operating Statistics

	Period Ended March 31	Years Ended December 31		
	2024	2023	2022	2021
Palinpinon I power plant				
Actual energy delivered (in GWh)	140.58	762.60	845.70	770.10
Average generation (in MW)	64.37	87.05	96.54	87.91
Average plant capacity factor	57.47%	77.73%	86.20%	78.49%
Annual nominated energy (in GWh)	768.28	823.30	936.20	856.30
Availability	59.62%	84.51%	94.48%	88.47%
Reliability	59.62%	92.98%	94.48%	95.50%
Net dependable capacity (in MW)	63.60	103.44	103.95	101.54
Palinpinon II power plant				
Actual energy delivered (in GWh)	122.19	492.50	386.30	413.90
Average generation (in MW)	55.95	56.22	44.10	47.25
Average plant capacity factor	98.67%	99.16%	77.77%	83.33%
Annual nominated energy (in GWh)	441.63	525.60	416.50	447.41
Availability	98.73%	99.55%	87.54%	93.19%
Reliability	98.73%	99.55%	96.20%	93.19%
Net dependable capacity (in MW)	52.32	57.03	51.13	48.43

Green Core, the Company's Subsidiary which owns and operates the Tongonan I, Palinpinon I and Palinpinon II power plants, has PSAs with various customers. The table below summarizes the terms of Green Core's existing PSAs as of March 31, 2024:

Customer	Demand (KW)	Commencement Date	Expiration Date
Iloilo I Electric Cooperative, Inc. (ILECO I)	18,000	March 26, 2010	December 25, 2040
Aklan Electric Cooperative, Inc. AKELCO	18,000	December 26, 2010	December 25, 2040
Capiz Electric Cooperative, Inc. CAPELCO	15,000	December 26, 2010	December 25, 2040
Iloilo II Electric Cooperative, Inc. (ILECO II)	4,000	December 26, 2010	December 25, 2030

Customer	Demand (KW)	Commencement Date	Expiration Date
Iloilo III Electric Cooperative, Inc. (ILECO III)	5,500	December 26, 2010	December 25, 2030
Guimaras Electric Cooperative, Inc. (GUIMELCO)	3,000	December 26, 2010	December 25, 2040
Negros Oriental II Electric Cooperative, Inc. (NORECO II)	25,000	December 26, 2010	December 25, 2035
Central Negros Electric Cooperative, Inc. (CENECO)	20,000	December 26, 2010	December 25, 2040
Negros Occidental Electric Cooperative, Inc. (NONECO)	3,000	December 26, 2010	June 25, 2040
Negros Oriental I Electric Cooperative, Inc. (NORECO I)	2,000	December 26, 2010	December 25, 2030
Dumaguete Coconut Mills, Inc. (DUCOM)	1,000	December 26, 2010	December 25, 2040
Mactan Enerzone Corporation (MEZ)	4,970	December 26, 2010	December 25, 2025
Bohol I Electric Cooperative, Inc. (BOHECO II)	10,000	December 26, 2010	December 25, 2040
Leyte II Electric Cooperative, Inc. (LEYECO II)	16,000	December 26, 2010	December 25, 2040
Leyte III Electric Cooperative, Inc. (LEYECO III)	2,500	December 26, 2010	December 25, 2040
Bac-man Geothermal, Inc. Retail Electricity Supplier (BGI RES)	4,200	December 26, 2022	December 25, 2026
Green Core Geothermal, Inc. Retail Electricity Supplier (GCGI RES)	6,900	November 26, 2022	December 25, 2027

Nasulo

In July 2014, EDC completed the transfer of the 49.37 MW power plant in Northern Negros to Nasulo in Southern Negros, adjacent to its existing Palinpinon power plants. Since then, EDC operated the 49.374 MW Nasulo Geothermal Power Plant located in Southern Negros. The transferred 49.37MW plant installed in Nasulo utilizes 20 MW output from the Nasulo steamfield and the 20 MW which was previously supplied to Nasuji's 20 MW powerplant that was later put on preservation. Most of Nasulo's capacity is sold through PSAs with DU/ECs, and Contestable Customers, while the balance of its generation is sold through WESM.

The table below summarizes certain operating statistics of the Nasulo power plants:

Nasulo: Operating Statistics

	Period Ended March 31	Years Ended December 31		
	2024	2023	2022	2021
Nasulo power plant				
Actual energy delivered (in GWh)	93.84	377.30	382.50	316.40
Average generation (in MW)	42.97	43.07	43.66	36.12

Average plant capacity factor	96.99%	97.23%	98.57%	81.53%
Annual nominated energy (in GWh)	381.69	412.70	419.40	348.17
Availability	97.30%	97.38%	99.75%	85.83%
Reliability	98.38%	99.57%	99.75%	85.83%
Net dependable capacity (in MW)	44.11	45.00	44.28	42.90

The table below summarizes the terms of EDC's existing PSAs as of March 31, 2024:

Customer	Demand (KW)	Commencement Date	Expiration Date
First Gen Energy Solutions Retail Electricity Supplier (FGES RES)	5,970	December 26, 2021	February 25, 2025
Green Core Geothermal, Inc. Retail Electricity Supplier (GCGI RES)	11,500	November 26, 2014	April 25, 2031

Northern Negros

The Northern Negros Project is a geothermal steam and electrical power project developed outside the boundary of the Mt. Kanlaon Natural Park. The steamfield project has a total of ten (10) production wells, three (3) injection wells, and a 24.6-kilometer pipe network, with one 49.374 MW generating unit supplied by Fuji Electric Co., Ltd. The power plant was commissioned in February 2007 and was constructed pursuant to a turnkey contract with Kanematsu Corporation. Its generated electrical power is intended to be transmitted to the Cebu and Panay Islands.

The Company has historically experienced steam generation shortfalls at its Northern Negros steamfield. The power plant at Northern Negros, commissioned in 2007, had an installed capacity of 49.374 MW. While it was operational, the plant had consistently operated at less than its contracted capacity of 15 MW. Due to the low discharge from the steamfield, the Company decided to suspend plant operations to conduct focused studies on the quality of the geothermal resource. Prolonged testing from May 2009 to November 2010 and from April to June 2011 revealed temperatures above the cut-off for commercial power projects, low permeability, and calcification or mineral scaling inside the wellbores – conditions not ideal for power generation. Experts from New Zealand and the US, tapped by the Company to study the concession area, validated the Company's findings. The technical assessment conducted in 2010 established that the Northern Negros geothermal power plant can only be sustainably operated at 5 MW to 10 MW. These findings required the Company to make provisions for the impairment of the project's assets. The Company recognized losses on impairment of property, plant, and equipment of NNGP of ₱4,998.6 Million in 2011, ₱3,390.0 Million in 2010, and ₱349.0 Million in 2009.

The Company thereafter redeployed the power plant at Northern Negros to Nasulo in Southern Negros in July 2014. It continues to consider options to right size the plant in Northern Negros.

Luzon Island Projects

EDC's projects in Luzon include the Bac-Man geothermal projects located in Albay and Sorsogon Provinces in Southern Luzon. The Company commenced exploration and development in the Bac-Man geothermal reservoir in 1981 under a thirty (30)-year GSC with the Government. The GSC was extended for twenty (20) years and will expire in 2031. On October 23, 2009, the GSC was replaced by a GRESC with the Government. EDC operates the Bac-Man steamfield, which generates steam for sale to BGI pursuant to the interim SSAs and its subsequent extensions of such interim SSAs.

Bac-Man I and Bac-Man II

The Bac-Man geothermal steamfield is located in Albay and Sorsogon and supplies steam to BGI's 110MW Bac-Man I and 40MW Bac-Man II power plants.

The Bac-Man I project was commissioned in 1993. The project consists of twenty-four (24) production wells, nine (9) injection wells and a 30.1-kilometer pipe network.

The Bac-Man II project was commissioned in 1994. The project consists of eight (8) production wells, seven (7) injection wells and a 3.9-kilometer pipe network.

The 110MW Bac-Man I power plant and the 40MW Bac-Man II power plants were owned by NPC before their purchase by BGI in September 2010. The Bac-Man I power plant has two (2) generating units, supplied by Ansaldo Energia, SpA. The Bac-Man II power plant has two (2) generating units, manufactured by a consortium of Japanese companies, Kanematsu, Marubeni and Mitsubishi. In 2005, at the time the plants were still owned by the NPC, the 20 MW Cawayan power plant's steam turbine and generator unit were damaged beyond repair as a result of a catastrophic turbine over-speed leaving only some significant parts of the balance of plant serviceable. The 20MW Botong plant was damaged during Typhoon Milenyo in 2006. The plant was further damaged after a landslide and its cooling tower was destroyed in a fire in May 2009. The plant has since been placed in preservation. The Company conducted studies on possible slope remedial measures at Botong but concluded that the risk of further landslides cannot be mitigated without significant cost. The Company thus decided to instead completely repair and rehabilitate the Botong power equipment and relocate the same to the Cawayan site.

The rehabilitation of the 110MW Bac-Man I and 20 MW Cawayan power plants commenced in September 2010. In December 2011, the Company commenced reliability runs for Unit 1 of Bac-Man I but as the machine hit operating speed, problems with the generator-rotor surfaced. Given the same make of the two (2) units of Bac-Man I, the Company decided to have both units repaired at the Stafford, England workshop of Alstom, the units' original equipment manufacturer. But later it was decided to replace all turbine blades with Stork brand of blades. Both Bac-Man I units successfully ran continuously until both units were subjected to a turbine uprating project. Bac-Man I Unit 2 was uprated in September 2014 while Unit 1 uprating was completed in February 2015; the capacity of both units had increased from 55MW to 60MW each at improved efficiency.

As part of the continuing improvement efforts of Bac-Man I and II power plants and Bac-Man steamfield, on April 12, 2013, the Control System Integration ("CSI") Project was initiated. This project came in two (2) aspects, namely, integration of the hardware equipment of Bac-Man and soft skill integration training of operations personnel. The hardware site started with Bac-Man I power plant and steamfield integration using the Yokogawa Distributed Control Systems, followed by Bac-Man I and II power plant interconnection. Then came the CSI training of personnel (Phase 1), which started in 2014 and was completed in 2016 when the integrated setup of operations was also implemented in September of 2016. The CSI training (Phase 2) was started in 2016 and was completed a year later and this training provided expanded knowledge and skills to operations personnel to operate either power plants or steamfield safely and effectively.

In 2018, Bac-Man embarked again in another advancement and this time it pioneered the installation of additional external Pi Server and application of PiVision software for remote generation and performance monitoring through laptops or cellphones. The software application has the capability to be customized for the desired data analytics and assessment of the geothermal wells, steamfield, and power plant performance and reliability condition.

In 2020, Bac-Man started the trial run of the regional control center setup where the Bac-Man II power plant and steamfield are controlled from the Bac-Man I control room, and this came just a month before the COVID-19 lockdown started.

The Company had two (2) SSAs with NPC (succeeded by BGI) with respect to the Bac-Man steamfield project. Under the SSAs, NPC shall pay the Company a guaranteed monthly remuneration, subject to adjustment at the end of each billing semester (for Bac-Man II) or billing year (for Bac-Man I) and for additional remuneration for NPC's excess generation for the month. The Bac-Man I SSA expired in 2018, while the SSA for Bac-Man II - Cawayan Unit expired in 2019 and Bac-Man II – Botong Unit in 2022. Upon the respective expiration dates, the Company and BGI have entered into separate interim agreements (and subsequent extensions thereof) for the supply of steam for Bac-Man I Geothermal Power Plants and Bac-Man II - Cawayan Unit effective from the date of expiration of the respective SSAs until the new SSAs take effect or December 25, 2024, whichever is earlier.

The Company's indirect wholly-owned subsidiary, BGI, acquired the Bac-Man I and Bac-Man II geothermal power plants in September 2010 after submitting the highest complying bid in PSALM's auction of the plants. In connection with the purchase, BGI assumed NPC's rights and obligations under the SSAs. However, because the Company now receives its take-or-pay revenue under these contracts from its subsidiary, any revenue to the Company and its consolidated

Subsidiaries in respect of the Bac-Man steamfield project is now effectively attributable to sales of power from the Bac-Man I and Bac-Man II plants rather than the related steamfield operations.

The table below summarizes certain operating statistics of the Bac-Man power plant:

Bac-Man: Operating Statistics

	Period Ended March 31	Years Ended December 31		
	2024	2023	2022	2021
Bac-Man power plant				
Actual energy delivered (in GWh)	271.99	1,099.50	1,041.09	1,020.00
Average generation (in MW)	124.54	125.51	118.85	116.44
Average plant capacity factor	93.43%	94.16%	89.16%	87.35%
Annual nominated energy (in GWh)	1,086.84	1,070.41	1,043.00	1,066.02
Availability	96.78%	96.12%	94.13%	94.32%
Reliability	99.56%	98.54%	96.76%	96.42%
Net dependable capacity (in MW)	133.30	133.30	133.30	133.30

BGI has entered into sales contracts with the turnover of the Bac-Man geothermal power plants from NPC. The table below summarizes the terms of BGI's existing power supply agreements as of March 31, 2024:

Customer	Demand (KW)	Commencement Date	Expiration Date
Pampanga II Electric Cooperative, Inc. (PELCO II)	30,000	March 26, 2018	December 25, 2027
Batangas Electric Cooperative, Inc. (BATELEC II)	5,000	June 26, 2022	December 25, 2030
Pampanga I Electric Cooperative, Inc. (PELCO I)	15,000	May 26, 2023	March 25, 2032
Cagayan Electric Cooperative, Inc. (CAGELCO)	5,000	August 26, 2023	December 25, 2037
Bac-man Geothermal, Inc. Retail Electricity Supplier (BGI RES)	183,550	April 26, 2022	July 25, 2025
First Gen Energy Solutions Retail Electricity Supplier (GCGI RES)	4,740	December 26, 2016	December 25, 2026
Other Retail Electricity Suppliers	16,842	March 26, 2022	December 25, 2025

Mindanao Island Projects

The Company's Mindanao I and II geothermal plants were constructed under BOT arrangements between the Company and a joint venture formed by Marubeni and Oxbow International Power Corporation ("Oxbow"). The joint venture, however, was dissolved in June 2000 when Marubeni bought the shares of Oxbow and formed the Mindanao I Geothermal Partnership and Mindanao II Geothermal Partnership.

Exploration of the Mindanao geothermal production field was commissioned in 1992 pursuant to a GSC with the Government. On October 23, 2009, the GSC was replaced by a GRESC with the Government, which has been renewed and subsequently extended up to 2042.

On April 18, 2022, the Company commissioned its additional Mindanao III plant, a 3.6 MW binary plant within the Mt Apo concession.

The Mindanao I, II and III power plants sold a total electricity volume of 664.9GWh in 2023, accounting for ₱2,858.3 Million or 6.1% of the Group's revenues during such period.

Mindanao I Project

The Mindanao I geothermal project was completed in March 1997. The steamfield project has ten (10) production wells, eight (8) injection wells and a 10.4-kilometer pipe network. The power plant, which has a total installed capacity of 54.24 MW, is being operated by EDC after the expiry of the BOT Contract between the Company and the Mindanao I Geothermal Partnership in June 2009. The power plant has one generating unit supplied by Mitsubishi.

The sale of power from Mindanao I Geothermal Plant was governed by a PPA under which NPC guaranteed EDC a minimum electricity offtake of 390.0 GWh annually. The Mindanao I PPA expired on February 15, 2022. Currently, a portion of its capacity is under various PSAs and the balance is sold in the WESM. WESM in the Mindanao Grid commenced operations last January 26, 2023.

The following table summarizes Mindanao I's operating statistics for the period ended March 31, 2024 and years ended December 31, 2023, 2022 and 2021:

Mindanao I: Operating Statistics

	Period Ended March 31	Years Ended December 31		
	2024	2023	2022	2021
Mindanao I power plant				
Actual energy delivered (in GWh)	74.64	311.90	263.20	384.10
Average generation (in MW)	34.18	35.61	30.05	43.85
Average plant capacity factor	66.18%	68.95%	58.18%	84.91%
Minimum energy offtake (in GWh)	N/A	N/A	390.00	390.00
Availability	100.00%	95.87%	95.48%	96.41%
Reliability	100.00%	99.44%	95.48%	99.12%
Net dependable capacity (in MW)	51.64	51.46	51.46	51.46

Mindanao II Project

The Mindanao II project is a geothermal power project located adjacent to Mindanao I in the Mt. Apo geothermal field in Cotabato, Mindanao and was completed in June 1999. The steamfield project consists of twelve (12) production wells, two (2) injection wells and a 9.8-kilometer pipe network. The power plant, which has an installed capacity of 54.24 MW, is being operated by EDC after the expiry of the BOT Contract between the Company and Mindanao II Geothermal Partnership in June 2009. The power plant at Mindanao II has one (1) generating unit supplied by Mitsubishi.

The sale of power from Mindanao II Geothermal Plant is governed by a PPA under which NPC guarantees EDC a minimum electricity offtake of 398.0GWh annually. As of December 31, 2023, the adjusted tariff rate was ₱3.2279/KWh. A 50.0% discount is applied to the price of electricity purchased over the annual contracted amount. The Mindanao II PPA will expire in June 2024.

Mindanao II: Operating Statistics⁵⁷

	Period Ended March 31	Years Ended December 31		
	2024	2023	2022	2021
Mindanao II power plant				
Actual energy delivered (in GWh)	96.17	339.90	398.00	264.00
Average generation (in MW)	44.03	38.80	45.43	30.14
Average plant capacity factor	85.27%	75.14%	87.98%	58.36%
Minimum energy offtake (in GWh)	190.30	398.00	398.00	398.00
Availability	99.49%	99.41%	96.99%	98.83%
Reliability	99.52%	99.41%	99.18%	99.97%
Net dependable capacity (in MW)	51.64	51.46	51.46	51.46

Mindanao III Project

Mindanao III is a 3.6 MW binary plant within the Mt Apo concession. The plant was commissioned last April 18, 2022 with 16.4 GWh sold in 2023. Current Mindanao III generation is sold as support to Mindanao I contracts, and any balance is sold in the WESM.

In anticipation of commercial operations of RCOA in Mindanao, Mindanao III output will be contracted to qualified contestable customers.

The table below summarizes Mindanao III's operating statistics for the period ended March 31, 2024 and years ended December 31, 2023 and 2022:

Mindanao III: Operating Statistics	Period Ended March 31	Years Ended December 31	
	2024	2023	2022
Mindanao III power plant			
Actual energy delivered (in GWh)	4.15	17.40	7.40
Average generation (in MW)	1.90	1.99	0.84
Average plant capacity factor	63.34%	66.21	28.16
Minimum energy offtake (in GWh)	5.16	20.05	18.17
Availability	87.39%	83.57%	62.72%
Reliability	88.18%	87.13%	62.72%
Net dependable capacity (in MW)	3.00	3.00	3.00

The Company's Steam Reserves

Over the last four (4) decades, the Company has acquired considerable experience managing its geothermal production fields in the Philippines. The Company has been able to formulate immediate and long-term reservoir management strategies for the sustainability of its resources through intensive monitoring and thorough understanding of the field's behavior before and during production. These management strategies are carefully modified during the production stage to suit field behavior and optimize production. Close monitoring of the response of a field has been a key parameter implemented by the Company in formulating these strategies.

⁵⁷Meter readings are taken on the 25th day of each month. Minimum energy offtake is for the period beginning on December 25 of each year, at 12:00 pm, and ending on December 25, 12:00 pm, of the following year.

The Company relies on its steam reserve estimation in the planning of geothermal development, as any development requires the assurance that the field has sufficient production capacity over the projected life of the field, and reserve estimation also influences the infrastructure and investment requirements of the project. There is no assurance that any current or future estimates of the Company's steam reserves, conducted by either the Company on its own or by any third parties, are or will be precise. These estimates are expressions of judgment based on knowledge, experience, analysis of drilling results, employment of calculation method, and industry practices. Valid estimates made at a given time may significantly change when new geo-scientific, reservoir and drilling information become available and incorporated into new reservoir simulation studies.

In 2021, EDC contracted GeothermEx, Inc. ("GeothermEx") to provide an independent review of its geothermal energy reserves for four (4) geothermal fields - Bac-Man, Mindanao (Mt. Apo), Leyte and Southern Negros (Palinpinon). In the report, GeothermEx estimated a total mean reserve of 1,651 MWe for the four (4) operating fields for twenty-five (25) years.

GeothermEx's reserve estimation, as well as that of EDC's, implicitly assumes that the available reserves can be recovered by drilling as many make-up and replacement wells as needed, and by adopting an optimum production/injection strategy.

The table below summarizes the estimates of proved reserves of the Company's steamfields as of 2024:

Field	Present Generation Level / Installed Capacity (in MWe)	First Plant Commissioned	GeothermEx Estimate of Total Mean Reserves for 25 years (in MWe)
Bacon-Manito (Bac-Man)	140.0	1993	365
Mindanao (Mt. Apo)	112.1	1997	404
Leyte	695.8	1983	482*
Southern Negros (Palinpinon)	221.9	1983	303
Total	1,169.8		1,554

*Corresponds to the mean rate at which the remaining energy in the field can be recovered over a period of twenty-five (25) years. Currently, the mean reserves estimate for Leyte is 533 MWe which is equivalent to 12,050 MW-year (482x25). This implies that a higher recovery rate is possible over a shorter period of time (e.g., For Leyte – 695.8 MWe over seventeen (17) years (12,050/695.8). The mean reserves is expected to be sufficient compared to its installed capacity for the remaining term of the GRESC.

Wind and Solar Energy

EBWPC, a Subsidiary of the Company, developed an 87 MW wind farm in Burgos and the WESC for the project was assigned to EBWPC in February 2011. EBWPC submitted a Declaration of Commerciality ("DOC") for the project in August 2011 and the same was approved by the DOE in April 2013. As it has been studied that there is potential for a bigger wind farm in EBWPC's contract area, EBWPC submitted a DOC covering the Burgos Wind Expansion Project. The expansion project thereafter added an additional 63 MW of wind power, bringing the total installed capacity to 150 MW. The project covers approximately 600 hectares across three (3) barangays: Saoit, Poblacion, and Nagsurot in the municipality of Burgos, Ilocos Norte. The wind farm consists of 50 V90-3.0MW turbines supplied by Vestas Wind Systems, the world's largest wind turbine manufacturer. The 115-kV transmission line constructed spans 42 kilometers and connects the wind farm from the Burgos substation to the Laoag substation of the NGCP. The Company has an existing Interconnection Agreement with the NGCP for the project. The DOE's confirmation of the expansion project's commerciality was secured in December 2013, and the project started commercial operations in November 2014. It was granted a FIT COC by the ERC that entitles it to the applicable FIT rates, subject to adjustments as may be approved by the ERC, for the entire duration of the FIT eligibility period.

Burgos Wind: Operating statistics

	Period Ended March 31	Years Ended December 31		
	2024	2023	2022	2021
Net generation (in GWh)	93.82	364.50	311.93	416.26
Capacity factor (%)	28.64	27.74	23.74	31.68

EDC also operates the 6.82 MW Burgos Solar Project (Phases 1 and 2). This solar farm is co-located with the Burgos Wind Project in Ilocos Norte. It was also granted a FIT COC by the ERC that entitles it to the applicable FIT rates, subject to adjustments as may be approved by the ERC, for the entire duration of the FIT eligibility period.

Burgos Solar - Phase 1: Operating statistics

	Period Ended March 31	Years Ended December 31		
	2024	2023	2022	2021
Net generation (in GWh)	1.38	6.33	6.32	6.57
Capacity factor (%)	17.24	17.38	17.35	18.03

Burgos Solar - Phase 2: Operating statistics

	Period Ended March 31	Years Ended December 31		
	2024	2023	2022	2021
Net generation (in GWh)	0.87	3.82	3.89	4.08
Capacity factor (%)	16.96	16.38	16.71	17.49

From 2016-2018, EDC Siklab, a subsidiary of EDC, entered into a one (1) PPA and eight (8) Solar Rooftop Lease Agreements ("SRLAs") with HEVA in 2016. These SRLAs provide, among others, that EDC Siklab will construct, install, test, commission, operate and maintain solar power facilities in Gaisano Capital's malls in Passi, Ormoc, Sogod, Sorsogon, Kalibo, Oton, Balasan, and Tacloban (terminated) and HEVA will lease these facilities for a period of twenty-five (25) years. Similarly, the PPA with HEVA allows the delivery and purchase of energy in Gaisano Capital's mall in La Paz, Iloilo. All facilities are in commercial operation, except for the facility in Tacloban whose SRLA was terminated.

First Gen Hydro Power Corporation ("FG Hydro")

In October and November 2008, the Company acquired a total of 60.0% interest in FG Hydro from First Gen. FG Hydro operates the Pantabangan hydroelectric power plant and the Masiway hydroelectric power plant, both located in Nueva Ecija, Philippines, and initially had a combined capacity of 112 MW. After rehabilitation in 2010, both plants have a total installed capacity of 132 MW. FG Hydro sells electricity to WESM, to various customers under PSAs and to the NGCP as ancillary services.

The Pantabangan hydroelectric power plant, or PAHEP, with an installed capacity of 120 MW (post-rehabilitation), is located downstream of the Pantabangan dam and consists of two generators, each capable of generating full load power of 60 MW (post-rehabilitation) at 85.0% power factor. Each generator is coupled to a vertical shaft Francis turbine that converts kinetic energy of the water from the dam to 70,000 mechanical horsepower.

FG Hydro sold a total electricity volume of 201.9GWh for the year ended December 31, 2023 accounting for ₱1,239.1 Million or 2.6% of the Group's revenues during such period.

Pantabangan

The electric output of PAHEP is delivered to the Luzon Grid through a 13.8kV/230kV Ring Bus Switchyard, composed of two (2) 75 MVA transformers, switching and protective equipments.

The table below sets forth certain operating statistics of the Pantabangan Hydroelectric power plant for period ended March 31, 2024 and years ended December 31, 2023, 2022, and 2021.

Pantabangan plant: Operating statistics

Pantabangan Plant	Period Ended March 31	Years Ended December 31		
	2024	2023	2022	2021
Gross generation (in GWh)	120.98	210.04	261.56	262.84
Capacity factor (%)	45.86%	19.85%	24.88%	25.00%
Equivalent availability factor (%)	100.00%	93.42%	92.59%	85.62%
Forced outage rate (%)	0.00%	1.06%	0.03%	0.00%
Water released (in MCM)	845.85	1,420.00	1,666.00	1,575.00

Masiway

The Masiway hydroelectric power plant ("MAHEP"), with an installed capacity of 12 MW, is located 7 kilometers downstream of PAHEP. It uses a 16,800 HP Kaplan turbine to convert the energy of the low head but high flow release of water from the Masiway re-regulating dam to a directly coupled generator that is capable of generating 12 MW of electric power at 90.0% plant factor. The power output of MAHEP is delivered to the Grid through a switchyard mainly composed of a 13.33 MVA transformer, switching and protective equipment all owned by FG Hydro.

The table below sets forth certain operating statistics of MAHEP for the period ended March 31, 2024 and years ended December 31, 2023, 2022 and 2021:

Masiway plant: Operating Statistics

Pantabangan Plant	Period Ended March 31	Years Ended December 31		
	2024	2023	2022	2021
Gross generation (in GWh)	20.87	39.82	41.54	44.92
Capacity factor (%)	79.62%	37.88%	39.52%	42.73%
Equivalent availability factor (%)	99.91%	95.63%	95.42%	90.14%
Forced outage rate (%)	0.01%	0.00%	0.04%	0.03%
Water released (in MCM)	535.98	1,029.00	1,132.00	1,237.00

For both hydroelectric power plants, all power components, including penstocks, generators, power houses, turbines and transformers are owned, maintained and operated by FG Hydro. FG Hydro generates electricity using water released from the Pantabangan reservoir. The National Irrigation Administration ("NIA") dictates the amount of water to be released from the Pantabangan reservoir based on irrigation diversion requirements, and thus, water release is

at its high during the dry seasons and at its low during the wet seasons. The NIA operates and maintains the non-power components, which include watershed, spillway, intake structure and Pantabangan and Masiway reservoirs.

The Pantabangan plant was refurbished in 2009 and 2010. The refurbishment and upgrade of its Unit 1 was completed in December 2009 while Unit 2 was completed in December 2010. The refurbishment and upgrade of both units resulted in an increase in the generating capacity of each unit by 10MW from 50MW to 60MW.

Power Supply Contracts and NGCP Agreements

The table below lists FG Hydro's power supply contracts and NGCP agreements as of March 31, 2024:

Customer	Expiry Date	Other Developments
First Industrial Township Utilities, Inc. ("FITUI")	March 25, 2026	FG Hydro entered into a five (5)-year new PSA with FITUI which commenced on March 26, 2021.
Manila Electric Company ("Meralco")	December 25, 2024	FG Hydro signed a five (5)-year PSA with Meralco on September 16, 2019 and has commenced selling electricity to Meralco in July 2020. On January 8, 2021, FG Hydro received an order from ERC granting an interim relief to implement the PSA. On July 19, 2022, FG Hydro assigned its rights, interests and obligations under the PSA to EDC effective July 26, 2022.
Edong Cold Storage and Ice Plant ("ECOSIP")	September 25, 2025	After expiration of the contract with ECOSIP on December 25, 2020, FG Hydro has continued the supply of electricity sourced from WESM at the applicable WESM rates until commencement of a new PSA on April 26, 2021.
NIA-Upper Pampanga River Integrated Irrigation System (NIA- UPRIIS)	October 25, 2020	After expiration of the contract with NIA-UPRIIS on October 25, 2020, FG Hydro has continued the supply of electricity sourced from WESM at the applicable WESM rates. On August 17, 2022, DOE approved the application for renewal of NIA-UPRIIS status as Directly Connected Customer ("DCC"). As of March 31, 2024, negotiation for new contract is on-going.
Pantabangan Municipal Electric System ("PAMES")	December 25, 2008	There was no new agreement signed between FG Hydro and PAMES. However, FG Hydro had continued to supply PAMES' electricity requirements with PAMES' compliance to the agreed restructured payment terms.
Ancillary Services Purchase Agreement ("ASPA") with NGCP	September 20, 2028	On April 10, 2017, FG Hydro and NGCP entered into an ASPA with a term of five years. The ERC granted provisional authority for the said ASPA on March 9, 2018 and implementation commenced in April 2018. The ASPA expired on March 25, 2023. After the expiration the ASPA, FG Hydro participated in the Ancillary Services Competitive Selection Process conducted by NGCP in March 2023, FG Hydro bid for and was awarded Black Start Services and Reactive Power Support.

Customer	Expiry Date	Other Developments
		On May 2, 2023, FG Hydro and NGCP entered into a new ASPA with a term of five years. The ERC granted provisional authority for the new ASPA on August 15, 2023 and implementation commenced in September 2023.

FG Hydro entered into Power Supply General Framework Agreements ("PSGFAs") with FGES, BGI, EDC, ULGEI and GCGI for the supply of electricity to various customers under several contracts. The PSGFAs have a term of ten (10) years beginning February 1, 2016 for FGES, BGI, EDC and ULGEI, and beginning March 1, 2017 for GCGI. Under these contracts, FG Hydro shall generate and deliver the contracted energy on a monthly basis.

Future Projects

Geothermal Projects

EDC intends to develop integrated steam and electricity projects. The following are brief descriptions of the geothermal projects that the Company is currently considering or in the process of developing. There is no assurance that the projects when completed will perform in the manner expected.

Palayan Binary Project

The Palayan Binary Project ("Palayan Binary") is the biggest local project in the pipeline, with a capacity of up to 28.9 MW and a capital investment of at least ₱6.7 Billion.

The Palayan Binary will utilize the existing resource of the reinjected brine located adjacent to its existing geothermal operating plant in Manito, Albay. The Palayan Binary is an approximately 28.9 MW power plant development located about 150 m southwest of the Palayan Bayan Power Plant in the Bac-Man Geothermal Production Field. The power plant component of the Palayan Binary totaling approximately ₱5.70 Billion will be mainly developed and operated by BGI, a wholly-owned Subsidiary, through equity contribution and/or advances by EDC, while the steamfield component of approximately ₱1.0 Billion will be spent by EDC mainly for pipeline assets.

The Palayan Binary will introduce a technology called the Organic Rankine Cycle ("ORC") Process. This process uses the heat from the brine to produce electricity by heating up a motive fluid (e.g. iso-pentane, n-butene, n-pentane) with heat exchangers (e.g. condensers and pre-heaters) to drive the turbines. This technology will allow the tapping of a resource (brine) that would otherwise be unutilized in a conventional geothermal power plant. As a renewable energy project, the Palayan Binary has minimal impact to the environment since there will be neither emission to the air or discharge of geothermal brine to the surface water from power plant operations. The binary technology utilizes heat energy from geothermal brine to vaporize the motive fluid within the heat exchangers in a closed-loop system.

The mechanical completion of the Palayan Binary has been achieved on November 2023, and the test and commissioning works is in the final stage.

Tanawon Geothermal Power Plant Project

Tanawon Geothermal Power Plant Project ("Tanawon"), previously referred to as Bac-Man 3, is an integrated steam field and power plant development in the Tanawon Sector, located in the southern area of the Bac-Man Geothermal Production Field. It has an expected capacity of ~20 MW, with total capital investment for the project estimated to be at least ₱6.5 Billion.

Step-out drilling was conducted in Tanawon in 2000. Four (4) deviated wells have been drilled and are currently undergoing tests to check the sustainability. The estimated capacity is currently at 20 MW at the wellhead. The Company estimates that the plant will be commissioned in Q4 2024 and will service the Luzon grid via connection to the Daraga substation.

To date, the foundation and civil works construction of the plant, erection works of the transmission line tower, construction of switchyard area and pipe laying and support construction of the FCRS are ongoing. Major power plant equipment are in progress for delivery to the site.

Mahanagdong Geothermal Brine Optimization Plant

The 28 MW Mahanagdong Geothermal Brine Optimization Plant ("Mahanagdong Binary Project"), located in Barangay Tongonan, Ormoc City, Leyte, is a development within the Tongonan Geothermal Service Contract. The proposed project will allow the optimization of energy production by utilizing heat from geothermal brine from the existing steam field facilities in Tongonan, through a binary plant technology. Total capital investment for the project is approximately ₱7.5 Billion.

The project started construction last March 2023. Ongoing works include foundation and civil works construction for the balance of plant, foundation and erection works on the transmission line tower and switchyard area and pipe laying and supports construction of FCRS for the binary plant. Power plant equipment manufacturing is also underway with factory acceptance tests and shipments kicked off within the year. The project's target Commercial Operations Date ("COD") is by Q4 2024.

Bago Binary Geothermal Power Plant

Bago Binary Geothermal Power Plant ("BBGPP") is located in Bago City in the province of Negros Occidental. This project comprises of a 5.8 MW Binary Geothermal Power Plant, and has a total estimated project cost of ₱2.8 Billion with a target COD by Q3 2024. It is being developed within the NNGP concession of the Company.

Local greenfield geothermal projects

In addition to the projects above, the Company is also looking at other project sites in Luzon, Negros, and Leyte that are covered by its existing geothermal service contracts with the DOE. These projects, however, are still in the exploration or pre-development phase and are in much earlier stages of consideration.

Amacan Geothermal Power Project

The Amacan Geothermal Power Project ("Amacan") is located in the province of Davao de Oro. Additional surface surveys were conducted in the contract area in 2022. On 2022, the Memorandum of Agreement was executed by and among EDC, National Commission on Indigenous Peoples and the concerned Indigenous Peoples of Maco, Mabini and Nabunturan municipalities. On July 14, 2023, EDC received its Environmental Compliance Certificate and its Provisional Forest Land Use Agreement on September 20, 2023. As of December 31, 2023, EDC is constructing the roads and pads in preparation for rig mobilization and exploration drilling in 2024. Total capital investment for the project is estimated to be at least ₱20.0 Billion for an estimated capacity of 70 MW.

Following the state of calamity declared in the Province of Davao de Oro last January 2024, EDC issued a Force Majeure notice to highlight the impact of the landslides at the project site. As of March 31, 2024, EDC is continuously conducting assessments and geohazard studies on the landslide areas to establish mitigation measures. On the other hand, construction for the road and pad is continued only on the identified workable / safe areas that were unaffected by landslides.

Mt. Zion 2 Geothermal Power Plant Project

Mt. Zion 2 Geothermal Power Project ("Mt. Zion") is located in the provinces of North Cotabato and Davao Del Sur. The Project overlaps with the Mt. Apo National Park, which is declared a protected area pursuant to Republic Act No. 9237. The Protected Area Management Board issued Resolution No. 08, Series of 2022 and Resolution No. 71, Series of 2022 during the *en banc* meeting last July 27, 2022, endorsing the approval of the reclassification into multiple-use zones, specifically as clean and sustainable zones, of the area where the proposed project will be located. As of March 31, 2024, EDC is still continuing various permitting and pre-development works.

Mainit Sadanga Geothermal Power Project

The Mainit-Sadanga Geothermal Power Project ("Mainit Sadanga") was awarded by the DOE to EDC last October 22, 2021 under Geothermal Service Contract ("GSC") No. 2021-10-068. It has a total area of 12,069 hectares and covers Barangays Sacasacan, Belwang, Bekigan, Demang, and Poblacion in Sadanga Municipality and Barangays Mainit, Dalican, Guinaang, Maligcong, and Tocuan in Bontoc Municipality, both in Mountain Province. Currently, the Company is securing necessary consent and clearances to LGUs and NCIP prior to conduct of resource assessment.

Buguias-Tinoc Geothermal Power Project

The Buguias-Tinoc Geothermal Power Project ("Buguias-Tinoc") was recently awarded by the DOE to EDC last December 12, 2023 under the GSC No. 2023-11-077. The project is located in the municipalities of Buguias and Kabayan, province of Benguet; and the municipality of Tinoc, province of Ifugao with a total area of 10,854 hectares. EDC is currently preparing for the acquisition of necessary permits, consent and clearances from LGUs, NCIPs and other stakeholders needed for the conduct of resource assessment.

Mt. Sembrano Geothermal Power Project

The Mt. Sembrano Geothermal Power Project ("Mt. Sembrano") was recently awarded by the DOE to EDC last December 12, 2023 under the GSC No. 2023-11-076. The project is located in the municipalities of Jala-jala and Piliia, province of Rizal; and municipalities of Pangil, Pakil and Mabitac, province of Laguna with a total area of 9,882 hectares. EDC is currently preparing for the acquisition of necessary permits, consent and clearances from LGUs, NCIPs and other stakeholders needed for the conduct of resource assessment.

International greenfield geothermal projects

Beyond the domestic market, the Company is exploring growth opportunities outside the Philippines. The Company continues to operate its local offices in Jakarta, Indonesia, and in Santiago, Chile, to support its project development efforts and local operations. The Company has and continues to send experts overseas to evaluate its international business prospects, except during the period of the COVID-19 pandemic and related travel constraints. In Chile, the Company has engaged consultants to update and study the energy market and how geothermal can become competitive in an open market environment. In Indonesia, the Company is proceeding with relevant works in preparation for the exploration drilling campaign, such as engineering design, procurement, acquisition of important environmental, social, government permits for the implementation of civil works and eventual exploration drilling.

Similar to the local greenfield geothermal projects, these are still in the exploration or pre-development phase and are in early stages of consideration.

Indonesia

The Company, through its subsidiary, PT EDC Indonesia, intends to develop the 110 MW Graho Nyabu geothermal project approximately 20 km north of the village of Renah Kemumu in the Merangin District of Jambi Province, Sumatra. Having secured the rights to undertake a Preliminary Survey of Graho Nyabu in 2012 and having completed the geoscientific surface studies at its own cost in 2013, PT EDC Indonesia was assigned under a 2018 Ministerial Decree to undertake exploration drilling on behalf of the Minister of Energy. PT EDC Indonesia intends to proceed with the construction of civil works infrastructure such as roads and pads in 2024, and with exploration drilling activities immediately afterwards.

Chile

EDC is in early stage works for a potential 110 MW geothermal project (Mariposa) in central southern Chile, approximately 100km southeast of Talca City in the Andes mountain range. EDC recently conducted a comprehensive market study update to further assess the potential development of the project under different market scenarios.

Peru

As disclosed in May 2023, EDC has decided to no longer pursue exploration and development in Peru due to political and market factors.

Hydro Projects

FG Hydro is currently developing a pumped-storage facility designed to increase the capacity of the Pantabangan-Masiway plant by 120 MW. The facility is expected to store and generate electricity by moving water between the Pantabangan reservoir and the Masiway reservoir, which are situated at different elevations. The project is designed to allow full year operations independent of the irrigation demands from the NIA.

Wind and Solar Projects

As of March 31, 2024, the Group holds fifteen (15) WESCs with the DOE, each with a twenty-five (25)-year contract period. One is currently operating since 2014, while the rest are available for development. The Group also has two (2) SESCOs that are operational.

Under the WESCs, the Group is obligated to provide the services, technology, equipment and financing for the wind energy operations contemplated by the WESC. The Group assumes the financial risks if it is determined during the pre-development stage that wind resources in the contract area do not justify commercial development.

Under the DOE's new guidelines pursuant to DC2019-10-0013, the WESC's pre-development stage is now effective for a non-extendible period of five (5) years, provided that the Group shall submit a Declaration of Commerciality at any time during the pre-development stage, otherwise, the term of the WESC shall automatically terminate.

Within the pre-development stage of the wind energy operation, the Group is required to undertake exploration, assessment, harnessing, piloting, and other studies of wind resources. Upon submission by the Group and the confirmation by the DOE of a declaration of commerciality within the pre-development stage, the WESC remains in force for the balance of a period of twenty-five (25) years from the effective date and can be renewed for another twenty-five (25) years if the Company has not been in default of any of its material obligations under the WESC.

Battery Energy Storage System Projects

EDC is building three (3) BESS, which will be co-located at the Company's existing geothermal facilities. EDC will be installing a 20MWh BESS in Bac-Man, 10 MWh BESS in Tongonan, Leyte, and 10 MWh BESS in Southern Negros. These BESS projects are targeted to be installed, commissioned and operational by the end of December 2024.

Employees and Labor Relations

As of March 31, 2024, the Group has 1,570 plantilla employees consisting of 49 Executives, 1,369 managerial, supervisory, professional, and technical employees, and 152 rank and file employees. In particular, the distribution of employees by location, with the headcount for EDC, GCGI, BGI, EBWPC, FG Hydro, First Gen Corporation ("FGen"), First Gas Power Corporation ("FGas") and FPH (seconded to EDC) are as follows:

Main Location	EDC	GCGI	BGI	EBWPC	FG Hydro	FPH/ FGen/ FGas	Total
Head Office	533	1	3	1	3	9	550
Bac-Man	105	1	45	-	-	-	151
Leyte	402	25	-	1	-	-	428
Mt. Apo	127	-	-	-	-	-	127
Negros	187	35	-	-	-	-	222
Ilocos Norte	2	-	-	21	-	-	23
Pantabangan	-	-	-	-	69	-	69
Total	1,356	62	48	23	72	9	1,570

Per Job Category:

Main Location	Executive	Managerial, Supervisory, Professional and Technical	Rank and File	Total
Head Office	46	494	10	550
Bac-Man	-	139	12	151
Leyte	3	360	65	428
Mt. Apo	-	109	18	127
Negros	-	186	36	222
Ilocos Norte	-	23	-	23
Pantabangan	-	58	11	69
Total	49	1,369	152	1,570

Anticipated No. of Plantilla Employees by end of 2024:

Main Location	Executive, Managerial, Supervisory, Professional and Technical	Rank and File	Total
Head Office	573	9	582
Bac-Man	139	11	150

Main Location	Executive, Managerial, Supervisory, Professional and Technical	Rank and File	Total
Leyte	365	64	429
Mt. Apo	111	18	129
Negros	181	34	215
Ilocos Norte	23	-	23
Pantabangan	60	12	72
Total	1,452	148	1,600

As of March 31, 2024, EDC's subsidiaries, GCGI, BGI, EBWPC and FG Hydro employed the following number of employees:

Subsidiary	Executive	Managerial, Supervisory, Professional and Technical	Rank and File	Total
GCGI	-	-	-	-
BGI	1	2	-	3
EBWPC	-	1	-	1
FG Hydro	-	-	-	-
Total	1	3	-	4

EDC, BGI and GCGI have two (2) retirement plans - defined benefit retirement plan for employees hired before July 1, 2016 and defined contribution retirement plan for employees hired on or after July 1, 2016. The plan covers regular employees and is administered by a trustee bank. The Group also provides post-retirement medical and life insurance benefits which are unfunded.

FG Hydro has distinct funded, non-contributory, defined benefit retirement plan, covering all permanent employees and administered by its retirement committee.

Aside from mandated statutory benefits, the Company provides additional benefits such as the grant of personal leaves (that employees may avail for personal reasons such as attending to personal matters), interest-free company loans, educational refund, uniform allowance, and communications allowance. The Company also provides employees with a Group Hospitalization Insurance Plan and a Group Life Accident Insurance Plan. In addition, the Company provides annual leave entitlements to employees upon receiving their regular employment status.

Following the outbreak of the COVID-19 pandemic, the Company provided financial assistance to its employees so that they can purchase personal protective equipment (such as face masks, face shields, alcohol/disinfectants). The Company also implemented the repurposing of existing benefits (like the uniform allowance) so that employees would still be able to utilize them while working from home or under their alternative work arrangements. The Company likewise allowed employees to borrow their office chairs and PC monitors to help them with the ergonomics of working at home.

There are fourteen (14) labor unions within EDC, each representing a specific collective bargaining unit allowed by law. They are distributed in the different locations as follows:

No.	Union Name	Site	No. of Members
1	PNOC-EDC SNGPF Rank and File Union (SNGPF RF)	Negros	38
2	Tongonan Worker's Union- National Federation of Labor Unions (TWU)	Leyte	4
3	Leyte "A" Geothermal Project Employees' Union (LAGPEU)	Leyte	60*
4	Demokratikong Samahang Manggagawa ng PNOC-BGPF/ Association of Democratic Labor Organization (DSM – ADLO)	Bac-Man	14
5	Mt. Apo Worker's Union (MAWU)	Mt. Apo	17
6	Bacman Geothermal Production Field Professional and Technical Employees Union (BAPTEU)	Bac-Man	52
7	Mt. Apo Professional and Technical Employees' Union (MAPTEU)	Mt. Apo	50
8	Leyte Geothermal Professional and Technical Employees Union (LEGPTEU)	Leyte	147*
9	Negros EDC Professional and Technical Association – Associated Professional, Supervisory, Office and Technical Employees Union (NEPTA-APSOTEU)	Negros	81
10	EDC-BGPF Supervisory Employees' Union (EBSEU)	Bac-Man	19
11	Bacman Geothermal Inc. - Professional & Technical Employees Coalition (BGI-PROTEC)	Bac-Man	19
12	Bacman Geothermal Inc. - Power Plant Supervisory Employees Union (BGI-PPSEU)	Bac-Man	11
13	Mt. Apo Supervisors' Union (MASU)	Mt. Apo	17*
14	Negros Supervisory Union (NSU)	Negros	24
TOTAL			553

*Does not include agency fee paying members

These unions enter into regular Collective Bargaining Agreements with EDC as regards number of working hours, compensation, employee benefits, and other employee entitlements as provided under Philippine Labor Laws. The harmonious relationship with all the different labor groups was instrumental to the organization in managing the reorganizational changes that the Group underwent.

The Management believes that the Group's current relationship with its employees is generally good. Although the Company had been involved in arbitrations with its labor unions, it has not experienced in the last fifteen (15) years any strikes, lock-outs, or work stoppages as a result of labor disagreements.

Legal Proceedings

There are no material pending legal proceedings in which the Group is a party or in which any of its material properties are subject. Nonetheless, the Group is involved in various legal proceedings on matters that are in the ordinary course of business, including those described below. If the Group is not successful in one or more of these proceedings (other than the input value-added tax refund cases), it could be liable for payments and incur damages and costs that could be substantial.

Discussed briefly below are some pending legal proceedings involving the Group:

Expropriation Proceedings

Several expropriation proceedings filed by the Republic of the Philippines, through the DOE and PNOC, to acquire lands needed by the Group for the power plants and/or steamfield components of its projects are still pending before various Philippine courts, in particular, with respect to the land requirements of the Leyte Geothermal Production Field, the Southern Negros Geothermal Production Field, Northern Negros Geothermal Project, Bac-Man Geothermal Project, and the EBWPC Wind Project.

As of March 31, 2024, there were around 1,600 such cases pending and the aggregate amount claimed by the landowners as just compensation is approximately ₱258.0 Million.

Tax Cases

Real Property Taxes

From 2009 to March 31, 2024, the Group, paid under protest, and applied for the refund, of real property taxes ("RPT"). The protests were filed primarily due to (i) the application of RPT rates that were higher than the preferential RPT rate of 1.5% under Section 15(c) of the RE Law, and/or (ii) non-application of the full 5.0% depreciation allowance on machineries. As of March 31, 2024, these protests have been appealed to, and are still pending with, the respective Local Board of Assessment Appeals ("LBAA") and the Central Board of Assessment Appeals ("CBAA") having jurisdiction over the cities and provinces where these properties are located.

The Company and GCGI also have several appeals pending with the LBAA in relation to assessments or claims for exemption of certain real properties, including machineries and equipment for pollution control or environmental protection, which are exempt from RPT. These proceedings are pending with the LBAA, CBAA, or the Court of Tax Appeals ("CTA") as of March 31, 2024.

In 2017, Kidapawan City commenced formal collection proceedings against the Company to collect RPT on the non-power plant assets and the State-owned land where the MAGP is located. This prompted the Company to file a Complaint for Injunction with the Regional Trial Court ("RTC") of Kidapawan City to stop Kidapawan City from pursuing collection measures on the basis that it had no authority to impose RPT on non-power plant assets and State-owned land. The RTC granted the Company a preliminary injunction, and the case is ongoing trial before the RTC as of March 31, 2024.

Franchise Taxes

- 2000-2004, 2006-2007

The Province of Leyte assessed the Company for franchise taxes in respect of the operations of its geothermal power plants in the province from 2000-2004, 2006, and 2007. The Company seasonably filed the corresponding appeals before the RTC of Tacloban City, Leyte, for the annulment of the assessments. These cases are docketed as Consolidated Civil Cases No. 2006-07-77, 2006-05-49, 2006-05-48 and 2007-08-03, and 2008-05-537 captioned, "PNOC EDC vs. Province of Leyte, et. al."

On September 15, 2009, the RTC issued an order granting a Preliminary Injunction restraining the Province of Leyte from levying and collecting franchise tax from the Company. The Province of Leyte filed a Petition for Certiorari with the Court of Appeals ("CA") to question the Preliminary Injunction, which Petition was denied on August 3, 2012. The Province of Leyte then filed a Petition for Review on Certiorari with the Supreme Court ("SC"), where the petition

remains pending as of March 31, 2024. In the meantime, the main injunction case is still pending with the RTC as of March 31, 2024.

In December 2008, the Company received another Consolidated Notice of Assessment and Demand for Payment from the Province of Leyte, demanding from the Company the payment of franchise tax. This assessment cancelled previous assessments since the new assessment covers the period starting 1998 until 2006. On April 24, 2009, the Company protested the said assessment and, since the Province denied the said protest, the matter is currently under appeal before the RTC of Tacloban City, Leyte, docketed as Civil Case No. 2009-04-46, and captioned "EDC vs. Province of Leyte, et al." The case is still pending with the RTC as of March 31, 2024.

- 2010-2015

On March 22, 2017, GCGI filed a Complaint with the RTC of Tacloban City, Leyte to appeal the inaction of the Provincial Treasurer of Leyte on GCGI's protest letter against the franchise tax assessment for the period 2010 to 2015. The case is still pending with the RTC as of March 31, 2024.

GCGI believes that it is not liable for franchise taxes on the basis that it is not a holder of any legislative franchise, local or national, and a franchise is not required for their operations or business.

Input Value-Added Tax

In 2009, the Company filed Petitions for Review with the CTA with respect to its un-acted claims from the BIR for tax credit on input value-added tax ("VAT") relating to the EDC's VAT zero-rated sales for 2007 and 2008. The 2007 and 2008 input VAT claims have been appealed up to the SC. The SC granted the Company's appeal of the CTA's denial of its 2007 input VAT refund claim and remanded the case to the CTA for continuation of proceedings. As of March 31, 2024, the CTA has not resumed proceedings on the 2007 input VAT refund claim. The 2008 input VAT refund claim is still pending with the SC. The Company believes that it is entitled to a tax refund or tax credit of its unutilized input taxes attributable to VAT zero-rated sales of renewable energy pursuant to the provisions of the RE Law and the National Internal Revenue Code, as amended.

In 2016, EBWPC filed a Petition for Review with the CTA with respect to the denial by the BIR of its administrative claim for tax refund or tax credit of its input VAT for the first and second quarters of 2014 attributable to VAT zero-rated sales. EBWPC believes that it is entitled to a tax refund or tax credit of its unutilized input taxes attributable to VAT zero-rated sales of wind energy pursuant to the provisions of the RE Law and the National Internal Revenue Code, as amended.

On March 12, 2021, the CTA-Third Division rendered a Decision denying EBWPC's VAT refund claim. It likewise denied EBWP's Motion for Reconsideration; thus, on December 20, 2021, EBWPC elevated the CTA-Third Division's denial to the CTA En Banc, where it is pending as of March 31, 2024.

Income Tax Assessment

On December 5, 2017, BGI filed a Petition for Review with the CTA to appeal the denial by the BIR of its protest letter against the deficiency income tax assessment for taxable year 2013. The BIR assessed BGI for deficiency income tax on the ground that it is not entitled to use the ten percent (10.0%) preferential income tax rate under Section 15(e) of the RE Law since BGI's income tax incentive only commenced on July 1, 2013, or its Start of Commercial Operation. BGI believes that the assessment should be cancelled because it was entitled to avail of the ten percent (10.0%) preferential income tax rate in taxable year 2013 pursuant to Rule 5, Section 13(E) of the implementing rules and regulations of the RE Law. On November 18, 2021, the CTA rendered a Decision cancelling the tax assessment on the ground that BIR violated BGI's right to due process. On May 20, 2022, the BIR appealed to the CTA En Banc, where the case is pending as of March 31, 2024.

Civil Cases

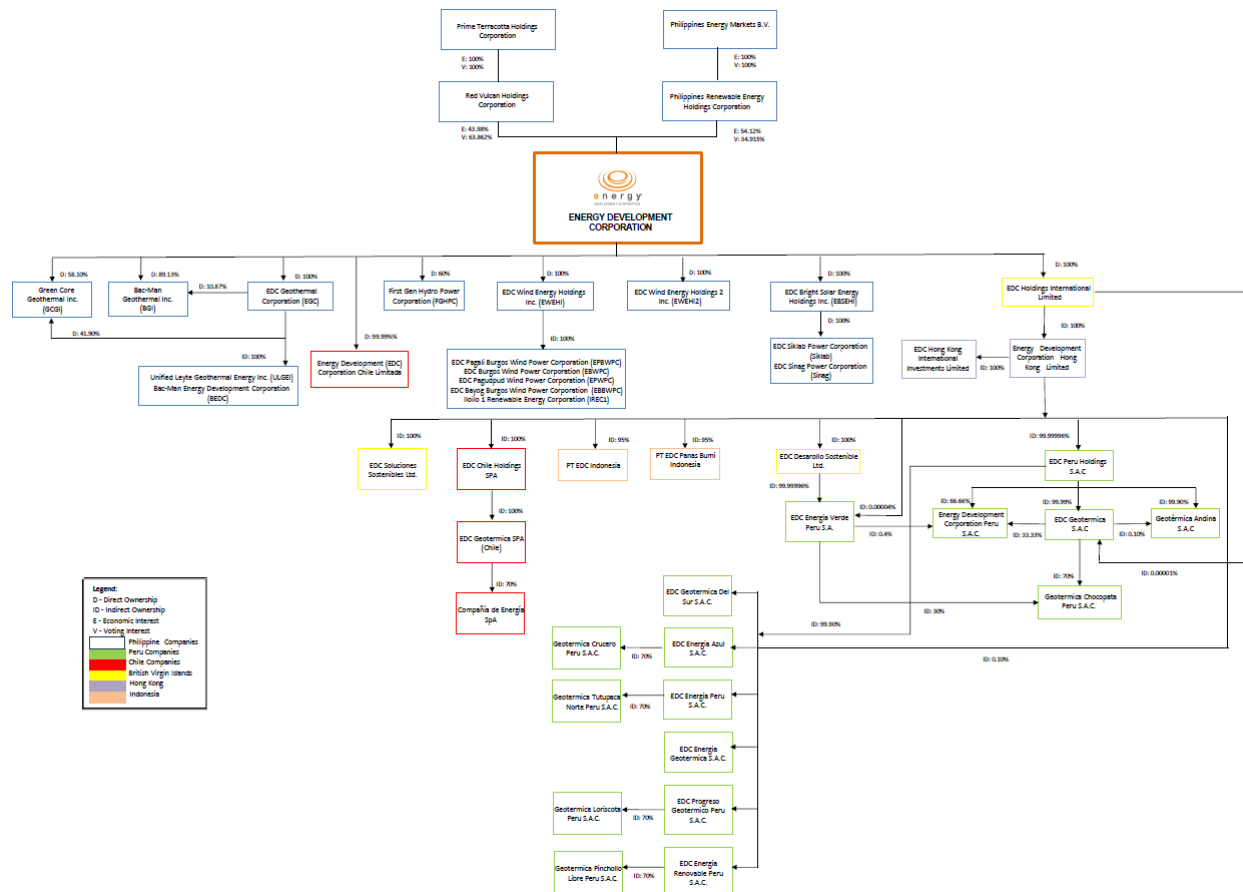
As of March 31, 2024, there are civil cases to which EDC is a party. The Company does not believe that an adverse decision on these cases poses a material risk to the Company's operations.

Labor Cases

As of March 31, 2024, there are pending labor cases against the Company, most of which deal with plaintiffs' claims of illegal dismissal and back wages. The Company does not believe that these cases pose a material risk to the Company's operations.

Corporate Structure

The following chart provides an overview of the ownership structure of the Company, its parent, and its Subsidiaries as of March 31, 2024.





FIRST PHILIPPINE HOLDINGS CORP. AND SUBSIDIARIES
CORPORATE STRUCTURE
March 31, 2024

*15.68%



55.55%
First Philippine Holdings

Power Generation

67.84%
First Gen Corporation



Healthcare and Education

78.86%
Asian Eye Institute, Inc.
100%
PI Health Inc.
100%
The Medical Services of America (Philippines) Inc.
100%
PI Health Inc.
100%
First Industrial Science & Technology College, Inc.
100%
PI Health Inc.
100%
First Philippine Industrial Park
100%
FPIIP Property Developers and Management Corporation
100%
FPIIP Utilities Incorporated
85.00%
Grand Batangas Resort Development Incorporated
100%
First Industrial Township, Inc.
100%
First Industrial Township Water, Inc.
57.7%
First Batangas Hotel Corp.

Real Estate



86.58%
Rockwell Land
100%
Rockwell Integrated Property Services, Inc.
100%
Rockwell Primaries Development Corporation
100%
Rockwell Primaries South Development Corp.
100%
Stonewell Property Development Corporation
100%
Rockwell Performing Arts Theater Corp.
74.67%
Rockwell Leisure Club, Inc.
100%
Rockwell Hotels and Leisure Management Corp.
50%
Rockwell IPI Retailscapes, Inc.
Development Corp.
80%
Rockwell MFA Corp.
Development Corp.
70.0%
Rockwell Carmelray Development Corp.
65.00%
Rockwell Nepo Development Corp.
70.00%
First Philippine Industrial Park
100%
FPIIP Property Developers and Management Corporation
100%
FPIIP Utilities Incorporated
85.00%
Grand Batangas Resort Development Incorporated
100%
First Industrial Township, Inc.
100%
First Industrial Township Water, Inc.
57.7%
First Batangas Hotel Corp.

Energy Solutions



100%
First Philippine Electric Corporation
99.15%
Philippine Electric Corporation
100%
First Philec, Inc.
100%
First Philec Inc.
100%
First Philippine Power Systems
100%
First Philec Manufacturing Technologies Corporation
89.04%
First Philec Solar Corporation
100.00%
First Philec Energy Solutions, Inc.
100%
First PV Ventures Corporation
100%
First Philec Nexolon Corporation
70.00%
First Philec Solar Solutions
100%
100%
FP Island Energy Corp.
100%
PI Energy Inc.

Construction

100%
First Balfour, Inc.

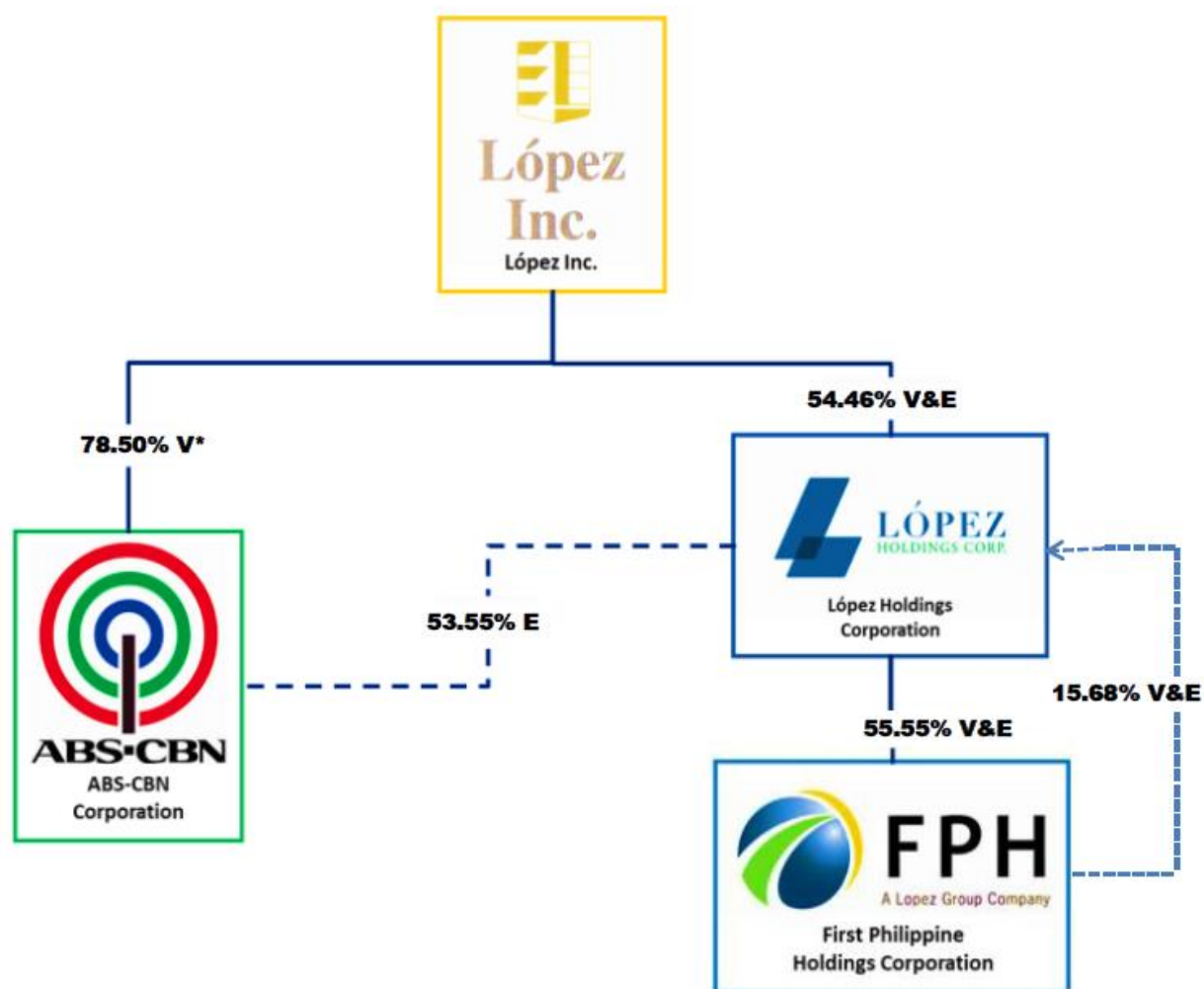


100%
ThermaPrime Drilling Corporation
100%
Therma One Transport Corporation
100%
Torreverde Corp.
100%
First Balfour Management Technical Services, Inc.
100%
ThermaPrime
100%
ThermaOne Towage, Inc.

Other Businesses

30.00%
Panay Electric Company
66.92%
InfoPro Business Solutions Inc.
100%
First Philippine Industrial Corporation
100%
FPH Capital Resources Inc.
100%
FPH PI Ventures
100%
FGHC International
98%
FPHC Realty and Development Corporation
100%
First Philippine Utilities Corporation
100%
FPH Fund
100%
Securities Transfer Services, Inc.
100%
FPH Ventures
100%
First Philippine Properties Corp.
100%
FPH Land Ventures Inc.
67%
TerraPrime, Inc.
100%
First Industrial Township Utilities, Inc.
100%
First Philippine Dev't Corp.
100%
FWV Biofields Corp.
60%
First Samiden Realty, Inc.
100%
Legacy Homes Inc.

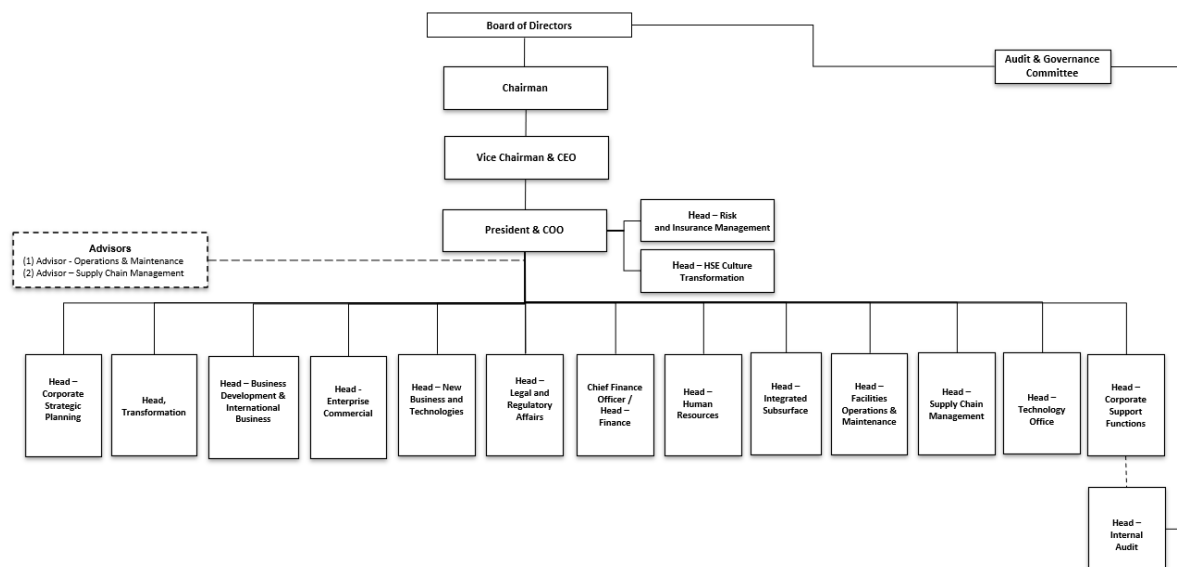
**LOPEZ HOLDINGS CORPORATION AND SUBSIDIARIES
MAP OF RELATIONSHIP OF THE COMPANIES WITHIN THE GROUP
MARCH 31, 2024**



* voting rights include preferred shares

Table of Organization

The following table provides an overview of the Company's table of organization as of March 31, 2024.



Capital Expenditures

2023

The Company's capital expenditures reached ₱18.1 Billion in 2023, the bulk of which was comprised of the following expenditures: FCRS and wells (₱9.1 Billion) and geothermal power plant (₱7.7 Billion).

2022

The Company's capital expenditures reached ₱10.1 Billion in 2022, the bulk of which was comprised of the following expenditures: FCRS and wells (₱4.8 Billion) and geothermal power plant (₱4.4 Billion).

2021

The Company's capital expenditures reached ₱10.9 Billion in 2021, the bulk of which was comprised of the following expenditures: FCRS and wells (₱5.8 Billion) and geothermal power plant (₱4.2 Billion).

Description of Debt

The Company has existing loan agreements with local and foreign banks. As of December 2023, the Company's outstanding loan obligations under its various loan agreements amounted to ₱47,624.30 Million.

Loans from the International Finance Corporation ("IFC")

IFC Loan Agreement and its amendments and restatements

On November 25, 2008, EDC entered into a loan agreement with the IFC for an aggregate amount of ₱4.1 Billion or its US dollar equivalent for the purpose of financing the Company's medium-term capital expenditure program. In January 2009, EDC drew on the loan in Pesos and received proceeds in the amount of ₱4,048.75 Million net of a front-end fee paid to IFC. This loan agreement was amended and restated in its entirety in connection with the consummation of

the transactions contemplated by the second IFC loan as described below. EDC and IFC executed an Amended and Restated Loan Agreement ("ARLA") on May 20, 2011. This loan agreement was again amended and restated in its entirety in connection with the consummation of the financing agreement contemplated by the third IFC loan as described below. IFC and the Company executed an ARLA on March 22, 2018.

The ARLA contains restrictions on debt incurrence, unless the debt service coverage ratio is not less than 1.1x and the Debt for Borrowed Money to Equity Ratio is below 70:30 on an unconsolidated basis; and restriction on equity distribution, unless the prospective debt service coverage ratio is not less than 1.2x on an unconsolidated basis, in each case subject to certain conditions and exceptions.

On April 15, 2023, EDC fully paid the loan with IFC that was drawn in January 2009.

IFC Second Loan Agreement

On May 20, 2011, EDC signed a fifteen (15) year US\$75.0 Million loan facility with the IFC. The loan was drawn in Peso on September 30, 2011 amounting to ₱3.2625 Billion. EDC and IFC executed an ARLA on March 22, 2018.

Under the loan agreement, EDC is subject to the same financial covenants indicated in the ARLA.

On August 17, 2023, EDC and IFC executed a LIBOR Transition Amendment Agreement to replace the USD LIBOR references under the default rate interest provision of the ARLA to Term Secured Overnight Financing Rate ("Term SOFR") plus credit adjustment spread equal to 0.42825%, in view of the cessation of publication of the USD LIBOR on 30 June 2023.

IFC Third Loan Agreement

On March 22, 2018, EDC signed a fifteen (15) year US\$90.0 Million loan facility with IFC to fund its 2018 capital expenditures and other general corporate requirements of its existing geothermal operations. The loan was drawn in Peso on June 22, 2018 amounting to ₱4.804 Billion. Under the loan agreement, EDC is subject to the same financial covenants indicated in the ARLA.

Fixed-rate ASEAN Green Bonds

In June 25 2021, EDC successfully listed its SEC-registered ASEAN Green Bonds, the First Tranche of its ₱15.0 Billion Bond Shelf Program, with an aggregate principal amount of ₱ 5.0 Billion. The bonds, which have been listed on the PDEX, are comprised of ₱2.5 Billion three (3)-year bonds due on June 25, 2024 and ₱2.5 Billion five (5)-year bonds due on June 25, 2026.

Under the Trust Indenture, EDC is subject to the following financial covenants: (a) debt incurrence ratio of financial indebtedness to total equity of at most 3.00x and (b) equity distribution restriction unless the ratio of financial indebtedness to total equity is at most 3.00x, in each case subject to certain exceptions and conditions.

Term Loans

The Company signed various Term Loans with different financial institutions, as provided below.

Under the various loan agreements, the Company is subject to the following financial covenants: (a) debt incurrence ratio of (i) financial indebtedness to total equity of no more than 2.33x; and (ii) a debt service coverage ratio of either 1.0 or 1.1x, depending on the counterparty, and (b) equity distribution restriction unless the debt service coverage ratio is at least 1.1x or 1.2x, depending on the counterparty, in each case subject to certain exceptions and conditions.

₱291.2 Million Term Loan with Development Bank of the Philippines maturing on December 17, 2030

On December 8, 2015, EDC signed a ₱291.2 Million loan maturing on December 17, 2030 with Development Bank of the Philippines. The net proceeds from the loan were used to partially finance the construction of Burgos Solar Phase I Project.

₱1.5 Billion Term Loan with Union Bank of the Philippines maturing on December 5, 2026

On June 24, 2016, EDC secured a ₱1.5 Billion loan maturing on December 5, 2026 with Union Bank of the Philippines. The net proceeds from the loan were used to refinance the outstanding ₱3.5 Billion fixed rate bonds which matured on December 4, 2016 and to fund other general corporate purposes.

₱ 1.0 Billion Term Loan with Security Bank Corporation maturing on December 5, 2031

On December 1, 2016, EDC secured a ₱1.0 Billion loan maturing on December 5, 2031 with Security Bank Corporation. The net proceeds from the loan were used to refinance the outstanding ₱3.5 Billion fixed rate bonds which matured on December 4, 2016 and to fund other general corporate purposes.

₱ 2.0 Billion Term Loan with Union Bank of the Philippines maturing on April 10, 2032

On April 5, 2017, EDC secured a ₱2.0 Billion loan maturing on April 10, 2032 with Union Bank of the Philippines. The net proceeds from the loan were used to refinance loans.

₱3.0 Billion and ₱1.0 Billion Term Loans with Security Bank Corporation maturing on May 4, 2027 and May 4, 2032

On April 26, 2017, EDC secured ₱3.0 Billion loan and ₱1.0 Billion loan with Security Bank Corporation maturing on May 4, 2027 and May 4, 2032, respectively. The net proceeds from the loan were used to partially refinance the Borrower's outstanding 50.0% balloon maturity of \$175 million transferable syndicated loan facility dated June 11, 2011, to refinance Security Bank Corporation's participation in EDC's US\$300.0 Million ten (10)-year bond issuance maturing in 2021, and for general corporate purposes.

₱ 1.0 Billion Term Loan with Bank of the Philippine Islands maturing on June 1, 2027

On May 26, 2017, EDC secured a ₱1.0 Billion loan maturing on June 1, 2027 with Bank of the Philippine Islands. The net proceeds from the loan were used to partially refinance the Borrower's outstanding 50.0% percent balloon maturity of \$175.0 Million transferable syndicated loan facility dated June 11, 2011 and for general corporate purposes.

₱500.0 Million Term Loan with Security Bank Corporation maturing on May 4, 2032

On July 26, 2017, EDC secured a ₱500.0 Million loan with Security Bank Corporation maturing on May 4, 2032.

₱6.0 Billion Term Loan with Bank of the Philippine Islands maturing on April 15, 2030

On April 2, 2020, EDC secured a ₱6 Billion loan with Bank of the Philippine Islands maturing on April 15, 2030. The net proceeds from the loan were used to partially refinance the EDC's maturing ₱3.0 Billion fixed rate bonds due on May 3, 2020 and US\$300.0 Million notes due on January 20, 2021, and for general corporate purposes.

₱ 6.5 Billion Term Loan with BDO Unibank maturing on September 10, 2030

On August 28, 2020, EDC and BDO Unibank, Inc. executed a loan agreement for a term loan facility of up to ₱11.45 Billion, with an availability period until February 28, 2021. The net proceeds from the loan were used to refinance capital expenditure and other general corporate funding requirements. The first tranche of the loan amounting to ₱4.5 Billion was drawn on September 10, 2020, while the second tranche amounting to ₱2.0 Billion was drawn on February 18, 2021. The Maturity Date of the loans is on September 10, 2030.

This was subsequently amended to extend the availability period to August 28, 2021. However, the facility balance of ₱4.95 Billion remained undrawn and expired after the stated availability period.

₱7.0 Billion Term Loan with Bank of the Philippine Islands maturing on March 21, 2032

On January 28, 2022, EDC and Bank of the Philippine Islands executed a loan agreement for a term loan facility of up to ₱7.0 Billion. The net proceeds from the loan were used to fund various capital expenditures and growth projects, refinancing of maturing obligations and for general corporate purposes.

The first, second, and third tranche of the loan amounting to ₱2.0 Billion, ₱2.0 Billion, and ₱3.0 Billion were drawn on March 21, 2022, June 21, 2022, and December 19, 2023, respectively. The Maturity Date of the loans is on March 21, 2032.

₱1.0 Billion Term Loan with Union Bank of the Philippines maturing on March 24, 2032

On March 17, 2022, EDC secured a ₱1.0 Billion loan maturing on March 24, 2032 with Union Bank of the Philippines. The net proceeds from the loan were used to fund various capital expenditures, and for general corporate purposes.

US\$50.0 Million Term Loan with Mizuho Bank Ltd. Manila Branch maturing on March 24, 2027

On March 24, 2022, the US\$50 Million Loan with Mizuho Bank Ltd. Manila Branch matured, and was refinanced by a new five (5)-year term loan executed on March 18, 2022, with 50.0% of the principal due to be repaid on March 24, 2025 and the remaining 50.0% due to be repaid on March 24, 2027.

₱2.6 Billion Term Loan with Security Bank of the Philippines maturing on April 19, 2032

On April 11, 2022, EDC secured a ₱2.6 Billion loan maturing on April 19, 2032 with Security Bank Corporation, which partly refinanced the balance of the Fixed Rate Corporate Note (FXCN) facility which matured on April 19, 2022.

₱1.5 Billion Term Loan with CTBC Bank (Philippines) maturing on June 8, 2027

On April 29, 2022, EDC secured a ₱1.5 Billion loan maturing on June 8, 2027 with CTBC Bank (Philippines) Corp. The net proceeds from the loan were used to fund various capital expenditures, and for general corporate purposes.

₱5.0 Billion Term Loan with BDO Unibank maturing on September 3, 2032

On August 30, 2022, EDC and BDO Unibank, Inc. executed a loan agreement for a term loan facility of up to ₱5.0 Billion. The net proceeds from the loan were used to finance capital expenditure and other general corporate funding requirements. The first tranche of the loan amounting to ₱2.0 Billion was drawn on September 5, 2022, while the second tranche amounting to ₱3.0 Billion was drawn on February 22, 2023. The Maturity Date of the loans is on September 3, 2032.

₱4.0 Billion Term Loan with China Banking Corporation maturing on October 5, 2032

On September 28, 2022, EDC and China Banking Corporation executed a loan agreement for a term loan facility of up to ₱4.0 Billion. The net proceeds from the loan were used to finance capital expenditure, and for other corporate costs and expenses. The first tranche of the loan amounting to ₱2.0 Billion was drawn on October 5, 2022, while the second tranche amounting to ₱2.0 Billion was drawn on April 25, 2023. The Maturity Date of the loans is on October 5, 2032.

₱5.0 Billion Term Loan with BDO Unibank maturing on September 1, 2033

On August 11, 2023, EDC and BDO Unibank, Inc. executed a loan agreement for a term loan facility of up to ₱5.0 Billion with an availability period until August 11, 2024. The net proceeds from the loan were used to finance capital expenditure and other general corporate funding requirements.

The first tranche of the loan amounting to ₱2.0 Billion was drawn on September 1, 2023, and will mature on September 1, 2033.

Description of Properties

The Group's principally-owned properties consist of lands, steam wells and power plants. The land improvements, buildings, equipment, owned by the Group, have a net book value of ₱111,867.3 Million as of December 31, 2023. The locations and general description of these properties and equipment are described as follows:

Land

The Group is the registered owner/claimant of lands located in various parts of the Philippines. Based on the latest valuation of Santos Knight Frank (formerly, CB Richard Ellis Philippines), in December 2018 these lands were valued at around ₱1.4 Billion.

As of March 31, 2024, the Group's landholdings include real estate properties in Bonifacio Global City in Taguig with a total area of 6,200 square meters, Baguio City with an area of 2,600 square meters, and numerous parcels of land used for its geothermal operations in the cities of Ormoc, Bago, and Sorsogon and in the municipalities of Kananga, Leyte; Valencia, Negros Oriental; and Manito, Albay with an approximate aggregate area of more or less 549 hectares.

In Northern Luzon, lots affected by the EBWPC wind project in the municipalities of Burgos, Bacarra, Pasuquin and Laoag were either leased by EDC and EBWPC or expropriated accordingly and are currently being used for its wind and solar farm area and other facilities.

The following table sets out certain information regarding the EDC and its Subsidiaries' landholdings:

Location/Project	Parcels of Land	Area (hectares)	Under Expropriation	Leased	Acquired	
					w/ Title to EDC	Title for Consolidation
Fort Bonifacio	5	0.62	-	-	5	-
Baguio	1	0.26	-	-	1	-
Bacon-Manito Geothermal Project	47	29.71	3	5	12	27
Northern Negros Geothermal Project	138	132.36 ⁵⁸	19	68	51	-
Southern Negros Geothermal Project	91	175.57	2	19	1	69
Leyte Geothermal Project	108	212.31 ²⁰	13	15	39	41
Burgos Wind Project	2,147	574	1,626	521	-	-
Met Mast Burgos 2	1	10	-	1	-	-
Pagudpud Wind Project	6	2	-	6	-	-
Burgos 1 Wind Project	1	2.02	-	1	-	-
Mindanao Geothermal Project	1	3.9	-	-	1	-
Total	2,546	1,142.75	1,663	636	110	137

To the best of its knowledge, none of the properties owned by the Company is subject to any mortgage, liens or encumbrances. The Burgos Wind Project assets and properties are subject to mortgage under EBPWC's project financing agreements.

EBWPC entered into a limited recourse project financing for its Burgos Wind Project in October 2014. The project's lenders have limited recourse to EDCs assets and rely primarily on EBWPC's cash flows for interest and principal repayment, with the project's assets, rights, and interests held as secondary collateral. As part of the project financing agreement, EBWPC entered into a mortgage agreement with Philippine National Bank, the onshore collateral agent. The mortgage shall cover all of the assets of EBWPC whether such assets now exist or at any time hereafter come into existence, or are now at any time hereafter acquired, and whether any such later acquisition is by way of addition thereto or substitution of any component part thereof, together with all the rights and interests therein.

The carrying amount of EBWPC's property, plant and equipment covered by the mortgage agreement amounted to ₱13,450.1 Million (\$242.9 Million) and ₱14,354.5 Million (\$257.5 Million) as of December 31, 2023 and 2022, respectively.

⁵⁸ Estimated area.

The total amount mortgaged as security is equivalent to its total assets amounting to ₱17,283.7 Million (US\$312.1 Million) and ₱18,135.2 Million (US\$325.3 Million) as of December 31, 2023 and 2022, respectively.

Leased properties for the Pagudpud, and Burgos 1 Wind Projects have a lease term of between five (5) to twenty-five (25) years and are used for the eighty (80)-meter meteorological masts erected for gathering wind data over the project site.

Other geothermal sites that have existing lease agreements generally have a mid-term lease and are used for access roads and drilling pads where the need to use the property is immediate, temporary, but renewable. Lease payments are usually paid in full for the whole duration of the contract at the start of the lease term. Transmission line lease agreements are long-term in nature and are always paid in full.

The following table provides details on the Group's leased properties:

Location/Project	Parcels of land	Structures	Duration of Lease	Payment Terms	Amount of Lease (in ₱ Millions)	Renewal Options
Northern Negros Geothermal Project	68	dedicated point-to-point limited facilities	long-term	one time	0.27	-
Southern Negros Geothermal Project	19	pipelines, drilling pads and access roads	2/3/5/10 years	one time/annual	0.30	renewable
Leyte Geothermal Project	15	pad 4RD, rigs, machineries, pipe & pipelines and other equipment, building; city office	5/25 years	monthly/one time	7.66	renewable, with first option to buy
Bacon-Manito Geothermal Project	1	road	25 years	one time	0.03	renewable, with first option to buy
Bacon-Manito Geothermal Project	1	Road	25 years	one time	0.09	renewable, with first option to buy
Bacon-Manito Geothermal Project	1	parking Area	1 year	monthly	0.03 + 12% VAT	-
Bacon-Manito Geothermal Project	1	air quality monitoring station	1 year	one time	0.03	-
Bacon-Manito Geothermal Project	1	drilling pad	25 years	one time	0.44	renewable, with first option to buy
Burgos Wind Project (WF)	23	wind farm area / dedicated point-to-point limited facilities	25 years	one time	1.18	renewable, with first option to buy
Burgos Wind Project (TL)	498	wind farm area / dedicated point-to-point limited facilities	Long-term / Perpetual	one time	21.86	-
Pagudpud Wind Project	6	80-meter meteorological mast	5 years	one time	0.88	-
Burgos 1 Wind Project	1	80-meter meteorological mast	5 years	one time	0.09	-
Burgos 2 Wind Project	1	80-meter meteorological mast	10 years	five times	0.30	renewable, with first option to buy
Total	636				33.16	

CGCI

Located in Valencia, Negros Oriental, the Palinpinon geothermal power complex consists of two (2) power stations, Palinpinon I and II, which are approximately five kilometers apart. Commissioned in 1983, Palinpinon I comprises three (3) 37.5 MW steam turbines for a total rated capacity of 112.5 MW. Palinpinon II, on the other hand, consists of three (3) modular power plants: Nasuji, Okoy 5, and Sogongon. The 20 MW Nasuji, commissioned in 1993, is currently under preservation mode, while the 20 MW Okoy 5 was commissioned in 1994. Constructed in 1995, Sogongon consists of two (2) 20 MW units, Sogongon-1 and Sogongon-2.

Situated in Sitio Sambaloran, Barangay Lim-ao, Kananga, Leyte Province in Eastern Visayas, the Tongonan Geothermal Power Plant consists of three (3) 41 MW units, which began commercial operations in 1983.

Both the Palinpinon and Tongonan geothermal power plants are fueled by geothermal steam supplied by EDC.

BGI

Located in Bacon, Sorsogon City and Manito, Albay in the Bicol region, the Bac-Man Geothermal Power Plant facilities consist of two (2) steam power generating plant complexes. Bac-Man I facility originally included two (2) 55 MW units, which were both commissioned in 1993. Bac-Man II facility, on the other hand, originally consisted of two (2) 20 MW units namely, Cawayan (located in Barangay Basud) and Botong (located in Brgy. Osiao, Sorsogon City). Following the plant acquisition in 2010, BGI relocated the non-operational Botong equipment to Cawayan and rehabilitated the two (2) units at Bac-Man I facility. Bac-Man Geothermal Power Plant now operates with a re-rated capacity of two (2) 60 MW units in Bac-Man I and one (1) 20 MW unit (Cawayan) in Bac-Man II for a total gross capacity of 140 MW. EDC supplies the steam to the Bac-Man Geothermal Power Plants.

EBWPC

Located in the municipality of Burgos, Ilocos Norte, EBWPC hosts the 150 MW Burgos Wind Project. The Burgos wind farm is comprised of fifty (50) units of wind turbine generators, which spans across the three (3) barangays of Saoit, Nagsurot, and Poblacion. Each wind turbine is designed with a 3MW capacity, totaling 150 MW. Aside from the turbines, located also within the power plant compound is a substation that serves as the dispatch point of the electricity. A 43km point-to-point connection asset from the Burgos substation to the Laoag substation owned by the National Grid Corporation of the Philippines transmits the electricity into the Luzon grid.

The Burgos Wind Farm started commercial operations in November 2014 and is operating under the feed-in-tariff regime.

ULGEI

Operation involves managing and/or trading of 40 MW Strips of Energy from ULGPP under the IPPA Agreement with PSALM. The agreement expired last July 25, 2021. As of March 31, 2024, there are no live power supply contracts under ULGEI.

EDC Siklab

In January 2017, EDC Siklab, a wholly-owned subsidiary of EDC, started to generate electricity from its 1,030 kW solar rooftop system in Gaisano Capital's mall in La Paz District, Iloilo. As of March 31, 2024, EDC Siklab operates the solar rooftop systems in the following Gaisano Capital malls:

- La Paz, Iloilo (1,030 kW);
- Kalibo, Aklan (762 kW);
- Oton, Iloilo (614 kW);
- Passi, Iloilo (614 kW);
- Balasan, Iloilo (614 kW);
- Sogod, Southern Leyte (547 kW);
- Ormoc City (547 kW); and
- Sorsogon City (443 kW).

FG Hydro

FG Hydro operates and maintains the 132 MW Pantabangan and Masiway Hydro Electric Power Plant. The 120 MW Pantabangan Hydroelectric Power Plant ("PHEP") is located at the foot of the Pantabangan dam and consists of two (2) generators, each capable of generating full load power of 60.40 MW. Each generator is coupled to a vertical shaft Francis Turbine that converts the kinetic energy of the water from the dam at a design head of 75 meters.

The electric power output of PHEP is delivered to the Luzon Grid through a 13.8kV/230kV Ring Bus Switchyard, composed of two (2) 75 MVA transformers.

Located some 7kms downstream of PHEP is the 12 MW Masiway Hydroelectric Power Plant ("MHEP"). It uses a Kaplan turbine to convert the energy of the low head but high flow release of water from the Masiway re-regulating dam. The power output of MHEP is delivered to the Grid through a switchyard mainly composed of a 15 MVA transformer,

switching and protective equipment all owned by FG Hydro. In 2015, FG Hydro replaced the excitation, protection, and governor system as well as the main step-up transformer of MHEP.

For both PHEP and MHEP, the power components owned and operated by FG Hydro are the power houses and generating equipment plus auxiliary systems, warehouses, lay down and areas associated with the powerhouses. In addition, FG Hydro also owns the steel penstock and main step-up transformers at PHEP. For MHEP, the intake and trash rack machine as well as the main step-up transformer that include the 69KV switchyard equipment are owned by FG Hydro. The transmission facilities including the switchyard at PHEP are owned by NGCP.

The volume of water released from the Pantabangan reservoir is based on the Irrigation Diversion Requirement of the NIA. NIA operates and maintains the non-power components which include the watershed, spillway, intake structures of PHEP, and Pantabangan and Masiway reservoirs.

Acquisition of new properties

EDC and its Subsidiaries also intend to construct and acquire various geothermal pipeline materials, power plant equipment and battery and energy storage systems supplies and components in the next twelve (12) months in relation to its upcoming growth projects, as well as maintenance capital expenditures for its existing operations. The more advanced local growth projects expected to undergo construction and development in the next twelve (12) months are summarized below:

- a. Tanawon Geothermal Power Plant Project, with an expected capacity of ~20MW, with target COD of Q4 2024. Total capital investment for the project estimated to be at least ₱6.5 Billion.
- b. The Mahanagdong Binary Project is a 28 MW binary geothermal plant in Tongonan, Leyte. The project will optimize the brine coming from the Mahanagdong main power plant and is targeted to be operational by Q4 2024. Total capital investment for the project is approximately ₱7.5 Billion
- c. The Bago Binary Geothermal Power Plant ("BBGPP") is a standalone geothermal plant in Negros Occidental with an expected capacity of 5.8 MW. The project has a total estimated project cost of ₱2.8 Billion with a target COD by Q3 2024.
- d. EDC is building three (3) BESS which will be co-located at the Company's existing geothermal facilities. EDC will be installing a 20MWh BESS in Bac-Man, 10MWh BESS in Tongonan, Leyte, and 10MWh BESS in Southern Negros. These BESS projects have a total estimated project cost of ₱5.7 Billion and are targeted to be operational by the end of December 2024. These BESS projects are in various stages of development, with the installation expected to be performed from April to September 2024, as the necessary equipment arrive.

A more detailed discussion of these projects may be found in the Future Projects subsection on page 147.

Aside from this Second Tranche bond issuance of approximately Six Billion Pesos (₱6,000,000,000.00), assuming a full issuance of the base issue size, to Ten Billion Pesos (₱10,000,000,000.00), assuming the full exercise of the Oversubscription Option, the Company is planning to secure additional corporate term loans of approximately Thirty-Seven Billion (₱37,000,000,000.00) within the year 2024 to fund capital expenditures, debt maturities and other general corporate purposes.

Intellectual Property

The Company has implemented measures to protect its intellectual property rights, including incorporation of adequate safeguard in its agreements with third parties and registration of its intellectual properties.

For further discussion on the Company's Intellectual Property, see section "Government approvals, patent, trademarks, copyright and concessions" on page 106.

Insurance

The Company has been obtaining adequate insurance coverage, to the extent that it is available on commercially reasonable terms, for its above-ground assets in line with industry standards and good business practices. The Company's properties such as power plants, fluid collection and reinjection systems, buildings, land improvements, machinery, and equipment in the various renewable energy projects and power plant operations are presently covered under an industrial all-risks policy that provides indemnity for property damage, including machinery breakdown and loss of revenue resulting from business interruption therefrom, due to perils and causes that are not expressly excluded from the policy, and subject to the limits set out in the policy. The policy expires every 30th of April and is being renewed annually. Note that the industrial all-risks policy does not cover below-ground assets, such as geothermal wells. On the other hand, the industrial all-risks policy for the Burgos Wind Farm covers all the wind turbine generators, substation, and connection assets but only those within the Company's concession area and/or up to 1km from the outermost point of its premises.

The Company also maintains a political violence insurance policy which provides cover for all its assets against acts of terrorism, sabotage, malicious damage, insurrection, revolution or rebellion, mutiny, war or civil war and riot strikes and/or civil commotion including loss of revenue resulting from business interruption therefrom, subject to the exclusions and limits under the policy.

The Company also has in place a commercial general liability policy that covers legal liabilities arising from third party bodily injury and/or property damage, subject to exclusions and limits under the policy.

Aside from the major insurances mentioned above, the Company also maintains several other insurance policies like marine cargo insurance for goods/equipment in transit, equipment floater insurance for mobile equipment, aviation insurance for drones, motor car insurance and a separate industrial all risks insurance policy for non-revenue generating assets. Moreover, the Company, its officers and directors are covered by the directors and officers' liability insurance which is procured at the parent company level.

Construction projects of the Company and its Subsidiaries for new power plants are covered by construction/erection all risks insurance, which is extended to cover liabilities from property damage and bodily injury to third parties arising from the project and a project cargo insurance. A project political violence insurance policy is also procured on a case-to-case basis.

Management Discussion & Analysis of Financial Condition & Results of Operations

The financial information presented below for the years ended December 31, 2023, December 31, 2022 and December 31, 2021 were derived from the consolidated financial statements of the Company, prepared in accordance with PFRS, and audited by SGV & Co. in accordance with Philippine Standards on Auditing.

The following discussion focuses on the results of operations of EDC and its Subsidiaries, FG Hydro, GCGI, BGI, EBWPC, ULGEI and EDC Siklab.

Financial results for the years ended December 31, 2023, 2022 and 2021

	CONSOLIDATED (AUDITED)		
(Amounts in Million Pesos)	2023	2022	2021
Income Statement Data			
Revenue from sale of electricity	P47,171.6	P48,700.4	P42,368.4
Income before income tax	15,972.3	12,925.6	10,264.8
Foreign exchange gains (losses)	10.3	(43.9)	109.4
Net income	14,391.6	11,132.5	9,226.5
Net income attributable to equity holders of the Company	14,267.2	10,979.4	9,122.4
Recurring net income	14,324.0	11,374.6	8,787.3
Recurring net income attributable to equity holders of the Company	14,203.7	11,209.2	8,671.4

	As at December 31		
(Amounts in Million Pesos)	2023	2022	2021
Balance Sheet Data			
ASSETS			
Total current assets	P39,035.1	P34,762.4	P29,317.8
Property, plant and equipment	111,867.3	100,928.9	96,218.5
Goodwill and intangible assets	3,424.9	3,632.1	3,782.1
Exploration and evaluation assets	2,151.0	2,039.3	1,974.8
Deferred tax assets - net	875.5	754.4	743.4
Derivative assets - net of current portion	233.5	326.3	-
Financial assets at fair value through other comprehensive income	289.0	295.0	225.8
Other noncurrent assets	8,376.8	7,258.1	6,976.3
Total Assets	P166,253.1	P149,996.5	P139,238.7
LIABILITIES AND EQUITY			
Total current liabilities	P29,835.3	P24,804.4	P26,387.2
Long-term debts - net of current portion	46,769.8	44,420.1	40,014.4
Long-term lease liability - net of current portion	157.6	241.1	204.3
Net retirement and other post-employment benefits	2,627.4	1,759.7	1,845.0
Derivative liabilities - net of current portion	-	-	252.4
Deferred tax liabilities - net	134.9	165.9	-
Provision and other long-term liabilities	3,355.3	3,027.8	2,590.8
Total Liabilities	82,880.3	74,419.0	71,294.1
Equity attributable to equity holders of the Company	80,984.5	73,305.1	65,829.0
Non-controlling interests	2,388.3	2,272.4	2,115.6
Total Equity	83,372.8	75,577.5	67,944.6
Total Liabilities and Equity	P166,253.1	P149,996.5	P139,238.7

Financial Highlights

Year Ended December 31, 2023 vs. December 31, 2022 Results

- Electricity sales volume decreased by 8.3% or by 726.3 GWh to 8,044.3 GWh in 2023 from the 8,770.6 GWh in 2022. Full year 2023 revenue decreased by 3.1% or ₱1,528.8 Million to ₱47,171.6 Million from ₱48,700.4 Million in 2022 due to lower sales volume, partly offset by higher average price.
- The recurring net income in 2023 increased by 25.9% or ₱2,949.4 Million to ₱14,324.0 Million from ₱11,374.6 Million in 2022. The increase was mainly attributable to the:
 - lower recurring operating expenses (₱3,785.7 Million);
 - lower recurring provision for income tax (₱440.7 Million); and
 - lower financial expense - net (₱253.1 Million).These were partly offset by the lower revenue (₱1,528.8 Million).
- The Group posted a net income of ₱14,391.6 Million in 2023, a 29.3% or ₱3,259.1 Million increase from the ₱11,132.5 Million in 2022. The increase was mainly attributable to the:
 - lower cost of sales (₱4,018.2 Million);
 - turnaround from other charges - net to other income - net (₱749.8 Million);
 - lower financial expense - net (₱253.1 Million); and
 - lower provision for income tax (₱212.4 Million).These were partly offset by the lower revenue (₱1,528.8 Million) and higher general and administrative expenses (₱445.6 Million).
- Net income in 2023 represented 30.5% of total revenue as compared to 22.9% in 2022.

Major Transactions for 2023

- Acquisitions of property, plant and equipment amounted to ₱18,047.9 Million
- Proceeds from availment of long-term debts (net of transaction cost) amounted to ₱11,926.4 Million
- Payments of long-term debts amounted to ₱9,591.2 Million

INCOME STATEMENT

Year Ended December 31, 2023 vs. December 31, 2022 Results

	HORIZONTAL ANALYSIS Favorable (Unfavorable) Variance				VERTICAL ANALYSIS	
(Amounts in ₱ Millions)	December 2023	December 2022	Amount	%	December 2023	December 2022
REVENUE						
Sale of electricity	47,171.6	48,700.4	(1,528.8)	-3.1%	100.0%	100.0%
COSTS OF SALE OF ELECTRICITY						
Costs of sale of electricity	(22,569.3)	(26,587.5)	4,018.2	-15.1%	-47.8%	-54.6%
GENERAL AND ADMINISTRATIVE EXPENSES	(6,848.2)	(6,402.6)	(445.6)	7.0%	-14.5%	-13.1%
FINANCIAL INCOME (EXPENSE)						
Interest income	818.3	258.1	560.2	217.0%	1.7%	0.5%
Interest expense	(3,179.7)	(2,872.6)	(307.1)	10.7%	-6.7%	-5.9%
	(2,361.4)	(2,614.5)	253.1	-9.7%	-5.0%	-5.4%
OTHER INCOME (CHARGES)						
Foreign exchange gains (losses)	10.3	(43.9)	54.2	-123.5%	0.0%	-0.1%
Miscellaneous income (charges), net	569.3	(126.3)	695.6	-550.8%	1.2%	-0.3%
	579.6	(170.2)	749.8	-440.5%	1.2%	-0.3%
INCOME BEFORE INCOME TAX	15,972.3	12,925.6	3,046.7	23.6%	33.9%	26.5%
BENEFIT FROM (PROVISION FOR) INCOME TAX						
Current	(1,629.9)	(1,810.1)	180.2	-10.0%	-3.5%	-3.7%
Deferred	49.2	17.0	32.2	189.4%	0.1%	0.0%
	(1,580.7)	(1,793.1)	212.4	-11.8%	-3.4%	-3.7%
NET INCOME	14,391.6	11,132.5	3,259.1	29.3%	30.5%	22.9%
Net income attributable to:						
Equity holders of the Company	14,267.2	10,979.4	3,287.8	29.9%	30.2%	22.5%
Non-controlling interest	124.4	153.1	(28.7)	-18.7%	0.3%	0.3%
EBITDA	25,238.4	23,226.6	2,011.8	8.7%	53.5%	47.7%
RECURRING NET INCOME	14,324.0	11,374.6	2,949.4	25.9%	30.4%	23.4%
Recurring net income attributable to:						
Equity holders of the Company	14,203.7	11,209.2	2,994.5	26.7%	30.1%	23.0%
Non-controlling interest	120.3	165.4	(45.1)	-27.3%	0.3%	0.3%

Revenue

Electricity sales volume decreased by 8.3% or by 726.3 GWh to 8,044.3 GWh in 2023 from the 8,770.6 GWh in 2022. Full year 2023 revenue decreased by 3.1% or ₱1,528.8 Million to ₱47,171.6 Million from ₱48,700.4 Million in 2022 due to lower sales volume, partly offset by higher average price.

Cost of Sale of Electricity

Costs of sale of electricity decreased by 15.1% or ₱4,018.2 Million to ₱22,569.3 Million in 2023 from ₱26,587.5 Million in 2022 mainly due to the following decrease:

- ₱5,709.6 Million purchased services and utilities;

The above was partly offset by the following increases:

- ₱496.0 Million rental, insurance and taxes;
- ₱410.9 Million depreciation and amortization;
- ₱258.9 Million parts and supplies issued;
- ₱252.3 Million personnel costs; and
- ₱212.1 Million repairs and maintenance.

General and Administrative Expenses

General and administrative expenses increased by 7.0% or ₱445.6 Million to ₱6,848.2 Million in 2023 from ₱6,402.6 Million in 2022 mainly due to the following increases:

- ₱492.8 Million business and related expenses,
- ₱399.5 Million purchased services and utilities,
- ₱303.4 Million personnel costs, and
- ₱282.4 Million provision for impairment of goodwill, property, plant and equipment and exploration and evaluation

The above was partly offset by the following decreases:

- ₱657.2 Million provision for impairment of trade and other receivables, prepaid taxes, and others, and
- ₱311.3 Million rental, insurance and taxes.

Financial Income (Expense)

Financial expenses-net decreased by 9.7% or ₱253.1 Million to ₱2,361.4 Million in 2023 from ₱2,614.5 Million in 2022.

Interest Income

Interest income increased by 217.0% or ₱560.2 Million to ₱818.3 Million in 2023 from ₱258.1 Million in 2022 mainly due to the higher interest rates.

Interest Expense

Interest expense increased by 10.7% or ₱307.1 Million to ₱3,179.7 Million in 2023 from ₱2,872.6 Million in 2022 mainly related to the interest on long-term debts, which has a higher balance in 2023 due to loan drawdowns.

Other Income (Charges)

Other income amounted to ₱579.6 Million in 2023, a 440.6% or a ₱749.8 Million turnaround from ₱170.2 Million other charges in 2022.

Foreign exchange gains (losses)

Net foreign exchange gain amounted to ₱10.3 Million in 2023, a 123.5% or ₱54.2 Million turnaround from ₱43.9 Million loss in 2022, mainly due to the realignment of foreign currency accounts.

The comparative foreign exchange rates were as follows:

	₱:US\$
December 31, 2021	₱50.999
December 31, 2022	55.755
December 31, 2023	55.370

Miscellaneous income (charges), net

Miscellaneous income amounted to ₱569.3 Million in 2023, a 550.8% or ₱695.6 Million turnaround from the ₱126.3 Million charges in 2022 mainly due to this year's higher income from insurance claims and last year's realized derivative loss.

Benefit From (Provision for) Income Tax

Current

Provision for current tax decreased by 10.0% or ₱180.2 Million to ₱1,629.9 Million in 2023 from ₱1,810.1 Million in 2022 mainly due to the lower taxable income.

Deferred

Benefit from deferred tax amounted to ₱49.2 Million in 2023, a 189.4% or ₱32.2 Million turnaround from the ₱17.0 Million provision in 2022 mainly due to the movement of foreign exchange rates.

Net Income

As a result, the Group's net income increased by 29.3% or ₱3,259.1 Million to ₱14,391.6 Million in 2023 from ₱11,132.5 Million in 2022.

Net income in 2023 represented 30.5% of total revenue as compared to 22.9% in 2022.

"EBITDA" represents net income after adding back interest expense and income, depreciation and amortization, provisions for impairment and provision for income including adjustments for foreign exchange gains (losses) and miscellaneous income (charges)

The following table shows the Group's reconciliation of EBITDA to the consolidated net income for the years ended December 31, 2023 and 2022.

	2023	2022
EBITDA	₱25,238,372,017	₱23,226,559,114
Add (deduct):		
Depreciation and amortization	(7,240,432,062)	(6,807,096,972)
Interest expense	(3,179,766,304)	(2,872,574,735)
Provision for income tax	(1,580,759,727)	(1,793,085,113)
Interest income	818,323,067	258,131,186
Provision for impairment of goodwill, property, plant and equipment and exploration and evaluation	(282,352,678)	–
Provision for impairment of trade and other receivables, prepaid taxes and others	(31,220,205)	(688,464,769)
Foreign exchange gains (losses)	10,288,475	(43,860,848)
Reversal of (provision for) impairment of parts and supplies inventories	69,773,870	(20,721,752)
Miscellaneous income (charges)	569,331,404	(126,358,067)
Consolidated net income	₱14,391,557,857	₱11,132,528,044

The following table shows the Group's reconciliation of consolidated net income to recurring net income for the years ended December 31, 2023 and 2022.

	2023		2022	
Consolidated Amount in ₱ Millions	Total	Attributable to EDC	Total	Attributable to EDC
Net Income per Income Statements	14,391.6	14,267.2	11,132.5	10,979.4
Add (deduct):				
•Non-recurring (income) charges - net ¹⁾	(249.9)	(245.8)	288.2	275.9
•Income tax expense on (benefits from) non - recurring income (charges) - net	182.3	182.3	(46.1)	(46.1)
Recurring Net Income	14,324.0	14,203.7	11,374.6	11,209.2
¹⁾ Breakdown of non-recurring (income) charges - net				
Foreign exchange loss (gain)	(10.3)	(13.2)	43.9	38.7
Expenses related to COVID-19 pandemic	0.0	0.0	102.6	95.6
Expenses related to earthquake damages	0.0	0.0	0.1	0.1
Expenses related to typhoon damages	1.3	1.3	57.1	57.1
Proceeds from insurance claims	(747.6)	(747.6)	(194.9)	(194.9)
Derivative loss (gain)	(1.0)	(1.0)	237.8	234.6
Provisions for assets impairment	299.6	298.9	-	-
Others	208.1	215.8	41.6	44.7
Non-recurring (income) charges - net	(249.9)	(245.8)	288.2	275.9

Year Ended December 31, 2022 vs. December 31, 2021 Results

	HORIZONTAL ANALYSIS Favorable (Unfavorable) Variance				VERTICAL ANALYSIS	
(Amounts in ₱ Millions)	December 2022	December 2021	Amount	%	December 2022	December 2021
REVENUE						
Sale of electricity	48,700.4	42,368.4	6,332.0	14.9%	100.0%	100.0%
COSTS OF SALE OF ELECTRICITY						
Costs of sale of electricity	(26,587.5)	(24,644.2)	(1,943.3)	7.9%	-54.6%	-58.2%
GENERAL AND ADMINISTRATIVE EXPENSES						
	(6,402.6)	(5,676.0)	(726.6)	12.8%	-13.1%	-13.4%
FINANCIAL INCOME (EXPENSE)						
Interest income	258.1	143.7	114.4	79.6%	0.5%	0.3%
Interest expense	(2,872.6)	(2,946.2)	73.6	-2.5%	-5.9%	-7.0%
	(2,614.5)	(2,802.5)	188.0	-6.7%	-5.4%	-6.6%
OTHER INCOME (CHARGES)						
Foreign exchange gains (losses)	(43.9)	109.4	(153.3)	-140.1%	-0.1%	0.3%
Miscellaneous income (charges), net	(126.3)	909.7	(1,036.0)	-113.9%	-0.3%	2.1%
	(170.2)	1,019.1	(1,189.3)	-116.7%	-0.3%	2.4%
INCOME BEFORE INCOME TAX	12,925.6	10,264.8	2,660.8	25.9%	26.5%	24.2%
BENEFIT FROM (PROVISION FOR) INCOME TAX						
Current	(1,810.1)	(920.7)	(889.4)	96.6%	-3.7%	-2.2%
Deferred	17.0	(117.6)	134.6	-114.5%	0.0%	-0.3%
	(1,793.1)	(1,038.3)	(754.8)	72.7%	-3.7%	-2.5%
NET INCOME	11,132.5	9,226.5	1,906.0	20.7%	22.9%	21.8%
Net income attributable to:						
Equity holders of the Company	10,979.4	9,122.4	1,857.0	20.4%	22.5%	21.5%
Non-controlling interest	153.1	104.1	49.0	47.1%	0.3%	0.2%
EBITDA	23,226.6	18,999.7	4,226.9	22.2%	47.7%	44.8%
RECURRING NET INCOME	11,374.6	8,787.3	2,587.3	29.4%	23.4%	20.7%
Recurring net income attributable to:						
Equity holders of the Company	11,209.2	8,671.4	2,537.8	29.3%	23.0%	20.5%
Non-controlling interest	165.4	115.9	49.5	42.7%	0.3%	0.3%

Revenue

Energy sales volume decreased by 2.8% or by 256.5 GWh to 8,770.6 GWh in 2022 from the 9,027.1 GWh in 2021. Full year 2022 revenue increased by 14.9% or ₱6,332.0 Million to ₱48,700.4 Million from ₱42,368.4 Million in 2021 due to higher WESM prices.

Cost of Sale of Electricity

Costs of sale of electricity increased by 7.9% or ₱1,943.3 Million to ₱26,587.5 Million in 2022 from ₱24,644.2 Million in 2021 mainly due to the following increases:

- ₱1,320.3 Million purchased services and utilities;
- ₱292.8 Million depreciation and amortization;
- ₱128.2 Million personnel costs; and
- ₱125.6 Million repairs and maintenance.

General and Administrative Expenses

General and administrative expenses increased by 12.8% or ₱726.6 Million to ₱6,402.6 Million in 2022 from ₱5,676.0 Million in 2021 mainly due to the following increases:

- ₱411.4 Million provisions for impairment of trade and other receivables, prepaid taxes, and others;
- ₱242.6 Million rental, insurance and taxes;
- ₱155.7 Million purchased services and utilities; and
- ₱127.1 Million personnel costs.

The above was partly offset by the following decreases:

- ₱90.8 Million depreciation and amortization;
- ₱48.5 Million provision for impairment of parts and supplies inventories;
- ₱26.8 Million business and related expenses;
- ₱24.7 Million parts and supplies issued; and
- ₱19.4 Million repairs and maintenance.

Financial Income (Expense)

Financial expenses-net decreased by 6.7% or ₱188.0 Million to ₱2,614.5 Million in 2022 from ₱2,802.5 Million in 2021.

Interest Income

Interest income increased by 79.6% or ₱114.4 Million to ₱258.1 Million in 2022 from ₱143.7 Million in 2021 mainly due to the higher interest on cash and cash equivalents, debt service reserve account and other short-term investments.

Interest Expense

Interest expense decreased by 2.5% or ₱73.6 Million to ₱2,872.6 Million in 2022 from ₱2,946.2 Million in 2021 mainly due to the interest on long-term debts resulting from lower average interest rates.

Other Income (Charges)

Other charges amounted to ₱170.2 Million in 2022, a 116.7% or a ₱1,189.3 Million turnaround from ₱1,019.1 Million other income in 2021.

Foreign exchange gains (losses)

Net foreign exchange loss amounted to ₱43.9 Million in 2022, a 140.1% or ₱153.3 Million turnaround from ₱109.4 Million gain in 2021 mainly due to the realignment of foreign currency accounts.

The comparative foreign exchange rates were as follows:

	₱:US\$
December 31, 2020	₱48.023
December 31, 2021	50.999
December 31, 2022	55.755

Miscellaneous income (charges), net

Miscellaneous charges amounted to ₱126.3 Million in 2022, a 113.9% or ₱1,036.0 Million turnaround from the ₱909.7 Million income in 2021 mainly due to the lower income from insurance claims and realized derivative loss.

Benefit from (Provision for) Income Tax

Current

Provision for current tax increased by 96.6% or ₱889.4 Million to ₱1,810.1 Million in 2022 from ₱920.7 Million in 2021 mainly due to the higher taxable income.

Deferred

Benefit from deferred tax amounted to ₱17.0 Million in 2022, a 114.5% or ₱134.6 Million turnaround from the ₱117.6 Million provision in 2021 mainly due to the movement of foreign exchange rates.

Net Income

As a result, the Group's net income increased by 20.7% or ₱1,906.0 Million to ₱11,132.5 Million in 2022 from ₱9,226.5 Million in 2021.

Net income in 2022 represented 22.9% of total revenue as compared to 21.8% in 2021.

The following table shows the Group's reconciliation of EBITDA to the consolidated net income for the years ended December 31, 2022 and 2021.

	2022	2021
EBITDA	₱23,226,559,114	₱18,999,682,621
Add (deduct):		
Depreciation and amortization	(6,807,096,972)	(6,605,115,758)
Interest expense	(2,872,574,735)	(2,946,174,558)
Provision for income tax	(1,793,085,113)	(1,038,303,471)
Interest income	258,131,186	143,651,319
Provision for impairment of trade and other receivables, prepaid taxes, and others	(688,464,769)	(277,104,307)
Provision for impairment of parts and supplies inventories	(20,721,752)	(69,281,245)
Foreign exchange gains (losses)	(43,860,848)	109,445,793
Miscellaneous income (charges)	(126,358,067)	909,732,854
Consolidated net income	₱11,132,528,044	₱9,226,533,248

The following table shows the Group's reconciliation of consolidated net income to recurring net income for the years ended December 31, 2022 and 2021.

Consolidated Amount in ₱ Millions	2022		2021	
	Total	Attributable to EDC	Total	Attributable to EDC
Net Income per Income Statements	11,132.5	10,979.4	9,226.5	9,122.4
Add (deduct):				
•Non-recurring (income) charges - net ¹⁾	288.2	275.9	(537.2)	(550.0)
•Income tax expense on (benefits from) non- recurring income (charges)- net	(46.1)	(46.1)	98.0	99.0
Recurring Net Income	11,374.6	11,209.2	8,787.3	8,671.4
¹⁾ Breakdown of non-recurring (income) charges - net				
Foreign exchange loss (gain)	43.9	38.7	(109.4)	(109.4)
Expenses related to COVID-19 pandemic	102.6	95.6	531.1	519.3
Expenses related to earthquake damages	0.1	0.1	10.4	10.4
Expenses related to typhoon damages	57.1	57.1	5.7	5.7
Proceeds from insurance claims	(194.9)	(194.9)	(1,050.4)	(1,050.4)
Derivative loss (gain)	237.8	234.6	(2.2)	(3.4)
Others	41.6	44.7	77.6	77.8
Non-recurring (income) charges - net	288.2	275.9	(537.2)	(550.0)

BALANCE SHEET

As of December 2023 vs. December 2022 Balances

(Amounts in ₱ Millions)	December 2023	December 2022	HORIZONTAL ANALYSIS		VERTICAL ANALYSIS	
			Increase (Decrease)		December 2023	December 2022
			Amount	%		
ASSETS						
Current Assets						
Cash and cash equivalents	17,421.0	17,597.8	(176.8)	-1.0%	10.5%	11.7%
Financial asset at fair value through profit or loss	17.7	12.7	5.0	39.4%	0.0%	0.0%
Trade and other receivables	6,886.6	7,518.8	(632.2)	-8.4%	4.1%	5.0%
Due from related parties	41.7	30.9	10.8	35.0%	0.0%	0.0%
Parts and supplies inventories	8,492.0	7,875.1	616.9	7.8%	5.1%	5.3%
Derivative assets	34.3	44.4	(10.1)	-22.7%	0.0%	0.0%
Other current assets	6,141.8	1,682.7	4,459.1	265.0%	3.7%	1.1%
Total Current Assets	39,035.1	34,762.4	4,272.7	12.3%	23.5%	23.2%
Noncurrent Assets						
Property, plant and equipment	111,867.3	100,928.9	10,938.4	10.8%	67.3%	67.3%
Goodwill and intangible assets	3,424.9	3,632.1	(207.2)	-5.7%	2.1%	2.4%
Exploration and evaluation assets	2,151.0	2,039.3	111.7	5.5%	1.3%	1.4%
Deferred tax assets - net	875.5	754.4	121.1	16.1%	0.5%	0.5%
Derivative assets - net of current portion	233.5	326.3	(92.8)	-28.4%	0.1%	0.2%
Financial assets at fair value through other comprehensive income	289.0	295.0	(6.0)	-2.0%	0.2%	0.2%
Other noncurrent assets	8,376.8	7,258.1	1,118.7	15.4%	5.0%	4.8%
Total Noncurrent Assets	127,218.0	115,234.1	11,983.9	10.4%	76.5%	76.8%
TOTAL ASSETS	166,253.1	149,996.5	16,256.6	10.8%	100.0%	100.0%
LIABILITIES AND EQUITY						
LIABILITIES						
Current Liabilities						
Trade and other payables	20,483.8	15,461.9	5,021.9	32.5%	12.3%	10.3%
Due to related parties	1.7	2.0	(0.3)	-15.0%	0.0%	0.0%
Income tax payable	218.9	298.2	(79.3)	-26.6%	0.1%	0.2%
Current portion of:						
Long-term debts	8,964.6	8,881.5	83.1	0.9%	5.4%	5.9%
Lease liability	166.3	160.8	5.5	3.4%	0.1%	0.1%
Derivative liabilities	-	-	-	0.0%	0.0%	0.0%
Total Current Liabilities	29,835.3	24,804.4	5,030.9	20.3%	17.9%	16.5%
Noncurrent Liabilities						
Long-term debts - net of current portion	46,769.8	44,420.1	2,349.7	5.3%	28.1%	29.6%
Long-term lease liability - net of current portion	157.6	241.1	(83.5)	-34.6%	0.1%	0.2%
Net retirement and other post-employment benefits	2,627.4	1,759.7	867.7	49.3%	1.6%	1.2%
Derivative liabilities - net of current portion	-	-	-	-	-	-
Deferred tax liability - net	134.9	165.9	(31.0)	-18.7%	0.1%	0.1%
Provisions and other long-term liabilities	3,355.3	3,027.8	327.5	10.8%	2.0%	2.0%
Total Noncurrent Liabilities	53,045.0	49,614.6	3,430.4	6.9%	31.9%	33.1%
TOTAL LIABILITIES	82,880.3	74,419.0	8,461.3	11.4%	49.9%	49.6%
EQUITY						
Equity Attributable to Equity Holders of the Parent						
Preferred stock	93.8	93.8	-	-	0.1%	0.1%
Common stock	19,076.3	19,076.3	-	-	11.5%	12.7%
Treasury Stock	(14,730.7)	(14,730.7)	-	-	-8.9%	-9.8%
Additional paid-in capital	8,715.1	8,715.1	-	-	5.2%	5.8%
Equity reserve	(3,706.4)	(3,706.4)	-	-	-2.2%	-2.5%
Net accumulated unrealized gain on financial assets at fair value through other comprehensive income	100.3	70.1	30.2	43.1%	0.1%	0.0%
Fair value adjustments on hedging transactions	(3.6)	72.1	(75.7)	-105.0%	0.0%	0.0%
Cumulative translation adjustment	1,593.0	1,678.4	(85.4)	-5.1%	1.0%	1.1%
Retained earnings						
Unappropriated	26,051.1	24,774.9	1,276.2	5.2%	15.7%	16.5%
Appropriated	43,795.6	37,261.5	6,534.1	17.5%	26.3%	24.8%
Total Equity	80,984.5	73,305.1	7,679.4	10.5%	48.7%	48.9%
Non-controlling interests	2,388.3	2,272.4	115.9	5.1%	1.4%	1.5%
TOTAL EQUITY	83,372.8	75,577.5	7,795.3	10.3%	50.1%	50.4%
TOTAL LIABILITIES AND EQUITY	166,253.1	149,996.5	16,256.6	10.8%	100.0%	100.0%

The Group's total assets as of December 31, 2023, amounted to ₱166,253.1 Million, 10.8% or ₱16,256.6 Million higher than the December 31, 2022 year-end level of ₱149,996.5 Million. The Group's debt ratio is 0.40:1 as of December 31, 2023, lower than previous year's 0.41:1. This year's current ratio of 1.31:1 was higher than previous year's 1.40:1.

Cash and cash equivalents

Cash and cash equivalents decreased by 1.0% or ₱176.8 Million to ₱17,421.0 Million as of December 31, 2023 from the ₱17,597.8 Million balance as of December 31, 2022 mainly due to the:

- ₱18,047.9 Million acquisitions of property, plant and equipment;
- ₱9,591.2 Million payments of long-term debts;
- ₱5,792.6 Million payments of cash dividends;
- ₱2,920.3 Million payments of interest and other financing charges;
- ₱1,185.4 Million increase in other noncurrent assets;
- ₱143.6 Million payment of lease liabilities;
- ₱116.2 Million acquisitions of exploration and evaluation assets; and
- ₱70.6 Million acquisitions of intangible assets.

The above was partly offset by the following:

- ₱25,031.8 Million net cash generated from operations;
- ₱11,926.4 Million proceeds from availment of long-term debts; and
- ₱751.4 Million interest received.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss increased by 39.4% or ₱5.0 Million to ₱17.7 Million as of December 31, 2023 from the ₱12.7 Million balance as of December 31, 2022 mainly due to the changes in fair value.

Trade and other receivables

Trade and other receivables decreased by 8.4% or ₱632.2 Million to ₱6,886.6 Million as of December 31, 2023 from the ₱7,518.8 Million balance as of December 31, 2022 mainly due the decrease in the balance of receivables from customers (₱1,088.9 Million), partly offset by the increase non-trade accounts receivables (₱508.6 Million).

Due from related parties

Due from related parties increased by 35.0% or ₱10.8 Million to ₱41.7 Million as of December 31, 2023 from the ₱30.9 Million balance as of December 31, 2022 mainly from the transactions with First Gen Energy Solutions.

Parts and supplies inventories

Parts and supplies inventories increased by 7.8% or ₱616.9 Million to ₱8,492.0 Million as of December 31, 2023 from ₱7,875.1 Million as of December 31, 2022 mainly due to the various materials and supplies purchased during the period.

Derivative assets

	December 31,		Favorable (Unfavorable) Variance	
	2023	2022	Amount	%
Current	34.3	44.4	(10.1)	-22.7%
Noncurrent	233.5	326.3	(92.8)	-28.4%
	267.8	370.7	(102.9)	-27.8%

Derivative assets decreased by 27.8% or ₱102.9 Million to ₱267.8 Million as of December 31, 2023 from the ₱370.7 Million balance as of December 31, 2022 mainly due to the valuation adjustments for the period.

Other current assets

Other current assets increased by 265.0% or ₱4,459.1 Million to ₱6,141.8 Million as of December 31, 2023 from the ₱1,682.7 Million balance as of December 31, 2022 mainly due to the increase in short-term investments, creditable withholding taxes, other prepaid expenses and advances to contractors.

Property, plant and equipment

Property, plant and equipment increased by 10.8% or ₱10,938.4 Million to ₱111,867.3 Million as of December 31, 2023 from the ₱100,928.9 Million balance as of December 31, 2022 mainly due to the ₱18,121.1 Million additions, partly offset by the ₱7,065.3 Million depreciation and amortization.

Goodwill and intangible assets

Goodwill and intangible assets decreased by 5.7% or ₱207.2 Million to ₱3,424.9 Million as of December 31, 2023 from the ₱3,632.1 Million balance in December 31, 2022 mainly due to the amortization and allowance for impairment for the period (₱275.7 Million), partly offset by the additions for the period ₱70.6 Million.

Exploration and evaluation assets

Exploration and evaluations assets increased by 5.5% or ₱111.7 Million to ₱2,151.0 Million as of December 31, 2023 from the ₱2,039.3 Million balance in December 31, 2022 mainly due to the additions for the period.

Deferred tax assets – net

Deferred tax assets – net increased by 16.1% or ₱121.1 Million to ₱875.5 Million as of December 31, 2023 from the ₱754.4 Million balance as of December 31, 2022 mainly due to deferred tax related to retirement benefit obligations.

Other noncurrent assets

Other current assets increased by 15.4% or ₱1,118.7 Million to ₱8,376.8 Million as of December 31, 2023 from the ₱7,258.1 Million balance as of December 31, 2022 mainly due to the increase in input value-added tax from both local purchases and importation, and from the increase in advances to contractors.

Trade and other payables

Trade and other payables increased by 32.5% or ₱5,021.9 Million to ₱20,483.8 Million as of December 31, 2023 from ₱15,461.9 Million as of December 31, 2022 mainly due to the increase in trade payables to suppliers and contractors.

Due to related parties

Due to related parties decreased by 15.0% or ₱0.3 Million to ₱1.7 Million as of December 31, 2023 from the ₱2.0 Million balance as of December 31, 2022 mainly due to the transactions with First Gen Corporation.

Income tax payable

Income tax payable decreased by 26.6% or ₱79.3 Million to ₱218.9 Million as of December 31, 2023 from the ₱298.2 Million balance as of December 31, 2022 mainly due to the lower current income tax expense recognized for the period.

Long-term debt

	December 31,		(Favorable) Unfavorable Variance	
	2023	2022	Amount	%
Current	8,964.6	8,881.5	83.1	0.9%
Noncurrent	46,769.8	44,420.1	2,349.7	5.3%
	55,734.4	53,301.6	2,432.8	4.6%

Long-term debt increased by 4.6% or ₱2,432.8 Million to ₱55,734.4 Million as of December 31, 2023 from the ₱53,301.6 Million balance as of December 31, 2022 mainly due to loan drawdowns, partly offset by the principal payments this period.

Lease liability

	December 31,		(Favorable) Unfavorable Variance	
	2023	2022	Amount	%
Current	166.3	160.8	5.5	3.4%
Noncurrent	157.6	241.1	-83.5	-34.6%
	323.9	401.9	-78.0	-19.4%

Lease liability decreased by 19.4% or ₱78.0 Million to ₱323.9 Million as of December 31, 2023 from the ₱401.9 Million balance as of December 31, 2022 mainly due to the payments of lease liabilities during the year.

Net retirement and other post-employment benefits

Net retirement and other post-employment benefits increased by 49.3% or ₱867.7 Million to ₱2,627.4 Million as of December 31, 2023 from the ₱1,759.7 Million balance as of December 31, 2022 mainly due to the increase in the contributions to the Group's retirement plan.

Deferred tax liability – net

Deferred tax liability – net decreased by 18.7% or ₱31.1 Million to ₱134.9 Million as of December 31, 2023 from the ₱165.9 Million balance as of December 31, 2022 mainly due to deferred tax related to EBWPC's derivatives and movement of foreign exchange rate.

Provisions and other long-term liabilities

Provisions and other long-term liabilities increased by 10.8% or ₱327.5 Million to ₱3,355.3 Million as of December 31, 2023 from the ₱3,027.8 Million balance as of December 31, 2022 mainly due to the increase in asset retirement obligation and from the proceeds received from the Joint Crediting Mechanism Program of the Ministry of Environment of Japan.

Net accumulated unrealized gain on financial assets at fair value through other comprehensive income

Net accumulated unrealized gain on financial assets at fair value through other comprehensive income increased by 43.1% or ₱30.2 Million to ₱100.3 Million as of December 31, 2023 from the ₱70.1 Million balance as of December 31, 2022 mainly due to the increase in unrealized gain during the period.

Fair value adjustments on hedging transactions

Fair value adjustments on hedging transactions turnaround by 105.0% or ₱75.7 Million to (₱3.6) Million as of December 31, 2022 from the ₱72.1 Million balance as of December 31, 2022 mainly due to the valuation of hedging transactions.

Cumulative translation adjustment

Cumulative translation adjustment decreased by 5.1% or ₱85.4 Million to ₱1,593.0 Million as of December 31, 2023 from the ₱1,678.4 Million balance as of December 31, 2022 mainly due to the translation adjustment from international subsidiaries and local subsidiary with USD functional currency.

Retained Earnings

Unappropriated

Unappropriated retained earnings increased by 5.2% or ₱1,276.2 Million to ₱26,051.1 Million as of December 31, 2023 from the ₱24,774.9 Million balance as of December 31, 2022 mainly due to the ₱14,267.2 Million net income attributable to the equity holders of the Parent Company and ₱8,465.9 Million reversal of appropriation of retained earnings, partly offset by the appropriation of retained earnings of ₱15,000.0 Million and cash dividend of ₱5,792.6 Million.

Appropriated

Appropriated retained earnings increased by 17.5% or ₱6,534.1 Million to ₱43,795.6 Million as of December 31, 2023 from the ₱37,261.5 Million balance as of December 31, 2022 was mainly due to the appropriation of retained earnings of ₱15,000.0 Million partly offset by ₱8,465.9 Million reversal of appropriation of retained earnings.

Non-controlling interests

Non-controlling interest increased by 5.1% or ₱115.9 Million to ₱2,388.3 Million as of December 31, 2023 from the ₱2,272.4 Million balance as of December 31, 2022 was due to the ₱124.4 Million share in net income and (₱8.5) Million remeasurements of retirement and other post-employment benefits.

As of December 2022 vs. December 2021 Balances

(Amounts in ₱ Millions)	December 2022	December 2021	HORIZONTAL ANALYSIS		VERTICAL ANALYSIS	
			Increase (Decrease) Amount	%	December 2022	December 2021
ASSETS						
Current Assets						
Cash and cash equivalents	17,597.8	14,015.0	3,582.8	25.6%	11.7%	10.1%
Financial asset at fair value through profit or loss	12.7	853.1	(840.4)	-98.5%	0.0%	0.6%
Trade and other receivables	7,518.8	6,054.5	1,464.3	24.2%	5.0%	4.3%
Due from related parties	30.9	16.3	14.6	89.6%	0.0%	0.0%
Parts and supplies inventories	7,875.1	6,537.7	1,337.4	20.5%	5.3%	4.7%
Derivative assets	44.4	40.9	3.5	8.6%	0.0%	0.0%
Other current assets	1,682.7	1,800.3	(117.6)	-6.5%	1.1%	1.3%
Total Current Assets	34,762.4	29,317.8	5,444.6	18.6%	23.2%	21.1%
Noncurrent Assets						
Property, plant and equipment	100,928.9	96,218.5	4,710.4	4.9%	67.3%	69.1%
Goodwill and intangible assets	3,632.1	3,782.1	(150.0)	-4.0%	2.4%	2.7%
Exploration and evaluation assets	2,039.3	1,974.8	64.5	3.3%	1.4%	1.4%
Deferred tax assets – net	754.4	743.4	11.0	1.5%	0.5%	0.5%
Derivative assets - net of current portion	326.3	0.0	326.3	0.0%	0.2%	0.0%
Financial assets at fair value through other comprehensive income	295.0	225.8	69.2	30.6%	0.2%	0.2%
Other noncurrent assets	7,258.1	6,976.3	281.8	4.0%	4.8%	5.0%
Total Noncurrent Assets	115,234.1	109,920.9	5,313.2	4.8%	76.8%	78.9%
TOTAL ASSETS	149,996.5	139,238.7	10,757.8	7.7%	100.0%	100.0%
LIABILITIES AND EQUITY						
LIABILITIES						
Current Liabilities						
Trade and other payables	15,461.9	13,036.4	2,425.5	18.6%	10.3%	9.4%
Due to related parties	2.0	3.2	(1.2)	-37.5%	0.0%	0.0%
Income tax payable	298.2	120.9	177.3	146.7%	0.2%	0.1%
Current portion of:						
Long-term debts	8,881.5	13,104.7	(4,223.2)	-32.2%	5.9%	9.4%
Lease liability	160.8	92.9	67.9	73.1%	0.1%	0.1%
Derivative liabilities	0.0	29.1	(29.1)	-100.0%	0.0%	0.0%
Total Current Liabilities	24,804.4	26,387.2	(1,582.8)	-6.0%	16.5%	19.0%
Noncurrent Liabilities						
Long-term debts - net of current portion	44,420.1	40,014.4	4,405.7	11.0%	29.6%	28.7%
Long-term lease liability - net of current portion	241.1	204.3	36.8	18.0%	0.2%	0.1%
Net retirement and other post-employment benefits	1,759.7	1,845.0	(85.3)	-4.6%	1.2%	1.3%
Derivative liabilities - net of current portion	-	252.4	(252.4)	-100.0%	0.0%	0.2%
Deferred tax liability – net	165.9	-	165.9	0.0%	0.1%	0.0%
Provisions and other long-term liabilities	3,027.8	2,590.8	437.0	16.9%	2.0%	1.9%
Total Noncurrent Liabilities	49,614.6	44,906.9	4,707.7	10.5%	33.1%	32.3%
TOTAL LIABILITIES	74,419.0	71,294.1	3,124.9	4.4%	49.6%	51.2%
EQUITY						
Equity Attributable to Equity Holders of the Parent						
Preferred stock	93.8	93.8	-	0.0%	0.1%	0.1%
Common stock	19,076.3	19,076.3	-	0.0%	12.7%	13.7%
Treasury Stock	(14,730.7)	(14,729.0)	(1.7)	0.0%	-9.8%	-10.6%
Additional paid-in capital	8,715.1	8,715.1	-	0.0%	5.8%	6.3%
Equity reserve	(3,706.4)	(3,706.4)	-	0.0%	-2.5%	-2.7%
Net accumulated unrealized gain on financial assets at fair value through other comprehensive income	70.1	73.3	(3.2)	-4.4%	0.0%	0.1%
Fair value adjustments on hedging transactions	72.1	(588.5)	660.6	-112.3%	0.0%	-0.4%
Cumulative translation adjustment	1,678.4	709.7	968.7	136.5%	1.1%	0.5%
Retained earnings						
Unappropriated	24,774.9	42,290.6	(17,515.7)	-41.4%	16.5%	30.4%
Appropriated	37,261.5	13,894.1	23,367.4	168.2%	24.8%	10.0%
Total Equity	73,305.1	65,829.0	7,476.1	11.4%	48.9%	47.3%
Non-controlling interests	2,272.4	2,115.6	156.8	7.4%	1.5%	1.5%
TOTAL EQUITY	75,577.5	67,944.6	7,632.9	11.2%	50.4%	48.8%
TOTAL LIABILITIES AND EQUITY	149,996.5	139,238.7	10,757.8	7.7%	100.0%	100.0%

The Group's total assets as of December 31, 2022, amounted to ₱149,996.5 Million, 7.7% or ₱10,757.8 Million higher than the December 31, 2021 year-end level of ₱139,238.7 Million. The Group's debt ratio is 0.41:1 as of December 31, 2022, lower than previous year's 0.44:1. This year's current ratio of 1.40:1 was higher than previous year's 1.11:1.

Cash and cash equivalents

Cash and cash equivalents increased by 25.6% or ₱3,582.8 Million to ₱17,597.8 Million as of December 31, 2022 from the ₱14,015.0 Million balance as of December 31, 2021 mainly due to the ₱21,808.5 Million net cash generated from operations and the following:

- ₱864.0 Million net redemption of financial assets at FVPL; and
- ₱248.6 Million interest received.

The above was partly offset by the following:

- ₱9,856.6 Million net acquisitions of property, plant and equipment;
- ₱5,293.5 Million payments of cash dividends;
- ₱2,667.3 Million payments of interest and other financing charges;
- ₱706.9 Million net payments of long-term debts; and
- ₱500.1 Million increase in other noncurrent assets.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss decreased by 98.5% or ₱840.4 Million to ₱12.7 Million as of December 31, 2022 from the ₱853.1 Million balance as of December 31, 2021 mainly due the net redemption from Investment Management Agreement account.

Trade and other receivables

Trade and other receivables increased by 24.2% or ₱1,464.3 Million to ₱7,518.8 Million as of December 31, 2022 from the ₱6,054.5 Million balance as of December 31, 2021 mainly due the increase in receivables from customers.

Due from related parties

Due from related parties increased by 89.6% or ₱14.6 Million to ₱30.9 Million as of December 31, 2022 from the ₱16.3 Million balance as of December 31, 2021 mainly from the transactions with First Gen Energy Solutions.

Parts and supplies inventories

Parts and supplies inventories increased by 20.5% or ₱1,337.4 Million to ₱7,875.1 Million as of December 31, 2022 from the ₱6,537.7 Million as of December 31, 2021 mainly due to the various materials and supplies purchased during the period.

Derivative assets

	December 31,		Favorable (Unfavorable) Variance	
	2022	2021	Amount	%
Current	44.4	40.9	3.5	8.6%
Noncurrent	326.3	-	326.3	100.0%
	370.7	40.9	329.8	806.4%

Derivative assets increased by 806.4% or ₱329.8 Million to ₱370.7 Million as of December 31, 2022 from the ₱40.9 Million balance as of December 31, 2021 mainly due to the valuation adjustments for the period.

Other current assets

Other current assets decreased by 6.5% or ₱117.6 Million to ₱1,682.7 Million as of December 31, 2022 from the ₱1,800.3 Million balance as of December 31, 2021 mainly due to the maturity of short-term investments partly offset by higher creditable withholding taxes and prepaid expenses.

Property, plant and equipment

Property, plant and equipment increased by 4.9% or ₱4,710.4 Million to ₱100,928.9 Million as of December 31, 2022 from the ₱96,218.5 Million balance as of December 31, 2021 mainly due to the ₱10,111.7 Million additions and ₱1,861.6 Million foreign exchange adjustments, partly offset by the ₱6,620.3 Million depreciation and amortization.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income increased by 30.6% or ₱69.2 Million to ₱295.0 Million as of December 31, 2022 from the ₱225.8 Million balance as of December 31, 2021 mainly due to the additional financial assets during the period.

Trade and other payables

Trade and other payables increased by 18.6% or ₱2,425.5 Million to ₱15,461.9 Million as of December 31, 2022 from ₱13,036.4 Million as of December 31, 2021 mainly due to the increase in trade payables to suppliers and contractors.

Due to related parties

Due to related parties decreased by 37.5% or ₱1.2 Million to ₱2.0 Million as of December 31, 2022 from the ₱3.2 Million balance as of December 31, 2021 mainly due to the transactions with First Gen Corporation.

Income tax payable

Income tax payable increased by 146.7% or ₱177.3 Million to ₱298.2 Million as of December 31, 2022 from the ₱120.9 Million balance as of December 31, 2021 mainly due to the income tax payable recognized for the period.

Long-term debt

	December 31,		(Favorable) Unfavorable Variance	
	2022	2021	Amount	%
Current	8,881.5	13,104.7	(4,223.2)	-32.2%
Noncurrent	44,420.1	40,014.4	4,405.7	11.0%
	53,301.6	53,119.1	182.5	0.3%

Long-term debt increased by 0.3% or ₱182.5 Million to ₱53,301.6 Million as of December 31, 2022 from the ₱53,119.1 Million balance as of December 31, 2021 mainly due to the transaction costs.

Lease liability

	December 31,		(Favorable) Unfavorable Variance	
	2022	2021	Amount	%
Current	160.8	92.9	67.9	73.1%
Noncurrent	241.1	204.3	36.8	18.0%
	401.9	297.2	104.7	35.2%

Lease liability increased by 35.2% or ₱104.7 Million to ₱401.9 Million as of December 31, 2022 from the ₱297.2 Million balance as of December 31, 2021 mainly due to the additional lease transactions during the year.

Derivative liability

	December 31, (Favorable) Unfavorable Variance			
	2022	2021	Amount	%
Current	-	29.1	(29.1)	-100.0%
Noncurrent	-	252.4	(252.4)	-100.0%
	-	281.5	(281.5)	-100.0%

Derivative liability decreased by 100.0% or ₱281.5 Million to nil as of December 31, 2022 from the ₱281.5 Million balance as of December 31, 2021 mainly due to the valuation adjustments for the year that resulted in derivative asset position.

Provisions and other long-term liabilities

Provisions and other long-term liabilities increased by 16.9% or ₱437.0 Million to ₱3,027.8 Million as of December 31, 2022 from the ₱2,590.8 Million balance as of December 31, 2021 mainly due to the proceeds received from the Joint Crediting Mechanism Program of the Ministry of Environment of Japan.

Fair value adjustments on hedging transactions

Fair value adjustments on hedging transactions turnaround by 112.3% or ₱660.6 Million to ₱72.1 Million as of December 31, 2022 from the (₱588.5) Million balance as of December 31, 2021 mainly due to the valuation of hedging transactions.

Cumulative translation adjustment

Cumulative translation adjustment increased by 136.5% or ₱968.7 Million to ₱1,678.4 Million as of December 31, 2022 from the ₱709.7 Million balance as of December 31, 2021 mainly due to the translation adjustment from international subsidiaries and local subsidiary with USD functional currency.

Retained Earnings

Unappropriated

Unappropriated retained earnings decreased by 41.4% or ₱17,515.7 Million to ₱24,774.9 Million as of December 31, 2022 from the ₱42,290.6 Million balance as of December 31, 2021 mainly due to the appropriation of retained earnings of ₱30,000.0 Million and cash dividend of ₱5,293.5 Million partly offset by ₱10,979.4 Million net income attributable to the equity holders of the Company and ₱6,632.7 Million reversal of appropriation of retained earnings.

Appropriated

Appropriated retained earnings increased by 168.2% or ₱23,367.4 Million to ₱37,261.5 Million as of December 31, 2022 from the ₱13,894.1 Million balance as of December 31, 2021 was mainly due to the appropriation of retained earnings of ₱30,000.0 Million partly offset by ₱6,632.6 Million reversal of appropriation of retained earnings.

Non-controlling interests

Non-controlling interest increased by 7.4% or ₱156.8 Million to ₱2,272.4 Million as of December 31, 2022 from the ₱2,115.6 Million balance as of December 31, 2021 was due to the ₱153.1 Million share in net income and ₱3.7 Million remeasurements of retirement and other post-employment benefits.

CASH FLOWS

2023 vs. 2022

Net cash flows from operating activities increased by 14.8% or ₱3,223.3 Million to ₱25,031.8 Million in 2023 from the ₱21,808.5 Million in 2022 mainly due to the following movements:

- higher operating income before working capital changes (₱2,810.7 Million),
- increase in trade and increase in other payables (₱2,558.6 Million),
- decrease in trade and other receivables (₱2,107.5 Million), and
- lower increase in parts and supplies inventories (₱811.1 Million).

These were partly offset by:

- increase of other current assets (₱4,364.4 Million), primarily from short-term investments,
- lower decrease in provisions and other long-term liabilities (₱353.9 Million), and
- increase in income tax paid including creditable withholding tax (₱288.6 Million).

Net cash flows used in investing activities increased by 97.4% or ₱9,191.0 Million to ₱18,626.6 Million in 2023 from the ₱9,435.6 Million in 2022 mainly due to the:

- higher acquisitions of property, plant and equipment (₱8,185.7 Million),
- lower proceeds from redemption of financial assets at FVPL (₱3,326.5 Million), and
- higher additions to other noncurrent assets (₱685.3 Million).

These were partly offset by the decrease in acquisitions of financial assets at FVPL (₱2,458.5 Million) and increase in interest received (₱502.8 Million).

Net cash flows used in financing activities decreased by 25.5% or ₱2,227.5 Million to ₱6,521.3 Million in 2023 from the ₱8,748.8 Million in 2022 mainly due to the lower payments of long-term debts (₱4,697.2 Million), partly offset by the lower proceeds from availment of long-term debts (₱1,655.1 Million), higher payments for dividends (₱499.1 Million) and interest and other finance charges (₱253.0 Million).

2022 vs. 2021

Net cash flows from operating activities decreased by 7.4% or ₱1,738.4 Million to ₱21,808.5 Million in 2022 from the ₱23,546.9 Million in 2021 mainly due to the following movements:

- lower decrease of other current assets (₱3,277.3 Million), primarily from short-term investments,
- increase in trade and other receivables (₱2,293.5 Million),
- increase in parts and supplies inventories (₱712.4 Million), and
- increase in income tax paid including creditable withholding tax (₱558.2 Million).

These were partly offset by:

- higher operating income before working capital changes (₱3,127.3 Million),
- increase in trade and increase in other payables (₱1,604.0 Million), and
- increase in provisions and other long-term liabilities (₱361.9 Million).

Net cash flows used in investing activities decreased by 9.6% or ₱1,005.7 Million to ₱9,435.6 Million in 2022 from the ₱10,441.3 Million in 2021 mainly due to the:

- lower acquisitions of property, plant and equipment (₱1,005.0 Million),
- lower acquisitions of financial assets at FVPL (₱692.5 Million), and
- lower additions to other noncurrent assets (₱299.9 Million)

These were partly offset by the decrease in tax credit certificates (₱693.8 Million) and lower proceeds from redemption of financial assets at FVOCI (₱371.3 Million).

Net cash flows used in financing activities decreased by 58.4% or ₱12,301.8 Million to ₱8,748.8 Million in 2022 from the ₱21,050.6 Million in 2021 mainly due to the lower payments of dividends (₱4,999.0 Million) combined with higher proceeds from availment of long-term debts (₱6,664.3 Million).

Selected Financial Data

Financial Statements			
(Amounts in ₱ Millions)	2023	2022	2021
a) Cash and Cash Equivalents			
Cash on hand and in bank (Peso)	5,252.2	6,922.5	6,492.6
Cash in bank (US\$)	436.5	848.7	927.1
Cash in bank (JPY)	20.1	426.7	105.1
Cash in bank (CHP)	1.9	5.7	7.2
Cash in bank (PEN)	14.0	3.6	6.5
Cash in bank (IDR)	2.7	19.4	21.1
Marketable securities (Peso)	9,949.0	7,523.9	4,313.4
Marketable securities (US\$)	1,744.6	1,847.3	2,142.0
Total	17,421.0	17,597.8	14,015.0
b) Accounts Receivables – Others			
Non-trade accounts receivable	974.8	466.1	374.3
Advances to employees	52.0	42.0	38.0
Loans and notes receivable	45.3	43.6	44.6
Total	1,072.1	551.7	456.9
c) General and Administrative Expenses			
Purchased services and utilities	2,845.1	2,445.6	2,289.8
Personnel costs	2,088.0	1,784.6	1,657.5
Business and related expenses	900.9	408.1	434.9
Depreciation and amortization	346.7	324.3	415.2
Provision for (reversal of) impairment of goodwill, property, plant and equipment and exploration and evaluation	282.4	-	-
Rental, insurance and taxes	161.2	472.5	229.9
Repairs and maintenance	155.1	71.9	91.2
Parts and supplies issued	107.4	186.4	211.1
Provision for (reversal of) impairment of parts and supplies inventories	(69.8)	20.7	69.3
Provision for impairment of trade and other receivables, prepaid taxes and others	31.2	688.5	277.1
Total	6,848.2	6,402.6	5,676.0
d) Interest Income, Interest Expense and Others			
Interest income	818.3	258.1	143.7
Interest expense	(3,179.7)	(2,872.6)	(2,946.2)
Foreign exchange gains (losses) – net	10.3	(43.9)	109.4
Miscellaneous income (charges) – net	569.3	(126.3)	909.7
Total	(1,781.8)	(2,784.7)	(1,783.4)

DISCUSSION ON THE SUBSIDIARIES

December 2023 vs. December 2022 Results

Green Core Geothermal Inc. (GCGI)

(Amounts in P Millions)	For the years ended December 31	
	2023	2022
Revenue	18,131.2	16,590.3
Costs of sale of electricity	(15,330.6)	(14,871.1)
General and administrative expenses	(766.4)	(523.6)
Other income (charges) - net	80.8	(323.2)
Income before income tax	2,115.0	872.4
Provision for income tax	(218.9)	(207.4)
Net income	1,896.1	665.0
	As of	
	December 31, 2023	December 31, 2022
Total current assets	4,613.8	5,526.1
Total noncurrent assets	13,327.2	13,271.0
Total current liabilities	6,608.2	16,320.8
Total noncurrent liabilities	161.3	187.9
Total equity	11,171.5	2,288.4

Revenue increased by 9.3% or ₱1,540.9 Million to ₱18,131.2 Million for the year ended December 31, 2023 from ₱16,590.3 Million for the same period in 2022 due to higher sales volume (₱1,310.5 Million) coupled with higher average sales price (₱230.4 Million).

Cost of sale of electricity increased by 3.1 % or ₱459.5 Million, to ₱15,330.6 Million for the period ended December 31, 2023 from ₱14,871.1 Million for the same period in 2022 mainly due to higher purchased services and utilities (₱661.9 Million), cost of steam (₱281.4 Million), rental, insurance and taxes (₱94.7 Million), repairs and maintenance (₱64.3 Million), offset by lower replacement power cost (₱615.8 Million) and parts and supplies issued (₱45.0 Million).

General and administrative expenses increased by 46.4% or ₱242.8 Million, to ₱766.4 Million for the period ended December 31, 2023 from ₱523.6 Million for the same period in 2022 mainly due to higher business and related expenses (₱112.7 Million), provision for doubtful accounts (₱56.1 Million), purchased services and utilities (₱43.4 Million) and rental, insurance and taxes (₱25.9 Million).

Other income - net increased by 125.0% or ₱404.0 Million, to ₱80.8 Million Other income for the period ended December 31, 2023 from ₱323.2 Million Other charges for the same period in 2022 mainly due to turnaround of miscellaneous income this year from miscellaneous charges last year (₱329.0 Million), higher interest income (₱35.5 Million), turnaround of foreign exchange gain this year from foreign exchange loss last year (₱20.5 Million) and lower interest expense (₱18.8 Million).

Provision for income tax increased by 5.5% or ₱11.5 Million, to ₱218.9 Million from the ₱207.4 Million last year on account of higher taxable income.

Total current assets decreased by 16.5% or ₱912.3 Million, to ₱4,613.8 Million as of December 31, 2023 from the ₱5,526.1 Million as of December 31, 2022 mainly due to higher cash and cash equivalents (₱889.7 Million), trade and other receivables (₱729.4 Million), offset by lower other current assets (₱503.9 Million), parts and supplies inventories (₱200.3 Million).

Total noncurrent assets increased by 0.4% or ₱56.2 Million, to ₱13,327.2 Million as of December 31, 2023 from the ₱13,271.0 Million as of December 31, 2022 mainly due to higher Other noncurrent assets (₱160.8 Million), offset by lower property, plant and equipment (₱108.0 Million).

Total current liabilities decreased by 59.5% or ₱9,712.6 to ₱6,608.2 Million as of December 31, 2023 from ₱16,320.8 Million as of December 31, 2022, mainly due to lower trade and other payables (₱2,612.6 Million) and cash dividend payable (₱7,100.0 Million).

Total noncurrent liabilities decreased by 14.2% or ₱26.6 Million, to ₱161.3 Million as of December 31, 2023 from ₱187.9 Million as of December 31, 2022 mainly due to lower other noncurrent liabilities (₱51.0 Million), offset by higher net retirement and other post-retirement benefits (₱18.4 Million).

Total equity increased by 388.2% or ₱8,883.1 Million, to ₱11,171.5 Million as of December 31, 2023 from ₱2,288.4 Million as of December 31, 2022, mainly due to increase in Preferred Stocks (₱70.0 Million), Additional Paid-in Capital (₱6,930.0 Million) and this year's net income (₱1,896.1 Million).

Bac-Man Geothermal Inc. (BGI)

(Amounts in ₱ Millions)	For the years ended December 31	
	2023	2022
Revenue	9,911.6	9,538.8
Costs of sale of electricity	(8,112.0)	(8,788.0)
General and administrative income (expenses)	572.0	(230.4)
Other income (charges) - net	87.0	(380.4)
Income before income tax	2,458.6	140.0
Provision for income tax	(250.2)	(154.0)
Net income (loss)	2,208.4	(14.0)
	As of	
	December 31, 2023	December 31, 2022
Total current assets	6,889.3	5,216.6
Total noncurrent assets	10,879.7	7,864.7
Total current liabilities	3,321.7	3,110.1
Total noncurrent liabilities	928.0	811.3
Total equity	13,519.3	9,159.9

Revenues increased by 3.9% or ₱372.8 Million to ₱9,911.6 Million in 2023 from ₱9,538.8 Million in 2022. The favorable variance was contributed by increase in average price (₱590.7 Million) partly offset by lower sales volume by 41.48 GWh (₱217.9 Million).

Cost of sales decreased by 7.7% or ₱676.0 Million, to ₱8,112.0 Million in 2023 from ₱8,788.0 Million in 2022. The decrease was primarily attributed to lower purchased services and utilities (₱988.2 Million) attributed to lower replacement power cost, partly offset by higher steam costs (₱209.6 Million), higher depreciation charges (₱33.8 Million), higher rental, insurance and taxes (₱31.9 Million), higher personnel costs (₱14.8 Million), higher repairs and maintenance (₱12.4 Million), and higher parts and supplies issued (₱10.4 Million).

General and administrative income - net of ₱572.0 Million in 2023 was a turnaround of ₱230.4 Million expenses in 2022. The favorable variance was mainly due to the reversal in 2023 of allowance for doubtful accounts (₱863.0 Million) and lower rental, insurance and taxes (₱8.4 Million). This was reduced by higher business and related expenses (₱63.1 Million), higher personnel costs (₱2.6 Million), and higher parts and supplies issued (₱2.4 Million).

Other income (charges) - net increased by 122.9% or ₱467.4 Million to net income of ₱87.0 Million in 2023 from net charges of ₱380.4 Million in 2022. The favorable variance was mainly contributed by the absence this period of ₱381.7 Million loss incurred in 2022 related to replacement power, this period's financial income-net of ₱107.6 Million versus ₱22.2 Million financial income-net in 2022.

Total current assets increased by 32.1% or ₱1,672.7 Million to ₱6,889.3 Million as of December 31, 2023 from ₱5,216.6 Million as of December 31, 2022. The increase was attributed to the higher cash and cash equivalents (₱1,272.9 Million), increase of other current assets particularly on short-term investment (₱382.9 Million), increase of due from related parties (₱75.2 Million), increase of parts and supplies inventories (₱8.4 Million), and partially offset by decrease in trade and other receivables (₱66.8 Million).

Total non-current assets increased by 38.3% or ₱3,015.0 Million to ₱10,879.7 Million as of December 31, 2023 from ₱7,864.7 Million as of December 31, 2022. The increase was attributed to additional capital expenditures (₱3,305.6 Million) and increase of other non-current assets particularly on input VAT and other deposit (₱208.26 Million) reduced by this period's depreciation of plant, property and equipment (₱410.4 Million) and decrease of deferred tax assets (₱88.4 Million).

Total current liabilities increased by 6.8% or ₱211.6 Million to ₱3,321.7 Million as of December 31, 2023 from ₱3,110.1 Million as of December 31, 2022. The increase was attributed to the increase of trade and other payables (₱161.2 Million) and increase of income tax payable (₱50.4 Million).

Total non-current liabilities increased by 14.4% or ₱116.7 Million, to ₱928.0 Million as of December 31, 2023 from ₱811.3 Million as of December 31, 2022. The increase was contributed by the increase in other long-term liabilities (₱104.0 Million) and the increase of net retirement and other post-employment benefits (₱12.7 Million).

Total equity increased by 47.6% or ₱4,359.4 Million to ₱13,519.3 Million as of December 31, 2023 from ₱9,159.9 Million as of December 31, 2022. The increase pertained to the additions to unappropriated retained earnings during the period (₱2,199.4 Million), increase in preferred stocks (₱29.4 Million), increase in additional paid-in capital (₱2,905.7 Million), partly offset by decrease in deposit for future stock subscription (₱775.0 Million).

EDC Burgos Wind Power Corporation (EBWPC)

(Amounts in US\$ Millions)	For the years ended December 31	
	2023	2022
Revenue	62.3	53.5
Costs of sale of electricity	(28.1)	(26.6)
General and administrative expenses	(2.6)	(3.1)
Other charges – net	(9.5)	(10.8)
Income before income tax	22.1	13.0
Provision for income tax	(3.0)	(2.9)
Net income	19.1	10.1
	As of	
	December 31, 2023	December 31, 2022
Total current assets	33.5	31.1
Total noncurrent assets	278.6	294.2
Total current liabilities	33.0	28.8
Total noncurrent liabilities	129.9	151.0
Total equity	149.2	145.5

Revenue increased by 16.4% or US\$8.8 Million to US\$62.3 Million for the period ended December 31, 2023, from US\$53.5 Million for the same period in 2022 mainly due to the higher actual generation for the period due to the effect of stronger wind speed at site.

Costs of sale of electricity increased by 5.6% or US\$1.5 Million to US\$28.1 Million for the period ended December 31, 2023 from US\$26.6 Million for the same period in 2022 mainly due to the higher repairs and maintenance (US\$0.7 Million), depreciation and amortization (US\$0.5 Million), and personnel costs (US\$0.2 Million).

General and administrative expenses decreased by 16.1% or US\$0.5 Million to US\$2.6 Million for the period ended December 31, 2023 from US\$3.1 Million for the same period in 2022 mainly due to the lower rental, insurance, and taxes (US\$0.3 Million), purchased services and utilities (US\$0.3 Million), and provision for doubtful accounts (US\$0.1 Million), partly offset by higher business and related expenses (US\$0.2 Million).

Other charges - net decreased by 12.0% or US\$1.3 Million to US\$9.5 Million for the period ended December 31, 2023 from US\$10.8 Million for the same period in 2022 mainly due to the lower net finance charges (US\$1.2 Million) and foreign exchange losses - net (US\$0.4 Million), partly offset by higher net miscellaneous charges (US\$0.3 Million).

Total current assets increased by 7.7% or US\$2.4 Million to US\$33.5 Million as of December 31, 2023 from the US\$31.1 Million balance as of December 31, 2022 mainly due to the increased in trade and other receivables (US\$3.9 Million), partly offset by other current assets (US\$0.8 Million), cash and cash equivalents (US\$0.5 Million) and derivative asset (US\$0.2 Million).

Total noncurrent assets decreased by 5.3% or US\$15.6 Million to US\$278.6 Million as of December 31, 2023 from the US\$294.2 Million balance as of December 31, 2022 mainly due to the net decreased in the book value of property, plant and equipment (US\$14.5 Million), and derivative asset - non-current (US\$1.6 Million), and partly offset by increased in other noncurrent asset (US\$0.6 Million).

Total current liabilities increased by 14.6% or US\$4.2 Million to US\$33.0 Million as of December 31, 2023 from the US\$28.8 Million balance as of December 31, 2022 mainly due to the increased in trade and other payables (US\$2.4 Million) and current portion of long-term debts (US\$1.7 Million), and income tax payable (US\$0.1 Million).

Total noncurrent liabilities decreased by 14.0% or US\$21.1 Million to US\$129.9 Million as of December 31, 2023 from the US\$151.0 Million balance as of December 31, 2022 mainly due to the decreased in long-term debts net of current portion (US\$20.8 Million), deferred tax liabilities - net (US\$0.6 Million) and other long-term liabilities (US\$0.2 Million), partly offset by higher provision for rehabilitation and restoration costs (US\$0.4 Million) and lease liability - net of current portion (US\$0.1 Million).

Total equity increased by 2.5% or US\$3.7 Million to US\$149.2 Million as of December 31, 2023 from the US\$145.5 Million balance as of December 31, 2022 mainly due to the net income during the year (US\$19.1 Million), partly offset by payment of dividends (US\$14.0 Million) and increase in cumulative translation adjustments (US\$1.4 Million).

Unified Leyte Geothermal Energy Inc. (ULGEI)

(Amounts in P Millions)	For the years ended December 31	
	2023	2022
Revenue	-	-
Costs of sale of electricity	-	(74.0)
General and administrative expenses	(1.3)	(7.7)
Loss before income tax	(1.3)	(81.7)
Net Loss	(1.3)	(81.7)
	As of	
	December 31, 2023	December 31, 2022
Total current assets	54.2	56.0
Total noncurrent assets	15.4	18.6
Total current liabilities	63.4	4,367.1
Total equity (capital deficiency)	6.2	(4,292.5)

Costs of sale of electricity decreased by 100.0% or ₱74.0 Million to nil in 2023 from ₱74.0 Million in 2022 due to the expiration of Independent Power Producer Agreement with PSALM on July 25, 2021. The 2022 expenses pertained to the final inflation adjustment billing in 2022 of the purchases made in 2021.

General and administrative expenses decreased by 83.1% or ₱6.4 Million to ₱1.3 Million in 2023 from ₱7.7 Million in 2022 mainly due to lower taxes.

Total current assets decreased by 3.2% or ₱1.8 Million to ₱54.2 Million as of December 31, 2023 from the ₱56.0 Million balance as of December 31, 2022 mainly due to the decrease in cash and cash equivalents.

Total noncurrent assets decreased by 17.2% or ₱3.2 Million to ₱15.4 Million as of December 31, 2023 from the ₱18.6 Million balance as of December 31, 2022 mainly due to the decrease in due from related party.

Total current liabilities decreased by 98.5% or ₱4,303.7 Million to ₱63.4 Million as of December 31, 2023 from the ₱4,367.1 Million balance as of December 31, 2022 mainly due to the decrease in due to affiliate and trade payables.

Total equity of ₱6.2 Million as of December 31, 2023 was a turnaround of the ₱4,292.5 Million deficit as of December 31, 2022 due to the increase in Additional Paid-In Capital.

EDC Siklab Power Corporation (EDC Siklab)

(Amounts in ₱ millions)	For the years ended December 31	
	2023	2022
Revenue	27.9	32.2
Costs of sale of electricity	(16.2)	(17.0)
General and administrative expenses	(6.1)	(6.5)
Other income - net	-	0.2
Income before income tax	5.6	8.9
Provision for income tax	(1.1)	(1.4)
Net income	4.5	7.5
	As of	
	December 31, 2023	December 31, 2022
Total current assets	100.7	83.1
Total noncurrent assets	256.8	269.5
Total current liabilities	4.3	3.9
Total equity	353.2	348.7

Revenue decreased by 13.4% or ₱4.3 Million to ₱27.9 Million for the year ended December 31, 2023 from ₱32.2 Million for the same period in 2022 due largely to lower revenue from Gaisano malls located in La Paz, Kalibo, Ormoc, and Oton.

Cost of sales decreased by 4.7% or ₱0.8 Million to ₱16.2 Million in 2023 from ₱17.0 Million in 2022 due to lower rental, insurance & taxes (₱0.9 Million) and purchased services & utilities (₱0.1 Million) partly offset by higher repairs & maintenance (₱0.2 Million).

General and administrative expenses decreased by 6.2% or ₱0.4 Million to ₱6.1 Million for the year ended December 31, 2023 from ₱6.5 Million for the same period in 2022 due to lower rental, insurance & taxes (₱0.5 Million), repairs & maintenance (₱0.4 Million), and purchased services & utilities (₱0.1 Million) partly offset by higher business & related expenses (₱0.6 Million).

Other income - net decreased by 100.0% or ₱0.2 Million to nil in 2023 from ₱0.2 Million in 2022 due to this year's foreign exchange loss (₱0.1 Million), in contrast to last year's foreign exchange gain (₱0.1 Million).

Net income decreased by 40.0% or ₱3.0 Million to ₱4.5 Million for the period ended December 31, 2023 from ₱7.5 Million for the same period in 2022.

Total current assets increased by 21.2% or ₱17.6 Million to ₱100.7 Million as of December 31, 2023 from the ₱83.1 Million balance as of December 31, 2022 due to higher cash and cash (₱17.3 Million), and other current assets (₱0.3 Million).

Total non-current assets decreased by 4.7% or ₱12.7 Million to ₱256.8 Million as of December 31, 2023 from the ₱269.5 Million balance as December 31, 2022 mainly due to lower property, plant, & equipment (₱12.0 Million) and other non-current assets (₱0.7 Million).

Total current liabilities increased by 10.3% or ₱0.4 Million to ₱4.3 Million as of December 31, 2023 from the ₱3.9 Million balance as December 31, 2022 due to and this year's due to a related party (₱0.3 Million) and lower trade & other payables (₱0.1 Million).

Total equity increased by 1.3% or ₱4.5 Million to ₱353.2 Million as of December 31, 2023, from the ₱348.7 Million balance as of December 31, 2022 due to this period's net income (₱4.5 Million).

First Gen Hydro Power Corporation (FG Hydro)

(Amounts in ₱ Millions)	For the years ended December 31	
	2023	2022
Revenue	2,132.8	4,061.3
Costs of sale of electricity	1,453.0	3,320.3
General and administrative expenses	440.4	385.0
Operating income	239.4	356.0
Net income	325.6	381.6
	As of	
	December 31, 2023	December 31, 2022
Total assets	6,227.6	5,939.7
Total liabilities	201.8	218.3
Total equity	6,025.8	5,721.4

FG Hydro's revenues decreased by 47.5% or ₱1,928.5 Million to ₱2,132.8 Million for the year ended December 31, 2023 from revenues of ₱4,061.3 Million in 2022. The decrease was mainly on account of lower revenues from contracted power due to the assignment of the 100 MW Meralco PSA to EDC beginning August 2022 as a result of a previous arrangement. This was supplemented by lower generation on account of a lower reservoir level in 2023.

Cost of sales for the year ended December 31, 2023 of ₱1,453.0 Million was ₱1,867.3 Million or 56.2% lower than the ₱3,320.3 Million in 2022. The favorable variance was mainly due to a decrease in replacement power purchases from WESM and lower water service fees paid to NIA in 2023. G&A expenses increased by ₱55.4 Million or 14.4% to ₱440.4 Million during the year as compared to ₱385.0 Million in 2022 mainly on account of higher repairs and maintenance, other outside services and taxes and licenses.

FG Hydro posted a net income of ₱325.6 Million for the year ended December 31, 2023, lower by ₱56.0 Million, or 14.7% compared to ₱381.6 Million in 2022 mainly due to lower operating income, partially offset by lower provision for income tax.

Total assets as of December 31, 2023 stood at ₱6,227.6 Million, ₱287.9 Million or 4.8% higher than the December 31, 2022 level of ₱5,939.7 Million. The favorable variance was mainly on account of higher cash balances from operations, partially offset by lower trade receivables.

As of December 31, 2023, total liabilities stood at ₱201.8 Million, ₱16.5 Million or 7.6% lower than the December 31, 2022 level of ₱218.3 Million primarily due to lower outstanding trade payables.

Total equity as of December 31, 2023 rose to ₱6,025.8 Million, ₱304.4 Million or 5.3% better than the December 31, 2022 level of ₱5,721.4 Million mainly from net income earned during the year and recognized actuarial loss.

December 2022 vs. December 2021 Results

Green Core Geothermal Inc. (GCGI)

(Amounts in ₱ millions)	For the years ended December 31,	
	2022	2021
Revenue	16,590.3	12,808.8
Cost of sale of electricity	(14,871.1)	(10,610.3)
General and administrative expenses	(523.6)	(593.6)
Other income (charges) - net	(323.2)	8.1
Income before income tax	872.4	1,613.0
Provision for income tax	(224.7)	(140.0)
Net income	647.7	1,473.0
	As of December 31,	
	2022	2021
Total current assets	5,508.9	3,404.2
Total noncurrent assets	13,271.1	13,482.0
Total current liabilities	16,320.8	8,015.6
Total noncurrent liabilities	187.9	147.3
Total equity	2,271.3	8,723.3

Revenue increased by 29.5% or ₱3,781.5 Million to ₱16,590.3 Million in 2022 from ₱12,808.8 Million in 2021 mainly due to the higher average sales price (₱2,195.8 Million) resulting from higher WESM prices and higher sales volume (₱1,585.7 Million).

Cost of sale of electricity increased by 40.2 % or ₱4,260.8 Million to ₱14,871.1 Million in 2022 from ₱10,610.3 Million in 2021 mainly due to the higher replacement power cost (₱2,751.6 Million), other purchased services and utilities (₱395.5 Million), cost of steam (₱1,194.7 Million), parts and supplies issued (₱25.2 Million), depreciation and amortization (₱20.0 Million), partly offset by lower repairs and maintenance cost (₱61.7 Million), business related expenses (₱30.4 Million) and lower rental, insurance and taxes (₱33.3 Million).

General and administrative expenses decreased by 11.8% or ₱70.0 Million to ₱523.6 Million in 2022 from ₱593.6 million in 2021 mainly due to the lower business related expense (₱100.5 Million), provision for doubtful accounts (₱13.1 Million), personnel cost (₱14.1 Million), and parts and supplies issued (₱20.9 Million) partly offset by higher rental, insurance and taxes (₱66.2 Million) and purchased services and utilities (₱14.4 Million).

Other charges – net increased by 4,090.1% or ₱331.3 Million to ₱323.2 Million net charges in 2022, a turnaround from the ₱8.1 Million net income in 2021 mainly due to higher charges related to replacement power (₱134.3 Million) and lower proceeds from insurance claims (₱313.0 Million); partly offset by lower interest expense (₱101.5 Million)

Provision for income tax increased by 60.5% or ₱84.7 Million to ₱224.7 Million in 2022 from ₱140.0 Million in 2021 mainly due to the higher taxable income.

Total current assets increased by 61.8% or ₱2,104.7 Million to ₱5,508.9 Million as of December 31, 2022 from the ₱3,404.2 Million balance as of December 31, 2021 mainly due to the increases in cash and cash equivalents (₱613.2 Million), trade and other receivables (₱1,336.2 Million), parts and supplies inventories (₱51.4 Million), other current assets (₱97.4 Million) and due from related parties (₱6.5 Million).

Total noncurrent assets decreased by 1.6% or ₱211.0 Million to ₱13,271.1 Million as of December 31, 2022 from the ₱13,482.0 Million balance as of December 31, 2021 mainly due to the lower property, plant and equipment (₱27.4 Million), deferred tax assets-net (₱10.6 Million) and other noncurrent assets (₱173.0 Million).

Total current liabilities increased by 103.6% or ₱8,305.2 Million to ₱16,320.8 Million as of December 31, 2022 from the ₱8,015.6 Million balance as of December 31, 2021 mainly due to the higher trade and other payables (₱10,381.6 Million) partly offset by lower current portion of long-term debt (₱1,529.1 Million) and due to related parties (₱547.5 Million).

Total noncurrent liabilities increased by 27.6% or ₱40.6 Million to ₱187.9 Million as of December 31, 2022 from the ₱147.3 Million balance as of December 31, 2021 mainly due to the higher provisions and other noncurrent liabilities (₱40.6 Million).

Total equity decreased by 74.0% or ₱6,452.0 Million to ₱2,271.3 Million as of December 31, 2022 from the ₱8,723.3 Million balance as of December 31, 2021, mainly due to the declaration of cash dividend (₱7,100.0 Million) partly offset by this year's net income (₱647.7 Million).

Bac-Man Geothermal Inc. (BGI)

(Amounts in ₱ Millions)	For the years ended December 31,	
	2022	2021
Revenue	9,538.8	7,723.4
Cost of sales	(8,788.0)	(7,277.5)
General and administrative expenses	(230.4)	(213.7)
Other charges - net	(380.4)	(281.8)
Income (loss) before income tax	140.0	(49.6)
Provision from income tax	(158.1)	(39.7)
Net loss	(18.1)	(89.3)
	As of December 31,	
	2022	2021
Total current assets	5,216.7	3,636.2
Total noncurrent assets	7,864.7	5,627.7
Total current liabilities	3,114.2	2,446.3
Total noncurrent liabilities	811.3	1,084.5
Total equity	9,155.8	5,733.2

Revenue increased by 23.5% or ₱1,815.4 Million to ₱9,538.8 Million in 2022 from ₱7,723.4 Million in 2021 mainly due to the higher average price (₱1,318.0 Million) coupled with higher sales volume (₱497.3 Million).

Cost of sales increased by 20.8% or ₱1,510.5 Million to ₱8,788.0 Million in 2022 from ₱7,277.5 Million in 2021 mainly due to the higher purchased services and utilities (₱1,351.9 Million) primarily from replacement power cost, higher steam costs (₱125.1 Million), higher repairs and maintenance (₱44.3 Million), higher government share (₱12.4 Million), higher parts and supplies issued (₱12.2 Million), higher business and related expenses (₱4.3 Million) and higher personnel costs (₱1.9 Million); partly offset by lower rental, insurance and taxes (₱36.5 Million) and lower depreciation and amortization (₱5.3 Million).

General and administrative expenses increased by 7.8% or ₱16.7 million to ₱230.4 Million in 2022 from ₱213.7 Million in 2021 mainly due to the higher purchased services and utilities (₱31.2 Million), higher provision for impairment of parts and supplies inventories (₱1.5 Million), higher personnel costs (₱1.1 Million) and higher rental, insurance and taxes (₱1.1 Million) partly offset by lower business and related expenses (₱10.1 Million), lower provision for doubtful accounts on trade receivables and input VAT claims (₱6.0 Million) and lower repairs and maintenance (₱1.4 Million).

Other charges - net increased by 35.0% or ₱98.6 Million to ₱380.4 Million in 2022 from ₱281.8 Million in 2021 mainly due to the higher charges related to replacement power (₱135.4 Million), higher foreign exchange losses - net (₱12.6 Million) and higher market charges from RES and GEOP operations (₱11.1 Million); partly offset by lower interest charges - net (₱52.0 Million) and lower bank charges (₱8.1 Million).

Total current assets increased by 43.5% or ₱1,580.5 Million to ₱5,216.7 Million as of December 31, 2022 from the ₱3,636.2 Million balance as of December 31, 2021 mainly due to the increases in cash and cash equivalents (₱964.9 Million), trade and other receivables (₱428.3 Million), other current assets (₱138.3 Million) and parts and supplies inventories (₱49.3 Million).

Total non-current assets increased by 39.7% or ₱2,237.0 Million to ₱7,864.7 Million as of December 31, 2022 from the ₱5,627.7 Million balance as of December 31, 2021 mainly due to the capital expenditures (₱2,671.2 Million) partly offset by depreciation (₱376.8 Million), decrease in deferred tax assets (₱28.4 Million) and decrease in other current assets (₱25.5 Million).

Total current liabilities increased by 27.3% or ₱667.9 Million to ₱3,114.2 Million as of December 31, 2022 from the ₱2,446.3 Million balance as of December 31, 2021 mainly due to the increase in trade and other payables (₱1,083.2 Million) and income tax payable (₱58.3 Million) partly offset by full payment of the current portion of long-term (₱473.3 Million).

Total non-current liabilities decreased by 25.2% or ₱273.1 Million to ₱811.3 Million as of December 31, 2022 from the ₱1,084.5 Million balance as of December 31, 2021 mainly due to the full payment of principal loan (₱773.0 Million) partly offset by the increase in provisions and other long-term liabilities (₱499.0 Million).

Total equity increased by 59.7% or ₱3,422.6 Million to ₱9,155.8 Million as of December 31, 2022 from the ₱5,733.2 Million balance as of December 31, 2021 mainly due to the additional paid-in capital and issuance of preferred stock (₱2,665.0 Million) and deposit for future stock subscription (₱775.0 Million) partly offset net loss (₱18.1 Million).

EDC Burgos Wind Power Corporation (EBWPC)

(Amounts in US\$ Millions)	For the years ended December 31,	
	2022	2021
Revenue	53.5	80.0
Costs of sale of electricity	(26.6)	(27.1)
General and administrative expenses	(3.1)	(3.9)
Other charges – net	(10.8)	(10.4)
Income before income tax	13.0	38.6
Benefit from income tax	(2.9)	(1.7)
Net Income	10.1	36.9
	As of December 31,	
	2022	2021
Total current assets	31.1	50.0
Total noncurrent assets	294.2	308.4
Total current liabilities	28.8	28.6
Total noncurrent liabilities	151.0	178.0
Total equity	145.5	151.8

Revenue decreased by 33.1% or US\$26.5 Million to US\$53.5 Million in 2022 from US\$80.0 Million in 2021 mainly due to the lower actual generated sales volume (US\$20.0 Million) and FIT escalation adjustments (US\$6.4 Million).

Costs of sale of electricity decreased by 1.8% or US\$0.5 Million to US\$26.6 Million in 2022 from US\$27.1 Million in 2021 mainly due to the lower repairs and maintenance (US\$0.2 Million), government share (US\$0.2 Million) and personnel cost (US\$0.1 Million).

General and administrative expenses decreased by 20.5% or US\$0.8 Million to US\$3.1 Million in 2022 from US\$3.9 Million in 2021 mainly due to the lower provision for doubtful accounts (US\$0.6 Million) and rental, insurance, and taxes (US\$0.2 Million).

Other charges – net increased by 3.8% or US\$0.4 Million to US\$10.8 Million in 2022 from US\$10.4 in 2021 mainly due to the foreign exchange loss in 2022 from foreign exchange gain in 2021 (US\$1.7 Million), partly offset by lower net finance charges (US\$1.4 Million).

Total current assets decreased by 37.8% or US\$18.9 Million to US\$31.1 Million as of December 31, 2022 from the US\$50.0 Million balance as of December 31, 2021 mainly due to the decreased in cash and cash equivalents (US\$18.3

Million), trade and other receivables (US\$2.3 Million) and due from related party (US\$0.1 Million), partly offset by increased in other current assets (US\$1.0 Million) and derivative asset (US\$0.8 Million).

Total noncurrent assets decreased by 4.6% or US\$14.2 Million to US\$294.2 Million as of December 31, 2022 from the US\$308.4 Million balance as of December 31, 2021 mainly due to the decreased in the book value of property, plant and equipment mainly on account of depreciation for this year (US\$15.9 Million) and other noncurrent assets (US\$4.1 Million), partly offset by increased in derivative asset-noncurrent (US\$5.9 Million).

Total noncurrent liabilities decreased by 15.2% or US\$27.0 Million to US\$151.0 Million as of December 31, 2022 from the US\$178.0 Million balance as of December 31, 2021 mainly due to the payment of long-term debt (US\$20.1 Million) and decreased in derivative liabilities (US\$5.0 Million).

Total equity decreased by 4.2% or US\$6.3 Million to US\$145.5 Million as of December 31, 2022 from the US\$151.8 Million balance as of December 31, 2021 mainly due to the payment of dividends (US\$26.9 Million), partly offset by the net income during the year (US\$10.1 Million) and decreased in cumulative translation adjustments (US\$10.5 Million).

Other accounts at the statement position have minimal movement during the year.

Unified Leyte Geothermal Energy Inc. (ULGEI)

(Amounts in P Millions)	For the years ended December 31,	
	2022	2021
Revenue	-	856.2
Costs of sale of electricity	(74.0)	(1,172.5)
General and administrative expenses	(7.7)	(29.4)
Miscellaneous charges	-	(80.7)
Loss before income tax	(81.7)	(426.4)
Net Loss	(81.7)	(426.4)
	As of December 31,	
	2022	2021
Total current assets	56.0	78.7
Total noncurrent assets	18.6	19.4
Total current liabilities	4,367.1	4,309
Total capital deficiency	(4,292.5)	(4,210.9)

Revenue decreased by 100.0% or P856.2 Million to nil in 2022 from P856.2 Million in 2021 mainly due to the expiration of power supply agreements with customers.

Cost of sale of electricity decreased by 93.7% or P1,098.5 Million to P74.0 Million in 2022 from P1,172.5 Million in 2021 mainly due to the expiration of IPPA with PSALM on July 25, 2021.

General and administrative expenses decreased by 73.8% or P21.7 Million to P7.7 Million in 2022 from P29.4 Million in 2021 mainly due to the lower taxes, fees, lower purchased services and no provision for creditable withholding tax in 2022.

Miscellaneous charges decreased by 100.0% or P80.7 Million to nil in 2022 from P80.7 Million in 2021 mainly due to the absence of charges related to replacement power in 2022.

Total current assets decreased by 28.8% or P22.7 Million to P56.0 Million as of December 31, 2022 from the P78.7 Million balance as of December 31, 2021 mainly due to the decrease in cash in banks and other receivables.

Total noncurrent assets decreased by 4.1% or P0.8 Million to P18.6 Million as of December 31, 2022 from the P19.4 Million balance as of December 31, 2021 mainly due to the decrease in input VAT.

Total current liabilities increased by 1.3% or ₱58.1 Million to ₱4,367.1 Million as of December 31, 2022 from the ₱4,309.0 Million balance as of December 31, 2021 mainly due to the decrease in due to affiliate.

Total capital deficiency increased by 1.9% or ₱81.6 Million to ₱4,292.5 Million as of December 31, 2022 from the ₱4,210.9 Million balance as of December 31, 2021 mainly due to the net loss recognized in 2022.

EDC Siklab Power Corporation (EDC Siklab)

(Amounts in ₱ Millions)	For the years ended December 31,	
	2022	2021
Revenue	32.2	31.3
Cost of sale of electricity	(17.0)	(15.3)
General and administrative expenses	(6.5)	(7.9)
Other income - net	0.2	-
Income before income tax	8.9	8.1
Provision for income tax	(1.4)	(1.0)
Net income	7.5	7.1
	As of December 31,	
	2022	2021
Total current assets	84.0	62.1
Total non-current assets	269.5	282.4
Total current liabilities	4.8	3.3
Total equity	348.7	341.2

Revenue increased by 2.9% or ₱0.9 Million to 32.2 Million in 2022, from ₱31.3 Million in 2021 mainly due to the increased Gaisano Capital Malls loads and resource availability.

Cost of sales increased by 11.1% or ₱1.7 Million to ₱17.0 Million in 2022 from ₱15.3 Million in 2021 mainly due to the higher repairs and maintenance (₱1.2 Million) and rental, insurance and taxes (₱0.6 Million).

General and administrative expenses decreased by 17.7% or ₱1.4 Million to ₱6.5 Million in 2022 from ₱7.9 Million in 2021 mainly due to the lower purchased services & utilities (₱1.7 Million) and business and related expenses (₱0.5 Million) partly offset by this year's repairs and maintenance (₱0.4 Million).

Net income increased by 5.6% or ₱0.4 Million to ₱7.5 Million in 2022 from ₱7.1 Million in 2021.

Total current assets increased by 35.3% or ₱21.9 Million to ₱84.0 Million as of December 31, 2022 from the ₱62.1 Million balance as of December 31, 2021 mainly due to the higher cash and cash equivalents (₱21.0 Million).

Total non-current assets decreased by 4.6% or ₱12.9 Million to ₱269.5 Million as of December 31, 2022 from the ₱282.4 Million balance as of December 31, 2021 mainly due to the lower property, plant, and equipment (₱11.8 Million), and other non-current assets (₱1.1 Million).

Total current liabilities increased by 45.5% or ₱1.5 Million to ₱4.8 Million as of December 31, 2022 from the ₱3.3 Million balance as of December 31, 2021 mainly due to the income tax payable (₱0.9 Million) coupled with higher trade and other payables (₱0.6 Million).

Total equity increased by 2.2% or ₱7.5 Million to ₱348.7 Million as of December 31, 2022 from the ₱341.2 Million balance as of December 31, 2021 mainly due to the net income (₱7.5 Million).

First Gen Hydro Power Corporation (FG Hydro)

(Amounts in ₱ millions)	For the years ended December 31,	
	2022	2021
Revenue	4,061.4	4,937.2
Cost of sales	(3,320.3)	(4,236.3)
General and administrative expenses	(385.0)	(404.1)
Other income – net	17.9	6.7
Income before tax	374.0	303.5
Benefit from (provision for) from income tax	7.7	(22.0)
Net income	381.7	281.5
	As of December 31,	
	2022	2021
Total assets	5,939.7	6,015.6
Total liabilities	218.3	686.8
Total equity	5,721.4	5,328.8

Revenue decreased by 17.7% or ₱875.8 Million to ₱4,061.4 Million for the year ended December 31, 2022 from ₱4,937.2 Million in 2021 mainly due to the lower revenues from PSAs due to the assignment of Meralco PSA to EDC beginning August 2022 billing period and lower revenues from WESM and ancillary services on account of lower volume sold.

Cost of sales decreased by 21.6% or ₱916.0 Million to ₱3,320.3 Million for the year ended December 31, 2022 from ₱4,236.3 Million in 2021 mainly due to the decrease in replacement power purchases from WESM in 2022.

General and administrative expenses decreased by 4.7% or ₱19.1 Million to ₱385.0 Million for the year ended December 31, 2022 from ₱404.1 Million in 2021 mainly due to the lower staff costs due to lower provision for retirement expense.

Benefit from income tax amounted to ₱7.7 Million, a 135.0% turnaround or ₱29.7 Million from ₱22.0 Million provision in 2021 mainly due to the deferred income tax recognized on net operating loss under the regular corporate income tax.

Net income increased by 35.6% or ₱100.2 Million to ₱381.7 Million for the year ended December 31, 2022 from ₱281.5 Million in 2021.

Total assets decreased by 1.3% or ₱75.9 Million to ₱5,939.7 Million as of December 31, 2022 from the ₱6,015.6 Million balance as of December 31, 2021 mainly due to the continuous depreciation and amortization of PPE and water rights.

Total liabilities decreased by 68.2% or ₱468.5 Million to ₱218.3 Million as of December 31, 2022 from the ₱686.8 Million balance as of December 31, 2021 mainly due to the lower outstanding trade and output VAT payables.

Total equity increased by 7.4% or ₱392.6 Million to ₱5,721.4 Million as of December 31, 2022 from the ₱5,328.8 Million balance as of December 31, 2021 mainly due to the net income earned during the year.

Top Eight (8) Key Performance Indicators of the Group

Ratio	December 2023	December 2022	December 2021
Current Ratio	1.31:1	1.40:1	1.11:1
Debt-to-Equity Ratio	0.67:1	0.71:1	0.78:1
Net Debt-to-Equity Ratio	0.46:1	0.47:1	0.58:1
Return on Assets (%)	9.10	7.70	6.46
Return on Equity (%)	18.11	15.51	14.07
Solvency Ratio	0.39	0.35	0.30
Interest Rate Coverage Ratio	5.78	5.70	4.60
Asset-to-Equity Ratio	1.99	1.98	2.05

Current Ratio – Total current assets divided by total current liabilities. This ratio is a rough indication of a company's ability to pay its short-term obligations. Generally, a current ratio above 1.00 is indicative of a company's greater capability to settle its current obligations.

Debt-to-Equity Ratio – Total interest-bearing debts divided by stockholders' equity. This ratio expresses the relationship between capital contributed by the creditors and the owners. The higher the ratio, the greater the risk being assumed by the creditors. A lower ratio generally indicates greater long-term financial safety.

Net-Debt-to-Equity Ratio – Total interest-bearing debts less cash and cash equivalents divided by stockholders' equity. This ratio measures the company's financial leverage and stability. A negative net debt-to-equity ratio means that the total of cash and cash equivalents exceeds interest-bearing liabilities.

Return on Assets – Net income (annual basis) divided by total assets (average, i.e. beginning balance plus ending balance divided by two). This ratio indicates how profitable a company is relative to its total assets. This also gives an idea as to how efficient management is at using its assets to generate earnings.

Return on Equity – Net income (annual basis) divided by total stockholders' equity (average, i.e. beginning balance plus ending balance divided by two). This ratio reveals how much profit a company earned in comparison to the total amount of shareholder equity found on the balance sheet. A business that has a high return on equity is more likely to be one that is capable of internally generating cash. For the most part, the company's return on equity is compared with an industry average. The company is considered superior if its return on equity is greater than the industry average.

Solvency Ratio – Net income excluding depreciation and non-cash provisions divided by total interest-bearing debts. This ratio gauges a company's ability to meet its long-term obligations.

Interest Rate Coverage Ratio – Earnings before interest and taxes of one period divided by interest expense of the same period. This ratio determines how easily a company can pay interest on outstanding debt.

Asset-to-Equity Ratio – Total assets divided by total stockholders' equity. This ratio shows a company's leverage, the amount of debt used to finance the firm.

Foreign Exchange Rate Volatility

Any volatility in the peso-dollar exchange rate impacts the Group, both in terms of revenue and its operating and capital expenditures. As the peso depreciates, revenue increase as a portion of the Group's sales agreements have included as part of the inflator the peso-dollar exchange rate together with the price movement of imported materials, services, and equipment. Conversely, as the Peso appreciates, revenue and operating costs decrease.

Meanwhile, 14.4% of the Group's total long-term debt as of December 31, 2023, are foreign currency-denominated, all denominated in US\$. Any US\$ movement therefore affects the debt portfolio of the Group.

Inflation and Interest Rates ⁵⁹

As of December 2023, the Philippines' average inflation rate increased from 5.8% in 2022 to 6.0% in 2023.

The BSP has raised its policy rates three (3) times in 2023, for a total cumulative increase of 1.0%. BSP's overnight reverse repurchase facility ended at 6.5% in 2023, from 5.5% in 2022. The overnight deposit facility and the overnight lending facility rates—which establish the floor and the ceiling of the interest rate corridor—also increased by 1.0% to 6.0% and 7.0%, respectively, as of end December 2023. The Monetary Board's decision is based on its assessment of the country's economic outlook and inflation environment, and its price and financial stability objectives.

Any event that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation

EDC has outstanding long-term loans with different financial institutions for its various development projects and working capital requirements which have defined events of default provisions that could accelerate the repayment of loan obligations.

In October 2014, EBWPC signed a US\$315.0 Million financing agreement with a group of foreign and local banks for the construction of the 150-MW Burgos Wind Project ("BWP") in Ilocos Norte. The facility, which consists of 60.0% US dollar and 40.0% Philippine peso tranches, will mature in fifteen (15) years.

Eksport-og Investeringsfond (formerly known as Eksport Kredit Fonden or EKF), Denmark's export credit agency, guaranteed a part of the dollar loan component. The Mandated Lead Arrangers for the foreign tranche are Australia and New Zealand Banking Group Limited ("ANZ"), DZ Bank AG, ING Bank, a branch of ING DiBa AG, ING Bank NV., Singapore Branch, Malayan Banking Berhad (Maybank) and Norddeutsche Landesbank Girozentrale. The peso tranche meanwhile was arranged by PNB Capital and Investment Corporation and SB Capital Investment Corporation among a syndicate of local lenders namely BDO Unibank, Inc., Land Bank of the Philippines, Philippine National Bank, and Security Bank Corporation.

Under the agreement of the BWP Project Financing, EBWPC's debt service shortfall is guaranteed by EDC. This guarantee will fall away once the conditions set in the loan agreement are met. Therefore, until the debt service guarantee falls away, EBWPC is subject to the same covenant ratios of EDC in addition to its own maintenance ratios under the project financing agreement. Furthermore, for the lender's security, a debt service reserve account was initially maintained by EBWPC. In August 2019, EBWPC replaced the debt service reserve account with Stand-by Letters of Credit issued in favor of the EBPWC lenders.

Last November 2015, the Asian Development Bank became part of the project financing through pro-rata assignment of up to US\$20.0 Million of the following international lenders' credit: ANZ, DZ Bank AG, ING Bank, a branch of ING DiBa AG, ING Bank, N.V., Singapore Branch and Norddeutsche Landesbank Girozentrale.

EDC also has outstanding (a) fifteen (15)-year loans with IFC maturing in 2025 and 2033; (b) three (3)-year and five (5)-year SEC-registered ASEAN Green Bonds maturing in 2024 and 2026; and (c) five (5)-year, ten (10)-year and fifteen (15)-year loans with various local banks.

Under EDC's various loan agreements and trust indenture for its bonds, the Group is restricted from directly or indirectly creating liens upon its assets and revenues, making capital expenditures, and making loans or advances, subject to certain exceptions. Its various term loans also require compliance with financial ratios specifically for (1) equity distribution, and (2) debt incurrence.

The loan agreements and trust indentures are also subject to cross-default and cross-acceleration in the event of a failure of payment, a default or a violation of any obligation that would result in the acceleration of payment under any

⁵⁹ Source: The data here were based on the Philippine Statistics Authority (PSA) and Bangko Sentral ng Pilipinas (BSP) websites

other financial indebtedness of the Group, or one for which the Group has agreed to act as guarantor, surety or accommodation party in the same amount or more. The agreement however is only subject to cross-default and cross-acceleration if the amount involved in the occurrence of one or more of the above events or breaches is at least US\$10.0 Million.

Any significant elements of income or loss (from continuing operations)

There were no significant elements of income or loss from continuing operations.

Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations

There were no significant known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

Any known trends, events or uncertainties that have had or that are reasonably expected to have a material impact on liquidity

The Company strives to maintain a healthy liquidity position, on both short- and long-term basis, in accordance with its internal liquidity management policies and strategies. It maintains sufficient level of working capital to support its operations, to meet its obligations and financial covenants, and to provide for emergencies (i.e., in cases of natural calamities or pandemic). For external financing, EDC was able to draw ₱12 Billion in loans in 2023, which allowed it to refinance the Four Billion Pesos (₱4,000,000,000) bonds which matured in May 2023, and finance its capital expenditure and other general corporate funding requirements. Aside from this Second Tranche Bonds issuance of approximately Six Billion Pesos (₱6,000,000,000) to Ten Billion Pesos (₱10,000,000,000), the Company is planning to secure additional corporate long-term loans of up to Thirty-Seven Billion Pesos (₱37,000,000,000) within the next twelve (12) months from the date of this Offer Supplement.

Seasonal aspects that have material effect on the FS

FG Hydro's sale of electricity is affected by seasonality or cyclicity of interim operations.

For EWBPC, higher revenue and operating profits are expected in the first and last quarters of the year based on the wind generation profile of Burgos. Meanwhile, the Group's solar projects are expected to generate higher revenues during the summer months.

All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period

During the reporting period, there were no off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships with unconsolidated entities or persons.

Material commitments for capital expenditures

The Group's total 2024 budget for capital expenditures amounts to approximately ₱40.65 Billion. About 56.61% or ₱23.01 Billion of it will be for acquisitions to support the operations and maintenance requirements of the geothermal plants in Leyte, Negros Island, Bacon-Manito, and Mt. Apo. This amount is mainly for power plant and steamfield reliability improvement in said sites.

The remaining balance of 43.39% or ₱17.64 Billion is primarily composed of investments in FG Hydro, Wind Business Facility, Solar Business Facility, Latin America, geothermal, wind and solar expansions, and Head Office.

Aside from this Second Tranche bond issuance of approximately Six Billion Pesos (₱6,000,000,000) to Ten Billion Pesos (₱10,000,000,000), the Company is planning to secure additional corporate term loans of up to Thirty-Seven Billion Pesos (₱37,000,000,000) within the next twelve (12) months from the date of this Offer Supplement to fund these material commitments for capital expenditures, debt maturities and other general corporate purposes.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

Since 1987, the Commission on Audit of the Philippines had served as the independent auditor of the Group to audit the Company's financial statements. With the full privatization of the Group in 2007, it has engaged SGV & Co. as its external auditor. The Group has not had any material disagreements on accounting matters or financial disclosure matters with both Commission on Audit and SGV & Co.

Philippine Power Industry

The information in this section has been derived from various government and private publications or obtained from communications with various agencies of the Government unless otherwise indicated and has not been prepared or independently verified by the Company or any of the Joint Lead Underwriters or any of their respective affiliates or advisors. The information may not be consistent with other information compiled within or outside the Philippines.

Industry Overview

Based on DOE data⁶⁰, the total installed electricity generation capacity in the Philippines was 28,258 MW as of December 30, 2022, with Luzon, Visayas, and Mindanao accounting for 19,744 MW, 3,972 MW, and 4,452 MW, respectively. As of the same date, the DOE estimated that the Luzon, Visayas, and Mindanao Grids had a dependable capacity of 16,320 MW, 3,340 MW, and 3,938 MW, respectively. Reserve margins of 25.0% above peak demand for each grid are required to be maintained according to the DOE.

In recent years, the ownership and management of power plants in the Philippines have been grouped into three (3) categories: (i) NPC-owned and -operated plants; (ii) plants operated by independent power producers ("IPPs") that supply electricity to NPC under electricity offtake contracts; and (iii) IPP-owned and -operated plants that supply electricity to customers other than NPC. Under the EPIRA, there have been substantial changes to the structure of power plant ownership and management. In 2011, the ERC declared that the NPC-IPP contracts requirement for the 70.0% privatization target has already been accomplished at 76.0%. As of October 31, 2023, the privatization of NPC generation assets and IPP contracts is currently at 98.0% for Luzon and Visayas⁶¹. In Mindanao, the Agus and Pulangi Hydroelectric power plants with ~1001 MW dependable capacity are left with NPC.

Based on the DOE's 2022 Power Statistics, in terms of electric power consumption, the Residential Sector leads with 35,324 GWh or 39.9% of Total Consumption. The Industrial Sector follows with 28,844 GWh or 32.6% of Total Consumption, while the Commercial Sector consumed 24,294 GWh or 27.5% of the Total Consumption.

Moreover, the DOE's Power Statistics 2022 states that the Philippine electricity market had a total peak demand of 16,596 MW in 2022. This demand is divided into three (3) major grids, with Luzon being the largest at roughly 12,113 MW. The Visayas and Mindanao Grids are smaller and have peak demand of 2,316 MW and 2,167 MW, respectively.

Electricity generated by power generation facilities is generally transported via a high-voltage transmission system to the various distribution utilities or electric cooperatives. Transmission is critical in ensuring that generated electricity is delivered to distribution utilities load centers according to proper technical standards. Transmission is a regulated common electricity carrier business subject to the rate-making powers of the ERC.

The distribution sector is currently composed of 121 electric cooperatives, twenty-one (21) privately-owned utilities, and six (6) local government-owned utilities. These distribution utilities may purchase electricity from generation companies or the WESM, when qualified, for distribution to residential, commercial, industrial, and other end-user segments. The National Electrification Administration ("NEA"), the government agency mandated to implement programs to strengthen the technical capability and financial viability of rural electric cooperatives, may act as guarantor for purchases of electricity in the WESM by any electric cooperative or small distribution utility to support their credit standing.

Meralco is the largest distributor of electricity and the largest private sector utility in the Philippines. Meralco distributes electricity throughout Metro Manila and six surrounding provinces on the island of Luzon. Meralco conducts its electricity distribution utility under a congressional franchise that is scheduled to expire on June 28, 2028. Under this franchise, Meralco is responsible for the construction, operation, and maintenance of an electric distribution system in a franchise area of approximately 9,685 square kilometers.

⁶⁰Department of Energy. (2023, June 30). *2022 Power Statistics*. <https://www.doe.gov.ph/energy-statistics/philippine-power-statistics>

⁶¹Power Sector Assets & Liability Management Corporation. *Privatized Assets: Generation Assets Sold*. <https://www.psalm.gov.ph/privatization/generationassets>.

Regulatory Framework

Electric Power Industry Reform Act of 2001

Republic Act No. 9136, also known as the EPIRA, was passed in June 2001 with the main objective of providing affordable and reliable electricity supply by: (i) restructuring and deregulating the industry; and (ii) privatizing NPC assets and NPC-IPP contracts. Prior to the EPIRA, the industry was mainly made up of NPC and the distribution utilities in the country such as, among others, Meralco, VECO, Davao Light and Power Co., and NPC, which at that time controlled approximately 90.0% of the country's installed generating capacity and performed generation and transmission functions. Distribution utilities were responsible for the distribution, pertaining to the physical distribution, and the supply, pertaining to the buying and selling, of electricity. Today, the industry has transitioned into four sectors — the deregulated generation and supply sectors and the regulated transmission and distribution sectors. Significant developments have occurred towards fulfilling the preconditions for RCOA.

The privatization of NPC generation assets has already exceeded the 70.0% target and has achieved 98.0% privatization of NPC plants for Luzon and Visayas. Recently privatized plants include the Casecan Hydroelectric Power Plant with a rated capacity of 165 MW, which was awarded to Fresh River Lakes Corporation, a wholly-owned Subsidiary of First Gen, in May 2023.

Prior to the EPIRA, the industry was regulated as a whole, with no clear distinctions between and among the various sectors and/or services. Of the many changes initiated by the EPIRA, of primary importance is the reorganization of the electric power industry by segregating the industry into four sectors: (1) the generation sector; (2) the transmission sector; (3) the distribution sector; and (4) the supply sector. The goal is for the generation and supply sectors to be fully competitive and open, while the transmission and distribution sectors will remain regulated. The EPIRA created the Power Sector Assets and Liabilities Management Corporation ("PSALM") whose primary purpose was to take ownership over the various NPC Generating Assets and NPC-IPP contracts and to privatize the same. The EPIRA also created the National Transmission Corporation ("TransCo") whose primary purpose was to take ownership over the transmission facilities of NPC and to handle the transmission functions. The EPIRA mandated that TransCo be privatized, either through an outright sale or a concession contract. After a public bidding conducted in December 2007, the TransCo concession was awarded to the National Grid Corporation of the Philippines ("NGCP"), which eventually secured a congressional franchise to operate the transmission network through Republic Act No. 9511. The EPIRA also included provisions on cross-ownership and anti-competitive behavior between and among the electric power industry stakeholders.

Reorganization of the Electric Power Industry

Generation Sector

The generation sector converts fuel and other forms of energy into electricity. This sector, by utility, consists of: (i) NPC-owned and operated generation facilities; (ii) NPC-IPP plants, which consist of plants operated by IPPs, and IPP-owned and operated plants, all of which supply electricity to NPC; and (iii) IPP-owned and IPP-operated plants that supply electricity to customers other than NPC. Successes in the privatization process of NPC continue to build up momentum for the power industry reforms.

Under the EPIRA, generation companies are allowed to sell electricity to distribution utilities or retail electricity suppliers through either bilateral contracts or the WESM. Under the RCOA, qualified generation companies may likewise sell electricity to eligible end-users. As of October 2023, PSALM has so far privatized thirty two⁶² (32) NPC generation assets and seven⁶³ (7) NPC IPP Contracts in Luzon, Visayas, and Mindanao, with an aggregate installed capacity of about 5,251 MW and 3,610 MW, respectively.

With the concluded bidding of the 150 MW Bac-Man power plants in 2010, NPC has privatized approximately 79.6% of its total installed generating capacity in Luzon and Visayas as of 2010. As for the privatization of NPC-IPP contracts, PSALM commenced bidding out agreements for IPP administration in 2009. After the completion of the bidding for the administration of the contracted capacity of the 1,200 MW Ilijan power plant in 2010, PSALM already privatized 76% of the NPC-IPP administration contracts.

⁶² *Supra*, note 57.

⁶³ Power Sector Assets & Liability Management Corporation. *Privatization Assets: Contracted Capacities Assigned to IPPAs*. <https://www.psalm.gov.ph/privatization/contractedtoIPPA>.

In terms of market share limitations, no generation company is allowed to own more than 30.0% of the installed generating capacity of the Luzon, Visayas, or Mindanao Grids and/or 25.0% of the total nationwide installed generating capacity. To date, there is no power generation company, including NPC, which has breached the mandated ceiling. Also, no generation company associated with a distribution utility may supply more than 50.0% of the distribution utility's total demand under bilateral contracts, without prejudice to the bilateral contracts entered into prior to the enactment of EPIRA.

The EPIRA provides that power generation is not a public utility operation and thus, engaging in power generation does not require securing national franchises and there are no restrictions on the ability of non-Filipinos to own and operate generation facilities. Republic Act No. 11659, otherwise known as the Public Service Act, as amended, which serves as basis to determine whether an activity or service constitutes an operation of a public utility, does not include power generation among those deemed as public utilities. However, in order to operate, generation companies must obtain a Certificate of Compliance from the ERC, as well as secure health, safety and environmental clearances from appropriate government agencies under existing laws. Upon implementation of RCOA, the prices charged by a generation company for the supply of electricity shall not be subject to regulation by the ERC except as otherwise provided under the EPIRA.

In 2017, the Department of Energy ("DOE") issued DOE Circular No. 2017-12-0013, allowing end-users with an average peak demand of 750 kW ("Contestable Customers") to voluntarily participate in the retail market. In 2020, the ERC issued Resolution No. 12, Series of 2020, outlining the timeline for implementing the RCOA. Qualified contestable customers with existing electronic meters capable of recording and reading time intervals, featuring a built-in communication port for remote and manual data retrieval, would be eligible to switch to the Competitive Retail Electricity Market or the Contestable Market starting February 26, 2021.

The ERC may impose fines and penalties for violations by generation companies of the EPIRA and the EPIRA IRR policies as well as the ERC's rule and regulations on market power abuse, cross-ownership and anticompetitive behavior.

Requirement of Public Offering for Generation Companies

The EPIRA mandates that generation companies that are not publicly listed shall offer and sell to the public a portion of not less than 15.0% of their common shares of stocks, provided, however, that generation companies, or their respective holding companies that are already listed in the Philippine Stock Exchange ("PSE"), are deemed in compliance. Any offer of common shares of stocks for sale to the public through any of the following modes shall be deemed as public offering:

- a. Listing of the generation companies and distribution utilities in the PSE;
- b. In accordance with the 2015 Implementing Rules and Regulations of the Securities Regulation Code:
 - i. Publication in any newspaper, magazine or any printed reading material which is distributed within the Philippines;
 - ii. Presentation in any public or commercial place;
 - iii. Advertisement or announcement on radio, television, telephone, electronic communications, information communication technology or any other forms of communications; or,
 - iv. Distribution and/or making available flyers, brochures or any offering material in a public or commercial place or to prospective purchasers through the portal system, information communication technology or other means of information distribution.
- c. Listing of the shares of stock in any accredited stock exchange or direct offer of a portion of registered enterprises' capital stock to the public and/or their employees, when deemed feasible and desirable by the Board of Investments.

Transmission

Electricity generated by power generation facilities is generally transported via a high-voltage transmission system to various distribution utilities or electric cooperatives. Transmission is critical in ensuring that generated electricity is delivered to distribution utility's load centers within proper technical standards. It is a regulated common electricity carrier business subject to the rate-making powers of the ERC.

Pursuant to the EPIRA, NPC transferred its transmission and sub-transmission assets to TransCo, which was created to operate the transmission systems throughout the Philippines. TransCo was also mandated to provide Open Access to all industry participants. The EPIRA granted TransCo a monopoly over the high-voltage transmission network and subjected it to performance-based regulations.

The EPIRA also required the privatization of TransCo's transmission assets through an outright sale or concession contract carried out by PSALM. In December 2007, Monte Oro Grid Resources Corp. won the concession contract for TransCo with a bid of US\$3.95 Billion. On January 14, 2009, PSALM formally turned over the twenty-five (25)-year concession of TransCo to NGCP, the company formed by Monte Oro Grid Resources Corp.

The Grid Code establishes the basic rules, requirements, procedures and standards that govern the operation, maintenance and development of the Philippine Grid, or the high-voltage backbone transmission system and its related facilities. The Grid Code identifies and provides for the responsibilities and obligations of three key independent functional groups, namely: (i) the grid owner, or TransCo; (ii) the system operator, or NGCP as the current concessionaire of TransCo; and, (iii) the then market operator, Philippine Electricity Market Corporation or PEMC. These functional groups, as well as all users of the grid, including generation companies and distribution utilities, must comply with the provisions of the Grid Code as promulgated and enforced by the ERC.

In order to ensure the safe, reliable and efficient operation of the Philippine Grid, the Grid Code provides for, among others, the following regulations:

- Performance standards for the transmission of electricity through the Grid, as well as the operation and maintenance thereof, which standards shall apply to TransCo, NGCP, distribution utilities and suppliers of electricity;
- Technical and financial standards and criteria applicable to users of the Grid, including generation companies and distribution utilities connected or seeking to connect thereto; and
- Other matters relating to the planning, management, operation and maintenance of the Grid.

Under Republic Act No. 11659 or the Public Service Act, as amended, the transmission and distribution sectors are still considered as public utilities. Section 11, Article XII of the 1987 Philippine Constitution states that no franchise, certificate, or any other form of authorization for the operation of a public utility shall be granted except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines, at least sixty percent (60%) of whose capital is owned by such citizens; nor shall such franchise, certificate, or authorization be exclusive in character or for a longer period of fifty (50) years.

Distribution

The distribution of electric power to end-users may be undertaken by private distribution utilities, cooperatives, local government units presently undertaking this function, and other duly authorized entities. It is considered a common carrier business requiring a national franchise and is regulated primarily by the ERC. All distribution utilities are required to obtain a Certificate of Public Convenience and Necessity from the ERC to operate as public utilities. A distribution utility has the obligation to provide distribution services and connections to its system for any end-user within its franchise area in accordance with existing rules. Access by all users to its system shall be open and non-discriminatory.

All distribution utilities are also required to submit to the ERC a statement of their compliance with the technical specifications prescribed in the Philippine Distribution Code ("Distribution Code"), the Distribution Services and Open Access Rules ("DSOAR") and the performance standards set out in the EPIRA IRR.

The distribution sector is and will continue to be regulated by the ERC, with distribution and wheeling charges, as well as connection fees from its consumers, subject to ERC approval. Likewise, the retail rate imposed by distribution utilities for the supply of electricity to its Captive Customers is subject to ERC approval. In addition, as a result of the Government's policy of promoting free competition and open access, distribution utilities are required to provide universal and non-discriminatory access to their systems within their respective franchise areas following commencement of RCOA.

The Distribution Code establishes the basic rules and procedures that govern the operation, maintenance, development, connection and use of the electric distribution systems in the Philippines. The Distribution Code defines the technical aspects of the working relationship between the distributors and all the users of the distribution system, including distribution utilities, embedded generators and large customers. All such electric power industry participants in distribution system operations are required to comply with the provisions of the Distribution Code as promulgated and enforced by the ERC.

As reported by NEA, the government agency mandated to implement programs to strengthen the technical capability and financial viability of rural electric cooperatives, the distribution sector is composed of 121 electric cooperatives, twenty-one (21) privately owned utilities, and six (6) local government-owned utilities. These distribution utilities may purchase electricity from generation companies or the WESM, when qualified, for distribution to residential, commercial, industrial, and other end-user segments. NEA may act as guarantor for purchases of electricity in the WESM by any electric cooperative or small distribution utilities to support their credit standing.

Under the EPIRA, distribution utilities are required by law to supply electricity in the least expensive manner. Given that generation costs are passed entirely on to customers, PPAs between distribution utilities and generation companies go through a stringent approval process, including public hearings, publications, and posting of notices in each of the municipalities and cities covered by their respective franchise areas.

With Distribution Wheeling Charges being regulated by the ERC, distribution utilities, and even the generators supplying electricity to the distribution utilities, were exposed to regulatory risks given that adjustments in their generation rates can be disallowed by the ERC every time they have their billings reviewed. This regulatory risk was remedied through ERC Resolution No. 10, Series of 2004, as amended by ERC Resolutions 10-1 and 10-4, Series of 2004, which allowed automatic adjustment of generation rates and systems loss rates of distribution utilities.

Based on its interpretation of Section 4(e) of Rule 3 of the EPIRA, the Supreme Court issued an order, in August 2006, directing Meralco to first file an application for adjustment with the ERC instead of implementing the mechanism for automatic adjustment of such rates. The DOE remedied the situation in June 2007 by amending the said regulation and expressly allowing the automatic adjustment mechanism to allow the timely recovery of generation and foreign exchange-related costs. Thereafter, Meralco resumed implementation of the automatic adjustment mechanism.

There was a move towards a more accurate and updated method of cost recovery thereafter. In July 2009, the ERC released the regulations for the Automatic Cost Recovery Mechanism for distribution utilities. The ERC resolved to adopt the Amended Rules for the Automatic Recovery of Monthly Fuel and Purchased Power Costs and Foreign Exchange Related Costs by the NPC on December 14, 2009. The Automatic Cost Recovery Mechanism provides for the automatic adjustments on cost components such as fuel and foreign exchange. By utilizing Automatic Monthly Fuel & Purchased Power Cost Adjustments ("FPPCA") and Monthly Automatic Foreign Exchange-Related Cost Adjustments ("FxA"), this mechanism will avoid the cost mismatch that has been faulted in the deferred recovery system of the Generation Rate Adjustment Mechanism ("GRAM") and Incremental Currency Rate Adjustment Mechanism ("ICERA"). For instance, while the GRAM and ICERA costs could be billed a year or more after their relevant test period, the FPPCA and the FxA use the rates of the directly preceding billing month.

NPC and PSALM started the implementation of the FPPCA and FxA in the March 2010 billing period. These cost adjustments displaced the previous system making use of the GRAM and the ICERA. However, the last approved GRAM/ICERA will still be applicable and continually charged until the full amounts have been recovered or refunded. All unfilled and unverified GRAMs or ICERAs shall be submitted 120 days after the effectivity of the Automatic Cost Recovery Mechanism.

Supply

The supply of electricity refers to the sale of electricity directly to end-users. The supply function used to be undertaken solely by franchised distribution utilities. However, with the implementation of RCOA, the supply function has become competitive. The business is not considered a public utility operation and suppliers are not required to obtain franchises. However, the supply of electricity to the "Contestable Market" (i.e., a market of electricity end-users who have a choice on their supplier of electricity) is considered a business with a public interest dimension. As such, the EPIRA requires all Retail Electricity Suppliers ("RES") to the Contestable Market to obtain a license from the ERC and they are subject to the rules and regulations of the ERC on the abuse of market power and other anti-competitive or discriminatory behavior. However, the prices charged by suppliers to the Contestable Customers of a distribution utility are not subject to the regulation of ERC.

With RCOA mandated by the EPIRA, end-users with electricity demand meeting the thresholds set by the ERC will be allowed to contract their demand requirements directly from electricity suppliers of their choice. The EPIRA also contemplates that certain end-users may source power directly through the WESM or by entering into contracts with generation companies. This will encourage competition at the retail level. Retail Competition will gradually increase over time, provided that supply companies are sufficiently creditworthy to be suitable offtakers for generation companies.

As of July 2023, ERC has already granted forty seven⁶⁴ (47) RES licenses to various holders. These include: Bac-Man Geothermal, Inc., Green Core Geothermal, Inc., First Gen Energy Solutions ("FGES"), GN Power Ltd. Co., Aboitiz Energy Solutions, Inc., Trans-Asia Oil and EDC, GN Power Mariveles Coal Plant Ltd. Corporation, FGES, Cabanatuan Electric Corporation, Masinloc Power Partners Co. Ltd., Premier Energy Resources Corporation, Team Philippines Energy Corporation, Adventenergy Inc., SEM-Calaca RES Corp, SN Aboitiz Power - RES, Inc., San Miguel Electric Corporation, Global Energy Supply Corporation, Ferro Energy, Inc., Kratos - RES, Inc., among others. There are also twenty nine⁶⁵ (29) recognized local RES: Meralco, Dagupan Electric Corporation, VECO, to name a few. Most of the licensed RES are members of the Retail Electricity Suppliers Association, a group that represents the consolidated interests of the RES in various advocacies.

In 2022, the ERC promulgated ERC Resolution No. 04, Series of 2022 or the Rules for the Electric Retail Aggregation Program ("Retail Aggregation Rules"). Under the Retail Aggregation Rules, two or more end-users or all end-users within a contiguous area may join together and be treated as a single Contestable Customer, based on the current demand threshold demand prescribed under the rules, as may be reduced from time to time, wherein such Contestable Customer shall be part of the Contestable Market.

No limit shall be imposed on the number of end-users whose demand shall be consolidated, provided, that the total aggregated demand of such single group has complied with the applicable level of contestability for individual contestable customers. The electricity requirements of end-users whose total monthly average peak demand is at least 500kW for the past three months and are located within a contiguous area may be aggregated effective on December 26, 2022.

Energy Regulatory Commission

The ERC is the independent, quasi-judicial regulatory body created under the EPIRA, with the function to promote competition, encourage market development, ensure customer choice, and penalize abuse of market power in the restructured electricity industry. It has the authority, among others, to: (i) enforce the implementing rules and regulations of the EPIRA and the rules governing the operations of the WESM and activities of its participants; (ii) establish and enforce a methodology for setting transmission and distribution wheeling rates and the retail rates for the captive market of a distribution utility; (iii) issue licenses and permits; (iv) set and enforce technical and financial standards for industry participants; and (v) monitor, investigate, and take measures to penalize violations of rules and regulations.

Competitive Market Devices

The Government has sought to implement measures designed to establish a competitive energy market. These measures include the adoption of policies, rules, and guidelines governing the establishment of the RCOA and, more recently, the GEOP, which allows qualified end-users an opportunity to choose their preferred supplier and source of energy; and the adoption of a policy for the transition to the IMO for the WESM, as envisioned in the EPIRA.

The objective is to establish a market operator with equitable representation from electric power industry participants. With this in mind, the DOE issued Department Order DO2017-07-0010 creating the Transition Committee for the PEMC to propose plans for the WESM and anticipate future challenges. In January 2018, DOE issued Department Circular DC2018-01-002 to enable the formation of the IMO. On September 26, 2018, the IEMOP took over the operations of the WESM, with PEMC remaining as the governing body. In October 2020, DOE issued Department Circular DC2020-10-0021, adopting further amendments to the WESM Rules on provisions for the implementation of the IMO.

The move towards a more competitive electricity industry could result in the emergence of new and numerous competitors. These competitors may have greater financial resources, and have more extensive operational experience and other capabilities than the Company, giving them the ability to respond to operational, technological, financial and other challenges more quickly than the Company

⁶⁴ Competitive Retail Electricity Market Report - July 2023.

⁶⁵ *Supra*, note 60.

Retail Competition and Open Access

The EPIRA provides for a system of RCOA, wherein the end users will be given the power to choose their energy source. Prior to RCOA, distribution utilities procure power supply on behalf of their consumers. With RCOA, the RES chosen by the consumer will do the buying and selling of power and the distribution utility shall deliver the same.

RCOA shall be implemented in phases. During the first phase, only end users with an average monthly peak demand of 1 MW for twelve (12) months immediately preceding the start of RCOA shall have a choice of power supplier, as a contestable customer. Later, in the 2nd phase, the peak demand threshold will be lowered to 0.75 MW, and it will continue to be periodically lowered until the household demand level is reached.

In a joint statement issued by the DOE and ERC dated September 27, 2012, the first phase implementation of RCOA was prescribed. December 26, 2012 was marked as the Open Access date. This signaled the beginning of the six-month transition period until June 25, 2013. The transition period involved the contracting of the retail supply contracts, metering installations, registration and training, trial operations by March 2013, and supplier of last resort service or disconnection.

The initial commercial operations of the RCOA commenced on June 26, 2013. For this, ERC issued Resolution No. 11, Series of 2013 providing that a Contestable Customer can stay with its respective Distribution Utility until such time that it is able to find a RES. In case a Contestable Customer decides to participate in the competitive retail market, it should advise its Distribution Utility that it will be leaving the Distribution Utility's regulated service at least sixty (60) days prior to the effectivity of its RSC with a RES.

In June 2015, the DOE released a Circular (DC2015-06-0010) that provided policies that will facilitate the full implementation of RCOA in the Philippines. This was supplemented by four (4) resolutions issued by the ERC, namely:

1. ERC Resolution No. 5, Series of 2016 - Resolution Adopting the 2016 Rules Governing the Issuances of Licenses to Retail Electricity Suppliers and Prescribing the Requirements and Conditions Therefor;
2. ERC Resolution No. 10, Series of 2016 - Resolution Adopting the Revised Rules for Contestability;
3. ERC Resolution No. 11, Series of 2016 - Resolution Imposing Restrictions on the Operations of Distribution Utilities and Retail Electricity Suppliers in the Competitive Retail Electricity Market; and
4. ERC Resolution No. 28, Series of 2016 - Resolution on the Revised Timeframe for Mandatory Contestability, amending Resolution No. 10.

According to ERC Resolution No. 28 Series of 2016, the mandatory switch dates are February 26, 2017 for Contestable Customers with an average monthly peak demand of at least 1 MW and June 26, 2017 for Contestable Customers with an average monthly peak demand of at least 750 kW.

On February 21, 2017, however, the Supreme Court issued a temporary restraining order (TRO) on DOE DC2015-06-0010 and the recent ERC resolutions. As a result, the switching of 750-999 kW contestable customers was put on hold while Contestable Customers with 1 MW and up demand may still voluntarily switch.

On November 29, 2017, DOE issued RCOA DCs 2017-12-0013 and 2017-12-0014. DC2017-12-0013 repealed mandatory contestability in previous RCOA DCs and changed it to voluntary participation for Contestable Customers with peak demand of 750kW and above. Subsequently, Contestable Customers with peak demand of 500kW and 749kW can voluntarily participate in RCOA by June 26, 2018. DC2017-12-0014 repealed Section 5 (h) of DC2015-06-0010, which prohibits Distribution Utilities from participating as Local RES upon expiration of their RSCs.

Last December 3, 2020, ERC issued Resolution No. 12 Series of 2020, providing for the implementation of RCOA Phase III by February 26, 2021. RCOA Phase III brings down the contestability threshold to 500kW to 749kW. The threshold is expected to further go down to cover end-users with a monthly average peak consumption of 100 to 499 kW.

The Renewable Energy Act

The Renewable Energy Act of 2008 or Republic Act No. 9513 ("Renewable Energy Act") was enacted to promote the development, utilization, and commercialization of renewable energy resources. The DOE is the lead agency mandated to implement the Renewable Energy Act.

The Renewable Energy Act aims to:

- (a) Accelerate the exploration and development of renewable energy resources such as, but not limited to, biomass, solar, wind, hydro, geothermal and ocean energy sources, including hybrid systems, to achieve energy self-reliance, through the adoption of sustainable energy development strategies to reduce the country's dependence on fossil fuels and thereby minimize the country's exposure to price fluctuations in the international markets, the effects of which spiral down to almost all sectors of the economy;
- (b) increase the utilization of renewable energy by institutionalizing the development of national and local capabilities in the use of renewable energy systems, and promoting its efficient and cost-effective commercial application by providing fiscal and nonfiscal incentives;
- (c) encourage the development and utilization of renewable energy resources as tools to effectively prevent or reduce harmful emissions and thereby balance the goals of economic growth and development with the protection of health and the environment; and
- (d) establish the necessary infrastructure and mechanism to carry out the mandates specified in this Act and other existing laws.

Renewable energy developers and local manufacturers, fabricators and suppliers of locally-produced renewable energy equipment shall register with the DOE, through the Renewable Energy Management Bureau. Upon registration, a certification shall be issued to each developer and local manufacturer, fabricator and supplier of locally-produced renewable energy equipment to serve as the basis of their entitlement to incentives under the Renewable Energy Act.

Under the Renewable Energy Act, renewable energy developers, as duly certified by the DOE, in consultation with the BOI, shall be entitled to incentives, including:

- (a) income tax holiday for the first seven years of its commercial operations;
- (b) duty-free importation of renewable energy machinery, equipment, and materials within the first ten years upon issuance of a certification of a renewable energy developer;
- (c) special realty tax rates on equipment and machinery;
- (d) net operating loss carry-over;
- (e) corporate tax rate on net taxable income;
- (f) accelerated depreciation of plant, machinery, and equipment;
- (g) zero percent value-added tax rate for the sale of fuel or power generated from renewable sources of energy;
- (h) cash incentive on renewable energy developers for missionary electrification;
- (i) tax exemption of carbon credits; and
- (j) tax credit on domestic capital equipment and services

Energy Demand and Supply

According to the DOE Power Statistics 2022, the Philippine electricity market has a total non-coincident peak demand of 16,596 MW. This demand is divided into three (3) major grids, with Luzon being the largest at roughly 12,113 MW. The Visayas and Mindanao Grids are smaller and have peak demand of 2,316 MW and 2,167 MW, respectively.

The industrial customer segment, which accounts for 26% of total power consumption, grew by 4% from 2021 to 2022. A large increase was experienced in the commercial sector, which accounts for 22.0% of total electricity consumption, as it grew by 15% in 2022. The residential sector, which has a 32% share in consumption, also increased in 2022 by 1%. Demand growth across all sectors is expected to increase in the coming years as we move further away from the COVID pandemic and global economies continue reopening.

On the supply side, the following tables set forth the dependable capacity and historical electricity generation from different fuel sources in the Luzon, Visayas and Mindanao grids:

2022 DEPENDABLE CAPACITY (MW) BY FUEL SOURCE⁶⁶				
Generation Source	Luzon	Visayas	Mindanao	Philippines
Oil-Based	1,639	514	707	2,860
Hydro	2,416	26	1,003	3,444
Geothermal	769	888	106	1,763
Coal	8170	1,293	2,041	11,504
Natural Gas	2,081	—	—	2,081
Wind/Solar/Biomass	1,245	619	81	1,945
Total	16,320	3,340	3,938	23,598

Electricity Demand and Supply Outlook

Economic activity, as measured by GDP, remains the key determinant of energy demand. Following the 2023 GDP growth of 5.5%, growth is projected to continue increasing to 7.0% to 7.5% by 2024 and 2025, as forecasted by NEDA⁶⁷. Per the DOE's 2020-2040 Power Development Plan, it forecasts that peak demand will grow at an average annual growth rate of 5.0%, 5.6% and 5.6% in Luzon, Visayas and Mindanao, respectively; by 2025 aggregate peak demand is expected to reach 13,728 MW, 2,687 MW and 2,588 MW in Luzon, Visayas and Mindanao, respectively

The Philippines' current total installed capacity as of May 2023 is 28,297 MW. In the 2020-2040 Power Development Plan, the country is projected to require a total of ~86,300 MW of new capacity additions by 2040 to reach its RE target. Of this, ~13,629 MW is expected to be provided by committed projects and the remainder by indicative capacity additions.

The total capacity committed and indicative capacity as of October 2023 is summarized in the table below:

COMMITTED CAPACITY AS OF 2023⁶⁸				
(in MW)	Luzon	Visayas	Mindanao	Philippines
Committed Projects	12,473	599	557	13,629
Indicative Requirements	52,483	13,215	1,915	67,614

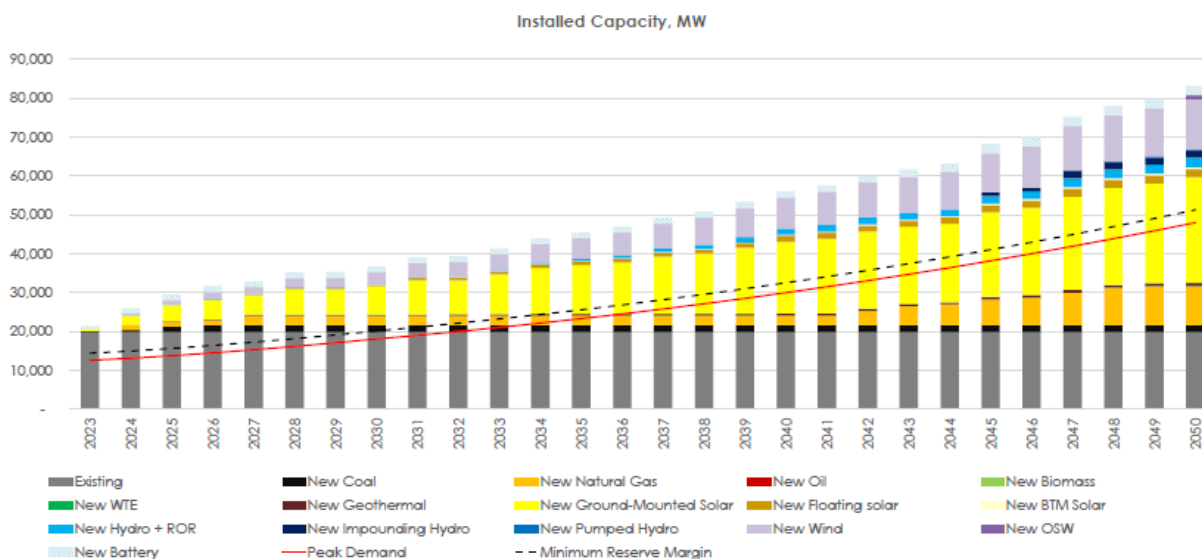
With the primary goal of achieving energy security, the DOE released its 2023-2050 Power Development Plan promoting further developments in the use of conventional fuels while exploring renewable and alternative energy sources.

⁶⁶ *Supra*, note 1.

⁶⁷ National Economic and Development Authority. (2023, December 15). *DBCC JOINT STATEMENT: Review of the Medium-Term Macroeconomic Assumptions and Fiscal Program for Fiscal Year (FY) 2023 to 2028*. <https://neda.gov.ph/dbcc-joint-statement-review-of-the-medium-term-macroeconomic-assumptions-and-fiscal-program-for-fiscal-year-fy-2023-to-2028-december-15-202/>.

⁶⁸ Department of Energy. (2023, December 22). *Private Sector Initiated Power Projects*. <https://www.doe.gov.ph/private-sector-initiated-power-projects>.

The following graph, derived from the DOE's Philippine Power Plan 2023-2050 presentation, illustrate the forecasted demand and supply situation of the Luzon Grid assuming the base reference scenario where the country is able to attain 50.0% RE Share by 2040-2050⁶⁹



Geothermal Energy

Geothermal energy is a clean, renewable and generally sustainable energy source that emits significantly lower levels of carbon dioxide compared to fossil fuel-fired power plants because it does not use combustion in the production of electricity.

Geothermal energy is derived from the natural heat of the earth when water comes sufficiently close to hot molten rock to heat the water to temperatures of 320° Celsius (608° Fahrenheit) or more. Prospective sites are indicated by dormant volcanoes, hot springs and other geothermal activity. The heated water then ascends toward the surface of the earth where it can be extracted by drilling geothermal wells subject to suitable geological conditions.

Geothermal reservoirs can be classified mainly as either wet steam or dry steam. A wet steam geothermal system generally consists of a mixture of steam and water (approximately 30.0% steam by volume) overlying a deep level of hot liquid in the reservoir. Dry steam geothermal systems, however, consist of a steam and water mixture with a much higher percentage of steam (approximately 80.0% steam by volume) with a smaller level of hot liquid that is widely dispersed and immobile in the reservoir. The wells drilled in dry steam reservoirs produce pure steam at the surface.

The energy necessary to operate a geothermal power plant is typically obtained from several wells that are drilled using technology that is similar to that employed in the oil and gas industry. Geothermal production wells are normally located within approximately one to two miles of the power plant as geothermal fluids cannot be transported economically over longer distances due to heat and pressure losses. As long as the steamfield is properly managed, the geothermal reservoir is a sustainable source of energy. In particular, natural ground water sources and re-injection of extracted geothermal fluids must be adequate over the long-term to replenish the geothermal reservoir following the withdrawal of geothermal fluids. Geothermal energy projects typically have higher capital costs (primarily as a result of the costs attributable to steamfield development) but tend to have significantly lower variable operating costs, principally consisting of maintenance expenditures, than fossil fuel-fired power plants which continue to be subject to ongoing fuel expenses throughout their productive lives.

The following description illustrates the process for extracting and converting geothermal energy to electric power:

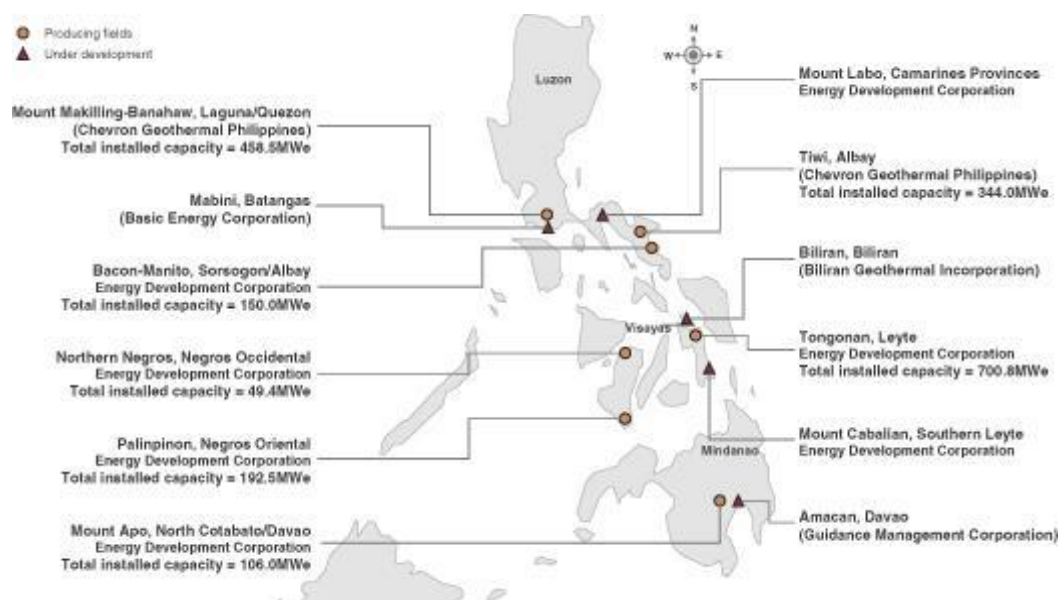
Geothermal fluid is extracted from the underground reservoir by a series of production wells. The geothermal fluids produced at the well head consist of either pure steam (in the case of dry steam reservoirs) or a mixture of hot brine and steam (in the case of a wet steam reservoir). The heated mixture flows from the well head through a gathering system of insulated steel pipes to separation vessels or separators. This produces a stream of saturated steam, which

⁶⁹ Department of Energy. (2023, December 12). *Philippine Power Development Plan 2023-2050* [Energy Information, Education, and Communication (IEC) Forum].

is used by a turbine generator to produce electricity. The hot brine remaining after separation of steam is then injected back into the geothermal resource via a series of injection wells.

Philippine Geothermal Areas

The diagram⁷⁰ below sets forth the principal geothermal areas within the Philippines.



Wind and Solar Energy

The decrease in costs and improvements in efficiencies continue to support the growth of solar and wind energy in the Philippines.

The first wave of solar and wind projects, which were covered by the Feed-in-Tariff ("FIT") started in 2012. Around 526 MW of solar and 400 MW of wind projects were built under this FIT regime. Of this total, the Company owns and operates 6 MW of solar and 150 MW of wind.

According to the 2023-2050 PDP, 1,530 MW of utility solar have been installed, with a considerable potential of around 26,106 MW worth of new build capacity in the Luzon grid alone. There have been limited new wind builds outside of FIT, but there is a potential of around 11,644 MW of additional capacity in the pipeline.

Even without FIT, solar and wind have become more cost competitive against other traditional and conventional technologies, and both will continue to play a more substantial role in the energy mix of the Philippines.

Feed-In-Tariff

The ERC, pursuant to Section 7 of the RE Law and Section 5 of its implementing rules, promulgated Resolution No. 16, Series of 2010 on 12 July 2010, as amended by Resolution No. 15, series of 2012 promulgated on 19 November 2012 (the "FIT Rules") which established the FIT system. The FIT Rules regulate the method of establishing and approving the FIT rates including adjustments as to the escalation formula to be applied to them annually to account for pass-through of local inflation and foreign exchange rate variations, and the FIT Allowance ("FIT-All").

⁷⁰ EDC data

The FIT shall be applicable for each generation plant using renewable energy resources, including: (i) wind energy; (ii) solar energy; (iii) ocean energy; (iv) run-of-river hydroelectric power; (v) biomass energy; and (vi) renewable energy components of the technologies listed of hybrid systems under the RE Law.

FIT rates

The FIT rates provided in the FIT Rules are also specific for each emerging renewable energy technology and generation facilities which have entered into commercial operation after effectivity of the FITs ("Eligible RE Plants"), or to such parts of such existing facilities that have been substantially modified or expanded. Pursuant to the FIT Rules, the Eligible RE Plants shall be entitled to the applicable FIT rates for a period of twenty (20) years. After this period, the FIT rates will be based on prevailing market prices or other prices agreed by IPPs with the offtakers.

The ERC, thereafter, issued Resolution No. 10, Series of 2012 on July 27, 2012, which approved the FIT rates for various renewable energy sources.

The FIT Rules state that the ERC shall adjust the FIT rates annually for the entire period of its applicability and that ERC shall publish the adjusted FIT rates annually on or before the 15th day of January of each year and use them in the calculation of the FIT -All for the current year, but no adjustment to the FIT rates were implemented for 2016 until mid-2020. As of December 2020, ERC adjusted the FIT rates by revising the base year to 2014 for foreign exchange and consumer price index variables pursuant to ERC Resolution No. 6, Series of 2020, which provided for: (1) the adjustments to the FIT rates from 2016 to 2020, and (2) the confirmation that the resulting arrears or adjustments from 2016 to 2020 shall be paid over the next five (5) years, beginning 2021. Pursuant to this, the National Transmission Corporation ("TransCo") implemented and paid the Eligible RE Plants based on the adjusted FIT rates from December 2020 to February 2021.

However, in February 2021, ERC instructed TransCo to revert to the original FIT rates pending the official approval of the 2021 FIT rates, and to recognize all adjustments in the FIT rates covering the years 2016 to 2020 as arrears and payable over five (5) years, in accordance with the schedule attached to said instructions. ERC further clarified in an advisory issued in April 2021 that Eligible RE Plants cannot impose interest on any outstanding receivables due to them.

At present, TransCo uses the original FIT rates as basis for its payments pending ERC's official approval of the 2021 FIT rates, similar to the period of 2016 to mid-2020 where RE generators were paid based on the original and unadjusted FIT rates. The payment of the arrears for the adjustment in FIT rates from 2016 to 2020 is on-going, in accordance with the schedule provided by ERC to TransCo.

The retroactive adjustment of the FIT rates for 2016-2020 that was approved by the ERC in July 2020 through ERC Resolution No. 06, Series of 2020, which took effect in December 2020, had an impact of ₱1.17 Billion. This was booked one-time as additional revenues in December 2020. Meanwhile, the delay in ERC's approval for the 2021 FIT rates translates to approximately ₱0.50 Billion of revenues (on a full year basis) once ERC confirms the 2021 FIT rates.

FIT-All

Finally, ERC Resolution No. 15, Series of 2012 states that the FIT-All shall be (1) established and set by the ERC on an annual basis upon petition by TransCo, (2) collected by the distribution utilities from their consumers, and (3) disbursed by a Government Financial Institution upon instruction from TransCo. All on-grid consumers will share in the cost of the FIT-All, via a uniform charge applied to all billed kWhr.

TransCo shall take into account forecasted annual required revenue of Eligible RE Plants, the previous year's over or under recoveries, TransCo's administration costs, forecasted annual electricity sales and other relevant factors to ensure that the FIT-All fund is sufficient to pay all RE producers regularly. TransCo may also file for an adjustment to the FIT-All amount at the end of each quarter if the working capital allowance is depleted by at least fifty percent (50.0%) of the required amount due to higher than projected FIT-eligible deliveries.

Competition

The Government, in implementing the thrust of the EPIRA, has paved the way for a more independent and market driven Philippine power industry. This has allowed for competition, not limited by location, and driven by market forces. As such, selling power and, consequently, the dispatch of power plants depend on the ability to offer competitively priced power supply to the market. The Group has multiple power projects in Luzon, Visayas, and Mindanao.

The WESM operations of Luzon and Visayas Grids are integrated under the IEMOP in the sense that the administration and rules are the same. However, demand and available supply per area vary, which results in differences in spot clearing price per Grid. Meanwhile, WESM in Mindanao commenced operations last January 26, 2023. The Mindanao Visayas Interconnection Line which connects the island to the grid was energized last April 30, 2023.

Pursuant to the RCOA of the EPIRA, a new electricity buyer group consisting of individual retail customers has emerged. "Retail Competition" means that eligible end-users of electricity (or retail customers) may directly contract for the supply of electricity with authorized suppliers, instead of courting the same through the franchised distribution facility. "Open Access", on the other hand, means that retail electricity customers and suppliers of electricity may contract with the transmission company and the distribution company for the "wheeling" or delivery of energy/electricity through the transmission or distribution wires. Open Access is thus a means by which Retail Competition is achieved.

Republic Act No. 9513, otherwise known as the RE Law, provides for policy mechanisms, such as the RPS and the GEOP, to further promote the development and utilization of renewable energy resources.

Under the RPS, mandated participants such as but not limited to distribution utilities and suppliers of electricity for the contestable market are required to source a portion of their energy requirement from RPS-eligible plants while GEOP gives end-users the opportunity to source 100.0% of their power supply from renewable energy suppliers. On August 16, 2021, the ERC issued Resolution No. 08, Series of 2021, A Resolution Adopting the Rules for the GEOP. On September 3, 2021, the ERC GEOP rules took effect. Following the issuance of GEOP rules, the IEMOP launched the GEOP on December 3, 2021.

Pursuant to the RE Law, a REM shall be established where Renewable Energy Certificates corresponding to energy generated from eligible RE facilities can be traded. Mandated Participants under the RPS and GEOP must register in the REM. The Company and its operating Subsidiaries intend to participate in the REM.

To further provide more avenues to meet the RPS compliance of mandated participants and provide additional market options for RE developers and generators, the DOE issued Department Circular No. DC 2021-11-0036 providing the Revised Guidelines for the GEAP in the Philippines. The GEAP succeeds the FIT award mechanism; however, the twenty (20)-year tariffs will be determined through a competitive selection process. DOE further clarified under DC 2023-09-0027 published in September 2023 that the Green Energy Tariff (GET) from the Green Energy Auction of the winning bidder is considered as the FIT.

The GEAP was designed to continuously trigger the increase of RE capacity in the country, which will help realize the government's target of 35.0% RE in the energy mix by 2030 and 50.0% by 2040. For its first round of auction in 2022 or Green Energy Auction-1, DOE set an installation target of 2,000MW of RE capacity for 2023-2025 and awarded nineteen (19) winning bidders. This was able to generate 1,967 MW of committed renewable energy capacity or 98.0% of installation target to be delivered between 2023 to 2025. The first round offered capacities utilizing hydro, biomass, solar and wind generation technologies, with the bulk (1,490 MW) of awarded capacities coming from solar projects. In 2023, for Green Energy Auction-2, DOE set an installation target of 11,600 MW of RE capacity for 2024-2026 and released the Notice of Award to 105 winning bidders. While it was able to raise 3,581 MW worth of committed RE capacity targeted to be delivered between 2024 to 2026, it was only 32.0% of the DOE's ambitious target. Currently, the DOE is gearing up for the conduct of the third round of GEAP in 2024, which will auction out geothermal, run-of-river and pumped storage hydro capacities for the first time.

Further enhancing competition in the renewable energy sector is the passage of Republic Act No. 11659 or the Public Services Act, as amended, which was signed into law on March 21, 2022. This removed foreign equity restrictions on most public service companies, except those considered as public utility and critical infrastructure. The government's move to open competition in the RE market is further strengthened with the issuance of DOE Department Circular No. DC2022-11-0034 on November 15, 2022, amending the Implementing Rules and Regulations of RA 9513, which now allows foreign citizens or 100.0% foreign-owned companies to undertake the exploration, development, and utilization of solar, wind, hydro, and ocean or tidal energy resources. This shift in government policy to allow full foreign ownership of certain renewable energy projects aims to attract more investments in the renewable energy sector and meet the long-term climate target commitments of the country.

The successful privatization of NPC assets and NPC-IPP contracts in Luzon and Visayas, coupled with the integration of the two Grids under the WESM, introduced new players and opened competition in the power industry. The largest competitors of the Company are the Aboitiz group, the San Miguel group and Ayala's AC Energy. In terms of generation capacities, the Aboitiz group has a total of 5,322 MW⁷¹ net sellable capacity in its portfolio. Aboitiz Power Corporation is the Company's only competitor in the geothermal energy space, after it successfully acquired the 747 MW Tiwi-Makban geothermal power plant. Philippine Geothermal Production Company operates the Tiwi-Makban geothermal steam field that supplies the Aboitiz geothermal plant. Meanwhile, the San Miguel group reported that it has 4,697 MW combined installed capacity in its portfolio⁷². As of end-March 2024, AC Energy has 2,860 MW with 1,900 MW in its Philippine portfolio⁷³.

The credit ratings provided by PhilRatings for the recent bond issuances of these competitors indicate that financial strength among them is comparable. Aboitiz Power, San Miguel Corporation, the parent company of SMC Power and AC Energy, all fetched a PRS Aaa credit rating for their recent issuances.

Several of these competitors, including potential new competition from 100.0% foreign-owned companies, may have greater financial resources and have more extensive operational experience and other capabilities than the Company, giving them the ability to respond to operational, technology-related, financial, and other challenges more quickly than the Company. The Company will face competition in both the development of new power generation facilities and the acquisition of existing power plants, as well as in the financing for these activities.

The performance of the Philippine economy and the historical high returns of power projects in the country have attracted many potential competitors, including multinational development groups and equipment suppliers, to explore opportunities in the development of electric power generation projects in the Philippines. Accordingly, competition for and from new power projects may increase in line with the long-term economic growth in the Philippines.

The Group believes that it will be able to compete because of its competitively-priced power, the reliability of its power plants, its use of clean and renewable fuels, and its expertise and experience in power supply contracting and trading.

⁷¹ Data from Aboitiz Power: www.aboitzpower.com

⁷² Data from San Miguel Corporation: www.sanmiguel.com.ph/businesses/new/power-energy/

⁷³ Data from AC Energy: <https://www.acenrenewables.com/our-businesses/?section=#presence> /

Material Contracts and Agreements

The following are summaries of the material terms of the principal contracts related to the Company's business transactions which were executed in the past three (3) years and to which the Company is a party as of the date of this Offer Supplement. The summaries below should not be construed to be a full statement of the terms and provisions of such contracts. Accordingly, the following summaries are subject to the full text of each contract.

Loans from the International Finance Corporation ("IFC")

Amended and Restated Loan Agreement

On November 25 2008, the Company entered into a loan agreement with the IFC for an aggregate amount of ₱4.1 Billion or its US dollar equivalent for the purpose of financing the Company's medium-term capital expenditure program. In January 2009, EDC drew on the loan in Pesos and received proceeds in the amount of ₱4,048.75 Million net of a front-end fee paid to IFC. IFC and the Company executed an ARLA on May 20, 2011. The loan was again amended and IFC and the Company executed another ARLA on March 22, 2018.

The ARLA contains restrictions on debt incurrence, unless the debt service coverage ratio is not less than 1.1x and the Debt for Borrowed Money to Equity Ratio is below 70:30 on an unconsolidated basis; and restrictions on equity distribution, unless the debt service coverage ratio is not less than 1.2x on an unconsolidated basis, in each case subject to certain conditions and exceptions.

On April 15, 2023, EDC fully paid the loan with IFC that was drawn in January 2009.

IFC Second Loan Agreement

On May 20, 2011, the Company signed a fifteen (15)-year US\$75.0 Million loan facility with the IFC. The loan was drawn in Peso on September 30, 2011 amounting to ₱3,262.5 Million. IFC and the Company executed an ARLA on March 22, 2018. Under the loan agreement, the Company is subject to the same financial covenants indicated in the ARLA.

On August 17, 2023, EDC and IFC executed a LIBOR Transition Amendment Agreement to replace the USD LIBOR references under the default rate interest provision of the ARLA to Term SOFR plus credit adjustment spread equal to 0.42825%, in view of the cessation of publication of the USD LIBOR on June 30, 2023.

IFC Third Loan Agreement

On March 22, 2018, the Company signed a fifteen (15)-year US\$90.0 Million loan facility with IFC to fund its 2018 capital expenditures and other general corporate requirements of its existing geothermal operations. The loan was drawn in Peso on June 22, 2018 amounting to ₱4,804.0 Million. Under the loan agreement, EDC is subject to the same financial covenants indicated in the ARLA.

Fixed-rate ASEAN Green Bonds

In June 25, 2021, EDC successfully listed its SEC-registered ASEAN Green Bonds, the first tranche of its ₱15.0 Billion ASEAN Green Bond Program, with an aggregate principal amount of ₱5.0 Billion. The bonds, which have been listed on the PDEX, are comprised of ₱2.5 Billion three (3)-year bonds due on June 25, 2024 and ₱2.5 Billion five (5)-year bonds due on June 25, 2026.

Under the Trust Indenture, EDC is subject to the following financial covenants: (a) debt incurrence ratio of financial indebtedness to total equity of at most 3.00x and (b) equity distribution restriction unless the ratio of financial indebtedness to total equity is at most 3.00x, in each case subject to certain exceptions and conditions.

Term Loans

The Company signed various Term Loans with different financial institutions, as provided below.

Under the various loan agreements, the Company is subject to the following financial covenants: (a) debt incurrence ratio of (i) financial indebtedness to total equity of no more than 2.33x; and (ii) a debt service coverage ratio of either 1.0 or 1.1x, depending on the counterparty, and (b) equity distribution restriction unless the debt service coverage ratio is at least 1.1x or 1.2x, depending on the counterparty, in each case subject to certain exceptions and conditions.

₱7.0 Billion Term Loan with Bank of the Philippine Islands maturing on March 21, 2032

On January 28, 2022, EDC and Bank of the Philippine Islands executed a loan agreement for a term loan facility of up to ₱7.0 Billion. The net proceeds from the loan were used to fund various capital expenditures and growth projects, refinancing of maturing obligations and for general corporate purposes.

The first, second, and third tranche of the loan amounting to ₱2.0 Billion, ₱2.0 Billion, and ₱3.0 Billion were drawn on March 21, 2022, June 21, 2022, and December 19, 2023, respectively. The Maturity Date of the loans is on March 21, 2032.

₱1.0 Billion Term Loan with Union Bank of the Philippines maturing on March 24, 2032

On March 17, 2022, EDC secured a ₱1.0 Billion loan maturing on March 24, 2032 with Union Bank of the Philippines. The net proceeds from the loan were used to fund various capital expenditures, and for general corporate purposes.

US\$50.0 Million Term Loan with Mizuho Bank Ltd. Manila Branch maturing on March 24, 2027

On March 24, 2022, the US\$50 Million Loan with Mizuho Bank Ltd. Manila Branch matured, and was refinanced by a new five (5)-year term loan executed on March 18, 2022, with 50.0% of the principal due to be repaid on March 24, 2025 and the remaining 50.0% due to be repaid on March 24, 2027.

₱2.6 Billion Term Loan with Security Bank of the Philippines maturing on April 19, 2032

On April 11, 2022, EDC secured a ₱2.6 Billion loan maturing on April 19, 2032 with Security Bank Corporation, which partly refinanced the balance of the Fixed Rate Corporate Note (FXCN) facility which matured on April 19, 2022.

₱1.5 Billion Term Loan with CTBC Bank (Philippines) maturing on June 8, 2027

On April 29, 2022, EDC secured a ₱1.5 Billion loan maturing on June 8, 2027 with CTBC Bank (Philippines) Corp. The net proceeds from the loan were used to fund various capital expenditures, and for general corporate purposes.

₱5.0 Billion Term Loan with BDO Unibank maturing on September 3, 2032

On August 30, 2022, EDC and BDO Unibank, Inc. executed a loan agreement for a term loan facility of up to ₱5.0 Billion. The net proceeds from the loan were used to finance capital expenditure and other general corporate funding requirements. The first tranche of the loan amounting to ₱2.0 Billion was drawn on September 5, 2022, while the second tranche amounting to ₱3.0 Billion was drawn on February 22, 2023. The Maturity Date of the loans is on September 3, 2032.

₱4.0 Billion Term Loan with China Banking Corporation maturing on October 5, 2032

On September 28, 2022, EDC and China Banking Corporation executed a loan agreement for a term loan facility of up to ₱4.0 Billion. The net proceeds from the loan were used to finance capital expenditure, and for other corporate costs and expenses. The first tranche of the loan amounting to ₱2.0 Billion was drawn on October 5, 2022, while the second tranche amounting to ₱2.0 Billion was drawn on April 25, 2023. The Maturity Date of the loans is on October 5, 2032.

₱5.0 Billion Term Loan with BDO Unibank maturing on September 1, 2033

On August 11, 2023, EDC and BDO Unibank, Inc. executed a loan agreement for a term loan facility of up to ₱5.0 Billion with an availability period until August 11, 2024. The net proceeds from the loan were used to finance capital expenditure and other general corporate funding requirements.

The first tranche of the loan amounting to ₱2.0 Billion was drawn on September 1, 2023, and will mature on September 1, 2033.

Securities of the Issuer

Market Information

The Company's common shares were listed with the PSE on December 13, 2006 at an Initial Public Offering price of ₱3.20 per share.

On August 7, 2018, the Board of the Company approved the voluntary delisting of its common shares from the Main Board of the PSE, and, in accordance with the PSE's delisting rules and regulations, the conduct of a Tender Offer for up to 2,040,006,713 common shares held collectively by all shareholders of the Company other than Red Vulcan, First Gen, NTPC, and PREHC. This represented all remaining EDC common shares that were held by the public, and which equated to approximately 10.9% of its total outstanding common shares.

On September 19, 2018, the Company filed the petition for the Delisting with the PSE.

The Tender Offer began on September 24, 2018 until October 22, 2018. Following the completion of the Tender Offer, a total of 2,009,107,731 common shares, representing approximately 10.72% of the Company's outstanding voting shares were tendered pursuant to the Tender Offer, accepted and thereafter purchased by the Company via a block sale through the facilities of the PSE on November 5, 2018. The shares were purchased at the Tender Offer Price with a total transaction value of ₱14,566.0 million.

On November 14, 2018, the Board of the PSE granted the petition for voluntary delisting filed by the Company, and accordingly, ordered the delisting of the Company's common shares from the official registry of the PSE (electronic board and ticker) effective on November 29, 2018.

On December 29, 2023, the Securities and Exchange Commission ("SEC") issued the Company's Certificate of Filing of Amended Articles of Incorporation for (i) the increase in the par value of its common share from ₱1.00 to ₱1,000,000.00, and (ii) the increase in the par value of its voting preferred share from ₱0.01 to ₱10,000.00, while maintaining its current authorized capital stock, as part of the Company's equity restructuring.

As a result of the increase in the par value of its common share, the Company will pay affected shareholders whose common shares in the Company are fractionalized the fair value of their shares in the amount of ₱7.50 per common share (based on the previous par value of ₱1.00 per share), which is equivalent to ₱7,500,000.00 of the resulting fractionalized common share (based on the new par value of ₱1,000,000.00 per share).

As of March 31, 2024, actual count of common stockholders of record is 1,829 and public float was at 0.11% (or 29.142136 common shares).

List of Top 20 Stockholders of Company as of March 31, 2024

Rank	Name	Number of Shares			Percentage
		Preferred	Common	Total	
1	Red Vulcan Holdings Corporation	9,375	7,494.999999	16,869.999999	63.862%
2	Philippines Renewable Energy Holdings Corporation	-	9,223.249810	9,223.249810	34.915%
3	First Gen Corporation	-	148.910559	148.910559	0.564%
4	Northern Terracotta Power Corporation	-	145.092918	145.092918	0.549%
5	Boston Common International Sustainable Climate Fund, LLC	-	2.820130	2.820130	0.011%
6	Ang Eng Seng	-	1.000001	1.000001	0.004%
7	Christopher Eu Sun Low	-	1.000001	1.000001	0.004%
8	David Andrew Baldwin	-	1.000001	1.000001	0.004%
9	Federico R. Lopez	-	1.000001	1.000001	0.004%
10	Francis Giles B. Puno	-	1.000001	1.000001	0.004%
11	Jerome H. Cainglet	-	1.000001	1.000001	0.004%
12	Jonathan C. Russell	-	1.000001	1.000001	0.004%

Rank	Name	Number of Shares			Percentage
		Preferred	Common	Total	
13	Manuel I. Ayala	-	1.000001	1.000001	0.004%
14	Richard B. Tantoco	-	1.000001	1.000001	0.004%
15	Sebastian C. Quiniones, Jr.	-	1.000001	1.000001	0.004%
16	Teresa Grace Socorro G. Lara	-	1.000001	1.000001	0.004%
17	Elizabeth L. Bengzon	-	0.956000	0.956000	0.004%
18	HSBC Manila OBO 000-596551-550	-	0.933298	0.933298	0.004%
19	HSBC Manila OBO 000-599746-550	-	0.849500	0.849500	0.003%
20	Deutsche Bank AG Manila OBO UBS LDN IPB SCA A/C 12107074001	-	0.833827	0.833827	0.003%

Dilution

As there is no issuance of shares involved in the offering, the Company expects that there will be no dilution of existing shareholders' equity ownership in the Company.

Dividend Information and Dividend Policy

EDC's Board is authorized to declare dividends as long as EDC has unrestricted retained earnings in accordance with Section 42 of the Revised Corporation Code.

Holders of common shares are entitled to receive annual cash dividends of at least 30.0% of the prior year's recurring net income based on the recommendation of the Board. Such recommendation will take into consideration factors such as current and prospective debt service requirements and loan covenants, the implementation of business plans, operating expenses, budgets, funding for new investments and acquisitions, appropriate reserves and working capital, among others. In this connection, covenants in certain loan agreements entered into by the Company restrict the distribution of dividends to the Company's stockholders if such distribution will impair the Company's ability to pay its obligations or if an event of default or a prospective event of default (as defined in the loan agreement) has occurred and has not been remedied to the satisfaction of the creditor(s).

Holders of voting preferred shares are entitled to receive out of the unrestricted retained earnings of the Company, when and as declared by the Board of Directors (a) cumulative dividends at the rate of 8.0% of the par value of the voting preferred shares, and (b) cumulative fixed annual dividends at the rate as may be determined and revised from time to time by the Board, in each case before any dividends shall be set apart and paid to holders of common shares. Holders of non-voting preferred shares are entitled to receive out of the unrestricted retained earnings of the Company, when and as declared by the Board of Directors cumulative dividends at the rate to be determined by the Board of Directors before any dividends shall be set apart and paid to holders of common shares. Holders of voting and non-voting preferred shares shall not be entitled to further dividends payable by the Company.

In the case of stock dividends, Board and stockholders' approval are required in accordance with existing laws. Stockholders representing at least two-thirds of EDC's outstanding capital stock must approve the stock dividend declaration.

Below is a table showing the dividend declarations and pay-outs made by EDC in 2023, 2022 and 2021:

Declaration date	Record date	Payment date	Shareholders	Description	Dividend per share	Total amount
2023:						
May 12, 2023	May 31, 2023	June 30, 2023	Common	Regular	₱0.1467	₱2,499,586,287
			Preferred	Regular	0.0313	293,500,000

November 23, 2023	December 4, 2023	December 29, 2023	Common	Special	0.1760	2,999,503,544
						₱5,792,589,831

Declaration date	Record date	Payment date	Shareholders	Description	Dividend per share	Total amount
2022:						
May 19, 2022	May 31, 2022	June 30, 2022	Common	Regular	₱0.1467	₱2,500,000,000
			Preferred	Regular	0.0313	293,500,000
November 24, 2022	December 5, 2022	December 29, 2022	Common	Special	0.1467	2,500,000,000
						₱5,293,500,000

Declaration date	Record date	Payment date	Shareholders	Description	Dividend per share	Total amount
2021:						
May 11, 2021	May 31, 2021	June 30, 2021	Common	Regular	₱0.1467	₱2,500,000,000
			Preferred	Regular	0.0313	293,500,000
November 18, 2021	December 1, 2021	December 29, 2021	Common	Special	0.1467	2,499,046,786
						₱5,292,546,786

Recent Sale of Unregistered or Exempt Securities

In 2020, the Company signed bilateral corporate term loan agreements with Mizuho Bank, Ltd., Bank of the Philippine Islands, and BDO Unibank, Inc. for US\$50.0 Million, ₱6.00 Billion and ₱11.5 Billion, respectively, where the Company drew a total of ₱12.9 Billion (1) to refinance the ₱3.0 Billion fixed-rate bonds which matured on May 3, 2020 and the outstanding US\$181.1 Million balance of the US\$300.0 Million Notes which matured on January 20, 2021, (2) to fund various capital expenditures and growth projects, and (3) for general corporate purposes.

On February 18, 2021, the Company drew an additional ₱2.0 Billion from the BDO Unibank, Inc. corporate term loan facility signed the previous year. The remaining balance of ₱4.95 Billion was not drawn and expired last August 28, 2021.

On June 25, 2021, EDC successfully listed its SEC-registered ASEAN Green Bonds with an aggregate principal amount of ₱5.0 Billion from the bond shelf registration of up to ₱15.0 Billion greenlit by the SEC. The bonds, which have been listed on the Philippine Dealing & Exchange Corp. ("PDEX"), are comprised of ₱2.5 Billion three (3)-year bonds and ₱2.5 Billion five (5)-year bonds due on June 25, 2024 and June 25, 2026, respectively.

On March 24, 2022, the Company refinanced its maturing loan with Mizuho Bank, Ltd. for the same amount of US\$50.0 Million. Throughout the year, it also signed peso bilateral corporate term loan agreements with Bank of the Philippine Islands, UnionBank of the Philippines, Security Bank Corporation, CTBC Bank (Philippines) Corp., BDO Unibank, Inc., and China Banking Corporation for a total of ₱21.1 Billion, where the Company drew a total of ₱11.1 Billion (1) to refinance the outstanding ₱5.1 Billion balance of its maturing Fixed Rate Corporate Note (FXCN); (2) to fund various capital expenditures and growth projects; and (3) for general corporate purposes.

In 2023, the Company drew an additional ₱3.0 Billion, ₱2.0 Billion, and ₱5.0 Billion from BDO Unibank, Inc., China Banking Corporation, and Bank of the Philippine Islands, respectively, from the corporate term loan facilities it signed in 2022.

On August 11, 2023, the Company signed a bilateral corporate term loan agreement with BDO Unibank, Inc. for ₱5.0 Billion, where the Company drew ₱5.0 Billion to (1) to fund various capital expenditures; and (2) for general corporate purposes.

Pension Plans

The Company has two (2) retirement plans - defined benefit retirement plan for employees hired before July 1, 2016 and defined contribution retirement plan for employees hired on or after July 1, 2016. The plan covers regular employees and is administered by a trustee bank. The Company also provides post-retirement medical and life insurance benefits which are unfunded.

Directors, Executive Officers and Control Persons

The Board of Directors

EDC's Amended Articles of Incorporation provide for eleven (11) seats in the Board of Directors ("Board"). The Company's Amended By-Laws further provide that the Company shall have three (3) independent directors, for as long as the Company remains a public corporation or has any outstanding registered securities. Presently, there are three (3) independent directors in the Board of EDC, or 27.27% of the Board's total membership.

The directors serve for a period of one (1) year and until their successors shall have been duly elected and qualified.

EDC's CG Manual, in compliance with SEC regulations, provides that the maximum cumulative term of nine (9) years, reckoned from 2012, shall be imposed upon Independent Directors. After such period, the Independent Director shall be perpetually barred from re-election as such (except that such Independent Director may again be elected as such upon justification and obtaining stockholders' approval), but may continue to qualify for nomination and election as a non-Independent Director.

As of March 31, 2024, the following are the directors of the Company, including their business experience for the past five (5) years⁷⁴:

DIRECTOR	NATIONALITY	POSITION	AGE	YEAR POSITION WAS ASSUMED
Federico R. Lopez	Filipino	Chairman	62	2007
Francis Giles B. Puno	Filipino	Vice-Chairman and CEO	59	2007
Jerome H. Cainglet	Filipino	Director, President and COO	55	2023
Richard B. Tantoco	Filipino	Director	57	2007
Jonathan C. Russell	British	Director	59	2007
Ang Eng Seng	Singaporean	Director	61	2021
David Andrew Baldwin	Australian	Director	59	2017
Christopher Low Eu Sun	Malaysian	Director	41	2017
Manuel I. Ayala	Filipino	Independent Director	60	2016
Sebastian C. Quiniones, Jr.	Filipino	Independent Director	64	2021
Teresa Grace Socorro G. Lara	Filipino	Independent Director	66	2021

Federico R. Lopez, 62

Mr. Lopez, Filipino, has been a member of the Board since November 29, 2007. He is currently Chairman of the Company, and Chairman and Chief Executive Officer of the publicly-listed companies Lopez Holding Corporation, First Philippine Holdings Corporation ("FPH") and First Gen Corporation ("FGEN"). He is Vice Chairman of Rockwell Land Corporation ("Rockwell Land") and also sits on the board of ABS-CBN Corporation, which are also publicly-listed companies.

A staunch environmentalist, he is the Chairman of the Oscar M. Lopez Center for Climate Change Adaptation and Disaster Risk Management Foundation ("OML Center"), a non-profit private sector-led initiative supporting research and innovative solutions to build climate-resilient communities. He is the Chairman of Sikat Solar Challenge Foundation, Inc., which focuses on bringing clean energy solutions to rural communities. He is the Chairman and President of Ang Misyon, Inc., an El Sistema-inspired advocacy committed to igniting social change and youth development through the formation of the Orchestra of the Filipino Youth. He is the Chairman of Knowledge Channel Foundation, which is committed to delivering transformative learning experiences especially to poor and marginalized Filipino children and communities. He is also a member of the Board of Trustees of the Philippine Disaster Resilience Foundation, the Eugenio Lopez Foundation, Inc., Teach for the Philippines, and Endeavor Philippines.

⁷⁴ The directors were elected during the Annual Stockholders' Meeting held on May 12, 2023, except for Mr. Jerome H. Cainglet who was elected as director effective July 1, 2023.

Mr. Lopez is a member of the New York Philharmonic International Advisory Board, Asia Business Council, World Presidents Organization, Chief Executives Organization, ASEAN Business Club, Management Association of the Philippines, Philippine Chamber of Commerce and Industry, European Chamber of Commerce of the Philippines, and Makati Business Club.

Mr. Lopez is a graduate of the University of Pennsylvania with a Bachelor of Arts degree, double major in Economics and International Relations, cum laude (1983).

Francis Giles B. Puno, 59

Mr. Puno, Filipino, has been a director of EDC since November 29, 2007. He is currently the Vice-Chairman and Chief Executive Officer of EDC. He also sits in the board of publicly-listed companies FPH, First Gen, First Philippine Industrial Park ("FPIP"), and Rockwell Land. Mr. Puno is also the President and Chief Operating Officer of FPH and First Gen, and is the President of FPIP and several First Gen subsidiaries, such as Red Vulcan, First Gen Energy Solutions, FGP Corp., and First NatGas Power Corp. He also sits in the Board of Trustees of the Philippine Business for Social Progress, OML Center, Lopez Group Foundation, Inc., and Eugenio Lopez Foundation, Inc.

He previously worked with the Global Power and Environmental Group of The Chase Manhattan Bank in Singapore and Hong Kong where he originated and executed financial advisory and debt arrangement mandates for power and water projects in Asia.

Mr. Puno has a Master of Management degree from the Kellogg Graduate School of Management of Northwestern University (1990) and a Bachelor of Science degree in Business Management from the Ateneo de Manila University (1985).

Jerome H. Cainglet, 55

Mr. Cainglet, Filipino, sits as director of EDC since July 1, 2023. He is currently the President and Chief Operating Officer of the Company, and also a Director and the President and Chief Operating Officer of various EDC subsidiaries including, BGI, Unified Leyte Geothermal Inc. and EDC Geothermal Corp. He is also a Senior Vice-President in First Gen and a Director of various gas project companies of the Lopez Group, including First Gas Holdings Corporation, First Gas Power Corporation, FGP Corp., First NatGas Power Corporation, First Gas Pipeline Corporation, and FG Land Corporation.

Mr. Cainglet has been with the Lopez Group since July 1990 when he first joined FPH. He was a member of the core team that developed and implemented the Santa Rita and San Lorenzo gas-fired power plant projects as part of the Malampaya Gas-to-Power project and went on to Head the Gas Business Unit of First Gen until his appointment to the Company.

He is a graduate of B.S. Chemical Engineering from the University of the Philippines (1989) and has an Executive MBA degree from the Asian Institute of Management (2006).

Richard B. Tantoco, 57

Mr. Tantoco, Filipino, sits as a director of EDC since November 29, 2007. He also sits as director of several subsidiaries of EDC, including BGI, GCGI and EBWPC. He is also a director of First Gen and several First Gen subsidiaries. Prior to this, Mr. Tantoco served as President and Chief Operating Officer of EDC and its subsidiaries from 2009 until 2023.

He is currently the President and Trustee of the OML Center and a trustee in the board of several non-profit organizations, including Business for Sustainable Development, Inc. and the Eugenio Lopez Foundation, Inc.

Prior to this, Mr. Tantoco worked with management consulting firm Booz, Allen and Hamilton, Inc. in New York and London where he specialized in mergers and acquisition advisory, turnaround strategy advisory, and growth strategy formulation for media and manufacturing companies.

Mr. Tantoco has an MBA in Finance from the Wharton School of Business of the University of Pennsylvania (1993) and a Bachelor of Science degree in Business Management from the Ateneo de Manila University where he graduated with honors (1988).

Jonathan C. Russell, 59

Mr. Russell, British, has been a director of EDC since November 29, 2007. He is also an Executive Vice President of First Gen and director of GCGI. He was previously Vice President of Generation Ventures Associates ("GVA"), an international developer of independent power projects based in Boston, USA, responsible for the development of 1,720 MW of IPP projects in Asia. Prior to joining GVA, he worked for BG plc based in London and Boston, responsible for the development of power and natural gas distribution projects.

Mr. Russell has an MBA with Distinction in International Business & Export Management from the City University Business School, London, England (1989) and a Bachelor of Science with Honours in Chemical & Administrative Sciences from the City University, London, England (1987).

Ang Eng Seng, 61

Mr. Ang, Singaporean, has been a director of EDC since February 4, 2021. He is currently the Chief Investment Officer of GIC Private Limited ("GIC") for Infrastructure. Prior to this, he was President of Europe and Head of Integrated Strategies Group of GIC.

Prior to joining GIC in 1994, Mr. Ang was a Director of the Auditor-General's Office in Singapore. From 1996 to 1998, he was seconded from GIC to China International Capital Corporation in Beijing first as the Deputy General Manager and subsequently as the General Manager of its Direct Investment Department. He was Head of the Greater China Team for GIC Special Investments from 1999 to mid-2003, before becoming the Head of Europe Private Equity Group until 2009. He was concurrently Global Head of GIC's Direct Investment Group and Head of Infrastructure Group from 2009 to 2012.

Mr. Ang holds a master's degree from Cambridge University (1984). He is a Certified Public Accountant and a Chartered Financial Analyst charter holder.

David Andrew Baldwin, 59

Mr. Baldwin, Australian, has been a director of EDC since October 3, 2017. He is also a Senior Managing Director at Macquarie Asset Management ("MAM"), where he leads MAM's Portfolio Performance Group across the Asia-Pacific region. The Portfolio Performance Group focuses on managing key areas of risk and delivering quantifiable value through the industrial transition and transformation of portfolio businesses. It provides functional expertise and hands-on support to its investment teams and has capabilities across Transformation & Operations, Human Capital, Workplace Health & Safety, Enterprise IT & Cyber, and Sustainability.

Prior to joining Macquarie, Mr. Baldwin was Chief Executive Officer of Integrated Gas at Origin Energy in Australia, where he delivered and operated Origin's liquefied natural gas export business, Australia Pacific LNG. Prior to this, he was Chief Executive Officer of Contact Energy, one of New Zealand's largest integrated energy companies. Before that, Mr. Baldwin held senior positions at Berkshire Hathaway Energy in Indonesia, Philippines, and the US, and Shell in the Netherlands and New Zealand. Mr. Baldwin's responsibilities included the delivery and operation of renewable energy projects, mergers and acquisitions, and development and operation of chemical production facilities.

Mr. Baldwin received a Bachelor of Engineering (Chemical) from the University of Canterbury and a Master of Business Administration from Victoria University of Wellington.

Christopher Low Eu Sun, 41

Mr. Low, Malaysian, has been a director of EDC since October 3, 2017. He is a Managing Director of Macquarie Infrastructure and Real Assets ("MIRA"), which is part of MAM – the asset management arm of the Macquarie Group.

Mr. Low joined MIRA in 2006 and currently serves as the Co-head of South-East Asia and India for MAM Real Assets.

Mr. Low has a Master's Degree in Management from Imperial College London and an undergraduate degree in Economics from the London School of Economics.

Manuel I. Ayala, 60

Mr. Ayala, Filipino, has been an Independent Director of EDC since September 7, 2016 and currently sits as the Chairman of the Audit and Governance Committee.

Mr. Ayala is the Co-Founder and Managing Director of Endeavor Philippines, a global non-profit organization focused on accelerating the growth of high impact entrepreneurs. He is also an Independent Director of Sky Cable and a Board Trustee of the University of Asia and the Pacific.

Prior to Endeavor, Mr. Ayala founded Hatchd, Inc., a technology incubator that has helped to create companies such as Rappler, PawnHero, Ayannah, and GrowSari. He was also a co-founder of IRG Ltd., a Hong Kong- based M&A advisory firm focused on the telecoms, media and tech sectors across the Asia Pacific.

Mr. Ayala has an MBA from Harvard Business School and a BA from Yale University.

Sebastian C. Quiniones, Jr., 64

Mr. Quiniones, Filipino, has been an Independent Director of EDC since May 11, 2021 and currently sits as the Chairman of the Health, Safety, and Environment Committee. He has been an Executive Director of Pilipinas Shell Foundation since January 2019, Chairman of the Board of Mindoro Biodiversity and Conservation Foundation since 2016, Chairman of the Board of ShellClub15Plus since 2017, and a member of STEM Alliance Philippines since 2020. He is currently the Chairman of the Board of the League of Corporate Foundations. He was General Manager and Managing Director of Shell Philippines Exploration BV, a Director of Pilipinas Shell Petroleum Corporation where he was also a member of the Board Audit Committee, and Trustee of the Pension Fund of Shell Philippines Exploration BV. He was appointed as Managing Director and General Manager of Prime Energy Resources Development BV, the company which took over the Operatorship of the Malampaya Gas to Power Project on November 1, 2022.

He is also a member of the Management Association of the Philippines where he was Chairman, and Vice Chairman of the Energy Committee. He is also a director of Kabalikatan Para sa Maunlad na Buhay, a microfinance non-government organization, and has membership in various committees of the Union Church of Manila.

Mr. Quiniones previously served in the Boards of First Philippine Industrial Corporation and Batangas Bay Carriers, Inc. from 2001 to 2002. He was the Oil and Gas Representative for the Multi-Sectoral Group of Philippines Extractive Industries Transparency Initiative, President of the Petroleum Association of the Philippines, a Trustee of the Malampaya Foundation, a Director of the British Chamber of Commerce of the Philippines, and a Trustee of the British School of Manila. He has also served as Chairman of Council of the Union Church of Manila.

Mr. Quiniones graduated from the Philippine Science High School (1976) and became an NSDB scholar at the University of Philippines Diliman where he studied Chemical Engineering. He was trained in Technical, Operational and Leadership roles in Shell and attended a senior management course at INSEAD in the Singapore campus.

Teresa Grace Socorro G. Lara, 66

Ms. Lara, Filipino, has been an Independent Director of EDC since May 11, 2021 and currently sits as the Chairman of the Related Party Transactions Committee. She is a Director of Artists and Company, a talent management firm and an Independent Director of Electronic Network Cash Tellers, Inc. and an Executive Coach of Plastic Bank. She is active in her various advocacies, including GKONOMICS, which is the livelihood and training arm of Gawad Kalinga, as Marketing and Design Consultant, and MAKABATA School Foundation, Inc., a non-stock, non-profit foundation dedicated to the education of street children. Ms. Lara also supports various producers and artisans in the Negros Province.

Prior to this, Ms. Lara spent three (3) decades in the Philippine advertising industry. She was Chairman of the Board and President and CEO of Young and Rubicam Philippines until her retirement in 2014.

Ms. Lara was previously the Vice Chairman of Publicis/Jimenez Basic, General Manager and Client Services Director of Jimenez/D'ARCV, President and CEO of Basic Advertising, and Management Supervisor of Mullenlowe Treyna.

Ms. Lara graduated from the Ateneo De Manila University where she studied AB Communications Arts. She took a certificate course in Marketing and Advertising from the New York University.

Key Executive Officers

The Company's management is responsible for the Company's day-to-day operations. More specifically, the management is responsible for the implementation and execution of projects, plans and programs, managing company finances including disbursements and payments, and approval of transactions within the limits of its authority.

As of March 31, 2024, the following are the Company's senior management, including their business experience for the past five (5) years:

OFFICER	NATIONALITY	POSITION	AGE	YEAR POSITION WAS ASSUMED
Federico R. Lopez	Filipino	Chairman	62	2010
Francis Giles B. Puno	Filipino	Vice-Chairman and CEO	59	2023
Jerome H. Cainglet	Filipino	Director, President and COO	55	2023
Victor Emmanuel B. Santos, Jr.	Filipino	Executive Vice President and Regulatory Compliance Officer	56	Executive Vice President - 2021 Regulatory Compliance Officer - 2017
Erwin O. Avante	Filipino	Senior Vice President, Chief Financial Officer/Treasurer and Compliance Officer for SEC	49	Senior Vice President – 2022; Chief Financial Officer/Treasurer – 2019; Compliance Officer for SEC - 2014
Ma. Elizabeth D. Nasol	Filipino	Senior Vice President, Head of Human Resource Management	66	Senior Vice President – 2017; Head of Human Resource Management - 2013
Liberato S. Virata	Filipino	Senior Vice President, Head of Facilities O&M	64	Senior Vice President – 2019
Jennifer Joy Santamarina Santos	Filipino	Chief Transformation Officer, Head of Transformation Office	53	Chief Transformation Officer – 2020; Head of Transformation Office - 2019
Jay Joel L. Soriano	Filipino	Vice President	47	2019
Edwin H. Alcober	Filipino	Vice President, Head of Production Optimization of Integrated Subsurface	52	2019
James E. Jumawan	Filipino	Vice President, Head of Execution of Integrated Subsurface	60	2019
Maribel A. Manlapaz	Filipino	Vice President, Head of Comptrollership	59	Vice President – 2020; Head of Comptrollership – 2009
Marvin Kenneth S. Bailon	Filipino	Vice President, Head of Business Development and International Business	46	Vice President – 2022; Head of Business Development and International Business – 2020

OFFICER	NATIONALITY	POSITION	AGE	YEAR POSITION WAS ASSUMED
Glenn L. Tee	Filipino	Vice President, Chief Audit Executive, Head of Internal Audit	53	Vice President – 2023; Chief Audit Executive – 2010; Head of Internal Audit - 2017
Jeffrey D. Junsay	Filipino	Vice President, Head of Integrated Sub-Surface	47	Vice President and Head of Integrated Sub-Surface – 2023
Ryan Z. Velasco	Filipino	Vice President, Corporate Information Officer, Head of Corporate Strategy and Planning	45	Vice President – 2023; Corporate Information Officer – 2018; Head of Corporate Strategy and Planning – 2022
Miguel Lorenzo S. De Vera	Filipino	Vice President, Head of New Business Technologies	39	Vice President – 2023
Gabriel S. Vergara	Filipino	Vice President, Head of Enterprise Commercial	39	Vice President - 2023
Joseph P. Guevarra	Filipino	Assistant Vice President, Chief Risk Officer, Head of Risk & Insurance Management	43	Assistant Vice President – 2022; Chief Risk Officer; Head of Risk & Insurance Management – 2022;
Bernadette Ann Villa Policarpio	Filipino	Vice President, Corporate Secretary, Head of Legal and Regulatory Affairs and Legal Services Division	48	Corporate Secretary – 2017; Vice President – 2019; Head of Legal and Regulatory Affairs – 2015
Ana Maria Katigbak-Lim	Filipino	Assistant Corporate Secretary	54	2017

Victor Emmanuel B. Santos, Jr., 56
Executive Vice President and Regulatory Compliance Officer

Mr. Santos, Filipino, is currently the Executive Vice-President and Regulatory Compliance Officer of EDC. Prior to this, he was a Director of the Company from February 28, 2017 to October 3, 2017. He is also an Executive Vice-President in First Gen and FPHC.

He is currently a Member of the Board of Trustees of the Philippine Independent Power Producers Association, Philippine Electricity Market Corporation, and Semiconductor & Electronics Industries in the Phils. Foundation Inc.

Mr. Santos has a Master's degree in Business Administration from Fordham University (1995) and a Bachelor of Science degree in Management of Financial Institutions from De La Salle University (1989).

Erwin O. Avante, 49
Senior Vice President, Chief Financial Officer/Treasurer and Compliance Officer for SEC

Mr. Avante, Filipino, was appointed by the Board as Chief Financial Officer effective January 1, 2019 and as a Compliance Officer for the SEC effective March 1, 2014. He was promoted to Senior Vice President of the Company and other EDC subsidiaries on February 10, 2022. He is also a Senior Vice-President in First Gen. Prior to joining the Lopez Group in 1998, Mr. Avante worked as Senior Audit In-charge at SGV & Co.

Mr. Avante has a Master's Degree in Business Administration (2000) and a Master's of Science Degree in Computational Finance (2003), both obtained from the Graduate School of Business - De La Salle University, and a Bachelor of Science in Accountancy from De La Salle University (1994). Mr. Avante placed 1st in the May 1995 Certified Public Accountants board examination. He is also a CFA charter holder since 2005.

Ma. Elizabeth D. Nasol, 66
Senior Vice President, Head of Human Resource Management

Ms. Nasol, Filipino, was appointed by the Board as Senior Vice President in 2017 and is currently the Head of Human Resource Management.

Prior to her appointment in EDC in 2013, she was the Vice-President for Corporate Human Resources of First Philippine Electric Corporation ("First Philec"), which is the intermediate holding company for all manufacturing investments of FPH.

Before joining the Lopez Group, Ms. Nasol served as Vice-President for Corporate Human Resource of Roxas Holdings Inc. and all its subsidiaries, Head of the Center for Excellence of Globe Telecommunications, Inc., and Vice-President and Head of Organization and People Development in San Miguel Corporation.

Ms. Nasol served as the President of the Organization Development Practitioners Network from 2009 to 2011, and as President of the Compensation Management Society of the Philippines from 2017 to 2020. She is an active member of the People Management Association of the Philippines ("PMAP") and a member of the PMAP Board of Trustees and was elected as President of PMAP in 2023.

She graduated from the University of Santo Tomas with a Bachelor's Degree in Psychology, completed the Executive Development Program of INSEAD Singapore (1992), and finished the Strategic HR Management Program of the University of Michigan (1995). She is a "Certified Total Rewards Fellow" (2018) by the Asian Total Rewards Institute based in Singapore and a certified Team Coach by Leaders International Management Inc. (2023).

Liberato S. Virata, 64
Senior Vice President, Head of Facilities O&M

Mr. Virata, Filipino, was appointed by the Board as Senior Vice President in December 2019. He started working for EDC in 1982 and held various positions including Field Maintenance Manager for LGPF, Maintenance Manager, Production Manager and Resident Manager for BGPF and Vice President and Head of Project Management prior to his current position.

Mr. Virata graduated with a Bachelor of Science degree in Mechanical Engineering from the Mapua Institute of Technology in Manila (1981). He became a Registered Mechanical Engineer in 1982 and a Professional Mechanical Engineer in 2006. He completed the Refinery Operations Course at Shell Refinery Clyde, Sydney New South Wales, Australia (1988), Management Development Program of AIM (1996), and Diploma Course in Maintenance Management System (JICA) at Kitakyushu, Japan (2003).

Mr. Virata is currently a Trustee and 1st Vice President of the Foundation of Outstanding Mapuan Incorporated. He was the National President of the Philippine Society of Mechanical Engineers in 2011 and 2012. He was a recipient of the PSME Fellow Award in 2013, PSME Don Tobias Marcelo Lifetime Achievement Award in 2016, PSME Outstanding Past President Emeritus Award in 2017, MIT's Outstanding Alumnus Award for 2016, NAMA's The Outstanding Mapuan for 2016, MEAAMIT's The Outstanding Mechanical Engineer in 2014 and Philippines Professional Regulation Commission Citation for the Most Outstanding Mechanical Engineer in 2015.

Jennifer Joy Santamarina Santos, 53
Chief Transformation Officer, Head of Transformation Office

Ms. Santos, Filipino, joined EDC in 2019. She is a proven business transformation leader with extensive experience from different companies in various industries (fast-moving consumer goods, telecommunications, media and technology) located in the Philippines and overseas. Prior to joining EDC, she managed multiple transformation programs in the Asia-Pacific region. She likewise has a strong track record in marketing, product management, innovation, and business development, having been an executive in these functions for many years.

Ms. Santos graduated from the Ateneo de Manila University as a scholar, with a Bachelor of Science degree in Management. She likewise attended the Ateneo Graduate School of Business. She also completed the Executive Development Program and Innovation Leadership Program of the Asian Institute of Management, as well as the

International Executive Leadership Program of INSEAD-Singapore. Her professional development continues as she recently also completed certificate courses on Innovation in the Age of Disruption, and Leading Organizations in Disruptive Times at INSEAD-Singapore. She is also a mentor at the Asian Institute of Management and is a Certified Executive Coach.

Jay Joel L. Soriano, 47
Vice President

Mr. Soriano, Filipino, is currently a Vice President of the Company. He joined EDC in 2014 as Deputy Strategic Business Unit Head of BGI before assuming the role of Strategic Business Unit Head of Negros Island Business Unit from 2016 to 2019 and as Head of the Integrated Planning Group in 2019 to 2022. He is also a Vice President and Head of Strategy and Planning of First Gen effective February 2022.

Mr. Soriano obtained his Bachelor of Science degree in Management Engineering from the Ateneo de Manila University (1999). He also holds a Master's Degree in Business Administration from Harvard University (2007).

Edwin H. Alcober, 52
Vice President, Head of Production Optimization of Integrated Sub-surface

Mr. Alcober, Filipino, was appointed by the Board as Vice President in May 2019. He began his career in EDC more than two (2) decades ago as a Drilling Engineer. He then became a Process Geochemist before heading the Leyte Resource Management Department. He was also previously the Geosciences and Reservoir Engineering Group Head.

Mr. Alcober obtained his Bachelor of Science degree in Chemical Engineering from the University of the Philippines in Diliman in 1994. He had undergone training in Geothermal Energy Technology at the Geothermal Institute, University of Auckland, New Zealand in 1998 and awarded Best in Engineering. He also finished Basic Management Program (2010) and Management Development Program (2017) at the Asian Institute of Management.

James E. Jumawan, 60
Vice President, Head of Execution of Integrated Sub-surface

Mr. Jumawan, Filipino, was appointed by the Board in May 2019 as Vice President and has been leading the drilling activities of EDC since 2015 as Head of the Well Services Group. He has more than three decades of drilling expertise with EDC, joining the Company as a Drilling Engineer in 1988.

Mr. Jumawan obtained his Bachelor of Science degree in Electrical Engineering from Siliman University (1986) and a diploma in Geothermal Energy Technology from the University of Auckland, New Zealand (2000).

Maribel A. Manlapaz, 59
Vice President, Head of Comptrollership

Ms. Manlapaz, Filipino, joined EDC in November 2009. Prior to joining EDC, she held various executive positions for more than twenty (20) years at various global pharmaceutical companies, including as Director of Finance at UCB Philippines, Inc., a multinational company based in Belgium.

Ms. Manlapaz started her career in 1987 as an auditor with SGV & Co. (EY Affiliate). Between 1989 and 2006, she joined Pfizer, Inc. and The Boots Company Philippines, managing various finance functions. Her areas of expertise in the field of finance are management accounting, financial accounting and reporting, tax planning and compliance, and corporate and regulatory compliance.

Ms. Manlapaz is a Certified Public Accountant and holds a Master's Degree in Business Administration – Top Executive Program from the Pamantasan ng Lungsod ng Maynila (1996).

She finished her undergraduate degree with cum laude distinction from the Philippines School of Business Administration in 1986, and was awarded Most Outstanding Graduate of the Year.

Ms. Manlapaz has also completed Diploma courses in Systems Design and Business Analysis and Strategic Finance at Asian Institute of Management. She also attended training programs on Coaching, Strategic Leadership and Leadership Foundation both locally and internationally.

Marvin Kenneth S. Bailon, 46

Vice President, Head of Business Development and International Business

Mr. Bailon, Filipino, joined EDC in 2011. He is currently the Vice President and Head of Business Development and International Business of the Company where he leads the development of local and international geothermal growth projects. Prior to this, he headed the commercial Teams of EDC's Mt. Apo and Leyte business units. In 2018, he assumed the role of Strategic Business Unit Head of the Bac-Man business unit and in 2019 was the Head for Market Planning & Contracts concurrent with his role as Head of Business Development for local growth projects.

Before joining EDC, Mr. Bailon had more than ten (10) years of experience in research, business planning, and business development from different industries (including oil and gas, power, and food). He earned both his undergraduate degree in Quantitative Economics and graduate degree in Industrial Economics from the University of Asia and the Pacific.

Glenn L. Tee, 53

Vice President, Chief Audit Executive, Head of Internal Audit

Mr. Tee, Filipino, was appointed by the Board in October 2010. He is currently the Vice President and Chief Audit Executive of the Company. Prior to his appointment at EDC, he was Internal Audit Head of First Gen. He started his career as auditor of Punongbayan and Araullo and joined FPH Group in 1994 where he held various key positions in the Internal Audit and Accounting Departments of FPH and subsidiaries.

Mr. Tee is a Certified Public Accountant and Certified Internal Auditor as accredited by the Institute of Internal Auditors USA. He holds a BS Commerce (Major in Accounting) degree from San Beda University (1992). He also completed the academic requirements of the Executive Master's in Business Administration from the Asian Institute of Management (2009).

Jeffrey D. Junsay, 47

Vice President, Head of Integrated Sub-Surface

Mr. Junsay, Filipino, joined the Company on May 15, 2023 as Vice President and Head of Integrated Sub-surface. Prior to this, he served as Country Manager of Wood Plc for its Philippine operations, one of the world's leading consulting and engineering companies across energy and materials markets. He previously worked for Shell in different technical and management roles. He has built a career in the oil and gas industry that spans more than twenty (20) years covering asset management, discipline engineering, brownfield modifications, project delivery, maintenance, production operations, technical HSSE, and contracts management.

Mr. Junsay is a licensed Mechanical Engineer and a graduate of the Mapua Institute of Technology (1997).

Ryan Z. Velasco, 45

Vice President, Corporate Information Officer, Head of Corporate Strategy and Planning

Mr. Velasco, Filipino, has been with the Company since 2013. He is currently the Vice President and Head of Corporate Strategy and Planning, and also serves as the Corporate Information Officer of the Company. He initially joined as part of EDC's International Business Development team covering Latin America before moving to Finance to assist with EDC's Investor Relations, Special Projects and other activities. Prior to joining the Company, he worked for Indra Philippines, Inc. as its Managing Consultant and Head of Business Development – Financial Markets, and with Citigroup in London, United Kingdom as a Vice President covering its Europe, Middle East and Africa markets.

Mr. Velasco obtained his MBA degree at IESE Business School in Barcelona, Spain, and attended an MBA International Exchange Program at Tuck School of Business (Dartmouth) in Hanover, New Hampshire, USA. He graduated from Ateneo de Manila University with a Bachelor of Science Degree in Business Management, Honors Program.

Miguel Lorenzo S. De Vera, 39

Vice President, Head of New Business and Technologies

Mr. De Vera, Filipino, is currently a Vice President of the Company and Head of New Business and Technologies. He joined EDC as the Business Development Manager for the Burgos Wind Project and was subsequently assigned as the Deputy Business Head for the Wind-Ilocos Norte Business Unit. He was then assigned as the Commercial Manager of the Mt. Apo Geothermal Business Unit and subsequently head of said business unit.

In 2018, Mr. De Vera was assigned as Head of Strategic Initiatives and Legal Regulatory Office for three years.

Mr. De Vera obtained his Bachelor of Science degree in Computer Science, major in Computer Engineering, from De La Salle University in Manila (2005).

Gabriel S. Vergara, 39

Vice President, Head of Enterprise Commercial

Mr. Vergara, Filipino, is currently a Vice President of the Company and Head of Enterprise Commercial. He joined EDC as a manager for local geothermal under the Business Development Group. He then became Head of the Program Management Office in 2018 and in 2022, was assigned the role of Head of Business Optimization.

Mr. Vergara obtained his Bachelor of Science degree in Economics from the Ateneo de Manila University (2006). He also took postgraduate studies in International Political Economy and Development in Fordham University (2010).

Joseph P. Guevarra, 43

Assistant Vice President, Chief Risk Officer, Head of Risk & Insurance Management

Atty. Guevarra, Filipino, was appointed by the Board as the Chief Risk Officer on June 29, 2022, and currently heads the Risk & Insurance Management of EDC. Prior to this, he was a Senior Legal Counsel and concurrently Head of Insurance Management of EDC, as well as the Corporate Secretary of EDC's geothermal subsidiaries.

Prior to joining EDC in June 2013, Atty. Guevarra was the Deputy Head for Legal of Roxas Holdings, Inc. ("RHI") where he served as legal counsel of RHI and Assistant Corporate Secretary of RHI's subsidiaries.

He obtained his Bachelor of Arts degree, Major in Political Science in 2001 from the University of the Philippines in Diliman where he also obtained his Bachelor of Laws degree in 2005. He was admitted to the Philippine Bar in 2006.

Bernadette Ann Villa Policarpio, 48

Vice President, Corporate Secretary, Head of Legal and Regulatory Affairs and Legal Services Division

Atty. Policarpio, Filipino, was appointed as Assistant Corporate Secretary of EDC on September 7, 2016 and then as Corporate Secretary on October 3, 2017. She was appointed by the Board as Vice President on May 9, 2019.

She is also a Vice President and Senior Counsel at First Gen. She joined EDC in August 2015 as a secondee from First Gen. She currently heads the Legal and Regulatory Affairs Group and the Legal Services Division of EDC.

Prior to joining the Lopez Group, Atty. Policarpio was Assistant Vice President for Legal Services at Global Business Power Corporation ("Global Power"), where she also served as the Head of the Legal Department and Assistant Corporate Secretary of the Global Power subsidiaries. Before moving in-house, Atty. Policarpio built her legal experience first as litigation associate at Villaraza & Angangco, later joining the government as Court Attorney in the Office of then Chief Justice Hilario G. Davide, Jr. in the Philippine Supreme Court. Thereafter, she pursued and completed her Master of Laws degree at the University of Michigan in Ann Arbor, Michigan, U.S.A. in 2006, which was followed by a fellowship stint at the Center for International Environmental Law in Geneva, Switzerland. Upon her return to the Philippines, she transitioned into commercial law practice as an associate at Romulo Law Office.

She obtained a Bachelor of Science degree in Management, Major in Legal Management in 1996 from the Ateneo de Manila University (1996), where she also earned her Juris Doctor degree (with Second Honors Silver Medal Award) in 2000. She was admitted to the Philippine Bar in 2001.

Ana Maria A. Katigbak-Lim, 54
Assistant Corporate Secretary

Atty. Katigbak-Lim, Filipino, was appointed by the Board in January 2007 as Assistant Corporate Secretary, and as Corporate Secretary on September 7, 2016. On October 3, 2017, she was appointed anew as Assistant Corporate Secretary. She is a Senior Partner in Castillo Laman Tan Pantaleon & San Jose Law Firm.

Atty. Katigbak graduated *cum laude* from the University of the Philippines with degree in Bachelor of Arts in Comparative Literature (1990). She is a graduate of the University of the Philippines College of Law (1994) and a member of the Phi Kappa Phi international honor society and Integrated Bar of the Philippines. Her practice areas are mergers and acquisitions, securities and corporate law. She was admitted to the Philippine Bar in 1995.

Board Committees

The Board currently has seven (7) committees: the Audit and Governance Committee, Risk Management Committee, Corporate Social Responsibility Committee, Operations Committee, Nomination and Compensation Committee, Related Party Transactions Committee, and the recently established Health, Safety and Environment ("HSE") Committee.

The Audit and Governance Committee, headed by Director Manuel I. Ayala, acts in coordination with the Company's Internal Audit Department to ensure the Company's compliance with all Philippine laws and regulations, and company policies and procedures.

The Risk Management Committee, headed by Director Richard B. Tantoco, analyzes, assesses, and manages the Company's risks in respect of property, inventory, insurance and other matters.

The Nomination and Compensation Committee, headed by Director Federico R. Lopez, handles all personnel compensation matters. The Corporate Social Responsibility Committee, also chaired by Director Federico R. Lopez, handles the Company's concerns over its corporate social responsibility activities.

The Operations Committee consists of six (6) Board directors and provides guidance on and monitors the Company's operations.

The Related Party Transactions Committee, headed by Director Teresa Grace Socorro G. Lara, oversees the effective implementation of the Company's RPT Policy and is tasked to review all material and significant RPTs of EDC to ensure integrity and transparency of such transactions.

The HSE Committee, headed by Director Sebastian C. Quiniones, Jr., assists the Board in its oversight responsibility as regards EDC's HSE standards and practices.

Significant Employees

No single person or employee is expected to make a significant contribution to the Company's business, as the Company considers the collective efforts of all its employees as instrumental to the success of the Company.

Family Relationships

The wives of Federico R. Lopez and Francis Giles B. Puno are sisters. Other than the foregoing, there are no family relationships known to the Company.

Involvement in Legal Proceedings

To the best of the Company's knowledge, there has been no occurrence during the past five (5) years and up to the date of this Offer Supplement of any of the following events, which are material to an evaluation of the ability or integrity of any director, executive officer, or controlling person of the Company:

1. Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two (2) years prior to that time;
2. Any conviction by final judgment in a criminal proceeding, domestic or foreign, or any pending criminal proceeding, domestic or foreign (excluding traffic violations and other minor offenses);
3. Any final and executory order, judgment, or decree of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending, or otherwise limiting the involvement of a director, person nominated to become a director or executive officer, in any type of business, securities, commodities, or banking activities; and
4. Any final and executory judgment by a domestic or foreign court of competent jurisdiction (in a civil action), the Philippine SEC, or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, for violation of a securities or commodities law.

Executive Compensation

The aggregate compensation paid or incurred during the last two (2) fiscal years and estimated to be paid in the ensuing fiscal year to the executive officers of the Company are described in the following table:

Summary Compensation Table

Name	Year	Salary	Bonus/ Other Annual Compensation
Federico R. Lopez, Chairman			
Francis Giles B. Puno, Vice Chairman & CEO			
Jerome H. Cainglet, President & COO			
Erwin O. Avante, Senior Vice President & CFO			
James E. Jumawan			
CEO and the four most highly compensated officers named above	2022	₱32,250,725	₱22,917,366
	2023	₱34,226,448	₱64,575,107
	2024 (estimate)	₱68,183,535	₱97,939,793
Aggregate compensation paid to all officers and directors as a group unnamed	2022	₱223,514,420	₱190,632,842
	2023	₱274,916,724	₱298,855,638
	2024 (estimate)	₱318,159,234	₱334,338,298

*Note: Certain officers of the Company are seconded and receive their salaries from First Gen.

In EDC, the current Board compensation package is as follows:

- Monthly director's fee: ₱50,000;
- Attendance fee for Director's meetings: ₱10,000 per Board meeting and ₱6,000 per Board Committee meeting;
- Bonus to Directors as a group: ½ of 1.0% of declared cash dividend;
- Group Life Insurance Coverage; and
- Group Hospitalization Insurance Coverage.

The Company has no other arrangement with regard to the remuneration of its existing directors aside from the compensation received as herein stated.

In 2023, the directors and independent directors of the Company received remuneration, gross of tax, as follows:

Name	Gross Amount (in ₱)
Federico R. Lopez	6,293,555.56
Richard B. Tantoco	6,315,555.56
Joaquin E. Quintos IV*	6,045,555.56
Francis Giles B. Puno	6,335,555.56
Jerome H. Cainglet	386,000.00
Jonathan C. Russell	6,401,555.56
Manuel I. Ayala	6,347,555.56
Sebastian C. Quiniones, Jr.	6,353,555.56
Teresa Grace Socorro G. Lara	6,335,555.56
Ang Eng Seng	-
David Andrew Baldwin	-
Christopher Low Eu Sun	-

*Until July 1, 2023

Description of the Terms and Conditions of (a) Employment Contracts between the Registrant and Named Executive Officers, and (b) Compensatory Plan or Arrangement

There is no employment contract between EDC and Messrs. Lopez and Puno.

Further, certain directors and executive officers including Messrs. Puno, Cainglet, Avante and Tee, as well as Atty. Policarpio are seconded to EDC and receive their salaries from First Gen.

Warrants

As of the date hereof, there are no outstanding warrants held by the Company's president, named executive officers, and all directors as a group.

Security Ownership of Management and Certain Record and Beneficial Owners

As of March 31, 2024, the Company has no knowledge of any individual or any party who beneficially owns more than 5.0% of its outstanding common stock except as set forth in the table below:

Type of Class	Name, address of Record Owner and Relationship with Issuer	Name of Beneficial Owner & Relationship with Record Owner	Citizenship	No. of Shares Held	Percent of Class
Common Preferred	Red Vulcan 6 th Floor Rockwell Business Center Tower 3, Ortigas Ave., Pasig City (Red Vulcan is a major stockholder of EDC)	Beneficial Owner - First Gen (First Gen is a major stockholder of Red Vulcan) Proxy - Federico R. Lopez, Chairman of First Gen	Filipino	7,494.999999 9,375	43.98% 100.00%
Common	PREHC* Level 29 Enterprise Center Tower 1, 6766 Ayala Avenue, Brgy. San Lorenzo, Makati City	Beneficial Owner of more than 5% Proxy - Michael T. Rodriguez, Chairman/President of PREHC or Christopher Low Eu Sun, Director of PREHC	Foreign	9,223.249810	54.12%

* PREHC is considered a foreign shareholder of EDC, being a domestic corporation wholly owned by a foreign (Dutch) shareholder. While its 9,223.249810 shares correspond to 54.12% of total outstanding common shares, these shares only constitute 34.91% of the total outstanding EDC shares in all classes and of the total outstanding voting shares of EDC.

Security Ownership of Directors and Management

The table below sets forth certain information as of March 31, 2024 with respect to the registered ownership of the Company's outstanding common shares by (i) each person known by the Company to own more than 10.0% of the outstanding common shares and (ii) each of the Company's Directors and executive officers:

Title of Class	Name of Beneficial Owner	Amount of Shares	Nature of Ownership	Citizenship	Percent of Class
Directors					
Common	Federico R. Lopez – Chairman	1.000001	Direct	Filipino	0.004%
Common	Francis Giles B. Puno – Vice-Chairman and CEO	1.000001	Direct	Filipino	0.004%
Common	Jerome H. Cainglet – President & COO	1.000001	Direct	Filipino	0.004%
Common	Richard B. Tantoco	1.000001	Direct	Filipino	0.004%
Common	Jonathan C. Russell	1.000001	Direct	British	0.004%
Common	David Andrew Baldwin	1.000001	Direct	Australian	0.004%
Common	Christopher Low Eu Sun	1.000001	Direct	Malaysian	0.004%
Common	Ang Eng Seng	1.000001	Direct	Singaporean	0.004%
Common	Manuel I. Ayala	1.000001	Direct	Filipino	0.004%
Common	Sebastian C. Quiniones, Jr.	1.000001	Direct	Filipino	0.004%
Common	Teresa Grace Soccoro G. Lara	1.000001	Direct	Filipino	0.004%
Key Executive Officers					
Common	Victor Emmanuel B. Santos, Jr.	0.000001	Direct	Filipino	0.000%
-	Erwin O. Avante	-	-	Filipino	0.000%

Title of Class	Name of Beneficial Owner	Amount of Shares	Nature of Ownership	Citizenship	Percent of Class
-	Ma. Elizabeth D. Nasol	-	-	Filipino	0.000%
-	Liberato S. Virata	-	-	Filipino	0.000%
-	Jennifer Joy S. Santos	-	-	Filipino	0.000%
-	Jay Joel L. Soriano	-	-	Filipino	0.000%
-	Edwin H. Alcober	-	-	Filipino	0.000%
-	James E. Jumawan	-	-	Filipino	0.000%
-	Maribel A. Manlapaz	-	-	Filipino	0.000%
-	Marvin Kenneth S. Bailon	-	-	Filipino	0.000%
-	Glenn L. Tee	-	-	Filipino	0.000%
-	Jeffrey D. Junsay	-	-	Filipino	0.000%
-	Ryan Z. Velasco	-	-	Filipino	0.000%
-	Miguel Lorenzo S. De Vera	-	-	Filipino	0.000%
-	Gabriel S. Vergara	-	-	Filipino	0.000%
-	Joseph P. Guevarra	-	-	Filipino	0.000%
-	Bernadette Ann V. Policarpio	-	-	Filipino	0.000%
-	Ana Maria A. Katigbak-Lim	-	-	Filipino	0.000%

As of March 31, 2024, the aggregate amount of common shares registered in the names of the directors and key executive officers of the Company is 11.000012 or 0.065% of total common shares.

Voting Trust Holders of 5.0% or More

The Company knows of no persons holding more than 5.0% of a class of shares under a voting trust or any similar agreements.

Changes in Control

No change in control of the Company has occurred since the previous fiscal year. The Company is not aware of any existing arrangement which may result in a change in control of the Company.

Certain Relationships and Related Transactions

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

Following are the amounts of transactions and outstanding balances as of and for the years ended December 31, 2023, 2022 and 2021 with entities under common control:

Related Party	Nature of Transaction	Terms	Transactions for the years ended December 31			Outstanding Balances as of December 31	
			2023	2022	2021	2023	2022
Due to related parties							
<i>Entities under common control</i>							
First Gen	Interest-free advances	Unsecured and will be settled in cash	₱53,085,495	₱22,245,966	₱11,346,194	₱1,668,334	₱2,018,799
FGP Corp.	- do -	- do -	—	—	—	—	30,000
						₱1,668,334	₱2,048,799

Dividends payable							
Affiliate							
Philippine Renewable Energy Holdings Corp.	Dividend	Unsecured and will be settled in cash	₱2,977,681,382	₱2,706,983,074	₱2,706,408,864	₱—	₱—
Entities under common control							
Red Vulcan	- do -	- do -	2,714,051,234	2,494,001,122	2,493,534,348	—	—
First Gen	- do -	- do -	48,059,418	43,690,380	43,681,113	—	—
Northern Terracotta Power Corp	- do -	- do -	47,795,533	—	—	—	—
						₱—	₱—
Due from related parties							
Entities under common control							
First GES	Other services	Unsecured and will be settled in cash	₱9,740,825	₱14,485,644	₱7,430,000	₱37,433,266	₱27,692,440
First Gen	- do -	- do -	1,130,910	—	1,203,737	2,334,646	1,203,737
Thermaprime	Interest-free advances	- do -	—	—	—	1,941,251	1,941,251
						₱41,709,163	₱30,837,428
Trade and other receivables							
Entities under common control							
First GES	Sale of electricity	Unsecured and will be settled in cash	₱998,027,490	₱440,733,477	₱595,261,171	₱85,859,472	₱83,668,973
Rockwell Land Corporation	- do -	- do -	323,182,427	222,442,229	145,977,520	40,827,619	28,708,021
PI Energy Inc.	- do -	- do -	115,459,560	102,399,547	8,101,988	6,036,973	13,320,326
						₱132,724,064	₱125,697,320
Trade and other payables							
Entities under common control							
First Balfour Inc.	Civil works and other services	Unsecured and will be settled in cash	₱5,446,411,985	₱2,800,229,395	₱2,669,893,392	₱3,424,205,698	₱1,560,689,311
Thermaprime	Drilling and other related services	- do -	1,160,777,545	1,839,532,425	1,645,681,485	258,058,514	276,102,769
First GES	Purchase of services and utilities	- do -	451,143,202	129,166,264	64,879,202	105,673,610	48,486,461
TG Services Inc	- do -	- do -	120,807,305	108,920,266	104,012,540	44,353,649	28,415,737
Silverlink Security & Investigative Services, Inc.	- do -	- do -	131,641,188	115,891,562	111,587,283	37,503,119	26,149,836
Powerlink Security & Investigative Services, Inc.	- do -	- do -	61,965,511	80,635,862	107,291,056	33,455,682	38,723,404
InfoPro Business Solutions, Inc.	- do -	- do -	176,974,616	150,690,010	133,031,534	30,224,982	26,370,300
PI Energy Inc.	- do -	- do -	96,364,400	48,187,105	24,292,603	10,363,399	1,544,706
Skycable	- do -	- do -	2,873,088	2,796,294	3,331,768	1,115,371	1,432,256
Adtel	- do -	- do -	957,776	995,454	891,325	957,776	—
First Philippine Realty Corporation	- do -	- do -	2,797,729	1,245,308	544,279	679,817	689,677
First Philec Manufacturing Technologies Corp	- do -	- do -	—	—	—	568,555	328,720
First Philippine Industrial Corporation	- do -	- do -	—	—	—	478,792	496,931
First Philec Inc.	- do -	- do -	—	—	210,555	328,720	147,445
Goldlink Security & Investigative Services, Inc.	- do -	- do -	478,816	683,193	846,315	77,512	532,231
Securities Transfer Services, Inc.	- do -	- do -	—	—	—	36,720	6,120
ABS-CBN Publishing, Inc.	- do -	- do -	—	—	—	3,600	3,600
ABS-CBN Corporation	- do -	- do -	80,000	—	—	—	—
First Gen	Consultancy fee	- do -	95,764,705	92,891,765	46,445,882	—	—
PREHC Directors	Directors' fee	- do -	28,276,234	2,074,818	25,159,663	—	—
						₱3,948,085,516	₱2,010,119,504

Lease Liability						
Entities under common control						
Rockwell Land Corporation	Lease	Unsecured and will be settled in cash	₱135,779,398	₱120,649,575	P–	₱283,523,857
						₱291,975,289
Miscellaneous Income						
Entities under common control						
First Gen	Dividend	Unsecured and will be settled in cash	P–	P–	₱3,688,860	P–

The amounts outstanding are unsecured and will be settled in cash. The Group did not recognize any impairment losses on receivables from related parties in 2023, 2022 and 2021. Entities under common control consist of subsidiaries (direct or indirect) of Lopez, Inc., the Group's ultimate parent.

i. First Gen

Consultancy agreement

First Gen provides financial consultancy, business development and other related services to the Company under a consultancy agreement.

In 2017, the consultancy agreement was extended until December 31, 2020. In 2021, this was again extended for another two (2) years until December 31, 2022. In 2023, this was again extended for one (1) year until December 31, 2023. As of March 1, 2024, the Company and First Gen are in the process of negotiating the renewal of the consultancy agreement.

The total consultancy services amounted to ₱95.8 Million, ₱92.9 Million and ₱46.4 Million in 2023, 2022 and 2021, respectively and were included in the "Purchased services and utilities" under "General and administrative expenses" account.

Equity securities

EDC owns First Gen shares that were recognized in the consolidated statements of financial position as financial assets at FVOCI which were sold in 2021.

Dividend income earned from the investment in First Gen shares amounted to ₱3.7 Million in 2021.

ii. First Balfour, Inc. (First Balfour)

Following the regular bidding process, the Group awarded First Balfour procurement contracts for various works such as civil, structural and mechanical/piping works in the Group's geothermal, wind and solar power plants.

As of December 31, 2023 and 2022, the outstanding balance amounted to ₱3,424.2 Million and ₱1,560.7 Million, respectively, recorded under "Trade and other payables" account in the consolidated statements of financial position.

iii. Thermaprime

Thermaprime Well Services, Inc. (Thermaprime) is a subsidiary of First Balfour, a wholly owned subsidiary of First Holdings. Thermaprime provides drilling services such as, but not limited to, rig operations, rig maintenance, well design and engineering. Thermaprime provides drilling services and drilling rig preservation services to EDC.

As of December 31, 2023 and 2022, the outstanding balance payable to Thermaprime amounted to ₱258.1 Million and ₱276.1 Million, respectively, recorded under "Trade and other payables" account in the consolidated statements of financial position.

iv. Rockwell Land Corporation

In 2019, the Company entered into an agreement with Rockwell Land Corporation ("Rockwell") for the lease of an office space in Rockwell Business Center.

As of December 31, 2023 and 2022, the outstanding lease liability related to Rockwell amounted to ₱283.5 Million and ₱292.0 Million, respectively.

Intercompany Guarantees

The following are the outstanding intercompany guarantees issued by the Company as of December 31, 2023:

The Company issued a credit line amounting to US\$80.0 Million in favor of its subsidiary, EDC Chile Limitada, as evidence of the Company's financial support for EDC Chile Limitada's participation in the bids for geothermal concession areas by the Chilean Government.

Also, the Company issued letters of credit in favor of its subsidiaries in Peru, namely, EDC Peru S.A.C. and EDC Energia Verde Peru S.A.C. at US\$0.27 Million each as evidence of the Company's financial support for the geothermal authorizations related to the exploration drilling activities of the said entities, which expired on March 1, 2024 and February 21, 2024, respectively.

On May 25, 2023, the Board and stockholders of Energy Development Corporation Peru S.A.C decided to no longer pursue exploration and development activities in Peru due to political and market factors.

Under the agreement of the Burgos Wind Power Project Financing, EBWPC's debt service shortfall is guaranteed by EDC. This guarantee will fall away once the conditions set in the loan agreement are met. Therefore, until the debt service guarantee falls away, EBWPC is subject to the same covenant ratios of EDC in addition to its own maintenance ratios under the project financing agreement. Furthermore, for the lender's security, a debt service reserve account was initially maintained by EBWPC. In August 2019, EBWPC replaced the debt service reserve account with Stand-by Letters of Credit issued in favor of the EBPWC lenders.

Remuneration of Key Management Personnel

The remuneration of the directors and other members of key management personnel by benefit type are as follows:

	2023	2022	2021
Short-term employee benefits	₱473,277,561	₱331,142,425	₱240,152,467
Post-employment benefits	20,063,823	14,498,523	14,746,390
	₱493,341,384	₱345,640,948	₱254,898,857

Corporate Governance

EDC recognizes that good corporate governance strengthens and stabilizes a company. The Company's leadership and stakeholders continue to be committed to good corporate governance practices based on the Revised Corporation Code, applicable corporate governance rules and regulations, the Company's By-Laws, and its Manual on Corporate Governance.

EDC's corporate governance culture emanates from the Board, supported by its Audit and Governance Committee; its Senior Vice-President and Compliance Officer for SEC and concurrent Chief Financial Officer and Treasurer, Mr. Erwin O. Avante; and the Legal Services Division.

EDC has established an evaluation system to measure its compliance with its Manual on Corporate Governance and applicable corporate governance rules and regulations. The Board annually conducts a Board Self-Evaluation Survey, which helps the Board assess the overall performance and effectiveness of the Board and the Board Committees, as well as the performance of the Chairman, Vice-Chairman/Chief Executive Officer ("CEO"), and the President/Chief Operating Officer ("COO") and Management, in respect of their governance responsibilities. The Board's Self-Evaluation helps the Board identify its strengths and weaknesses as well as those of the Company, leading to efforts to enhance performance throughout the organization.

The Company also conducts annually a CG Manual Compliance Monitoring among its different functional groups to determine compliance with the Company's Manual on Corporate Governance. The results of the survey are incorporated in the Annual Corporate Governance Report for Public Companies and Registered Issuers (or SEC Form-ACGR), which is submitted to the SEC on or before June 30, in compliance with SEC Memorandum Circular No. 13, Series of 2021.

For 2023, the Company had no substantial deviation from its Manual on Corporate Governance. Please refer to the Company's SEC Form-ACGR, which was submitted to the SEC on May 25, 2023.

To ensure good governance, EDC has in place company policies and manuals that contribute to EDC's corporate governance system, including its Code of Conduct and Business Ethics and Code of Conduct and Discipline, and policies on Protected Disclosures; Giving and Receiving of Corporate Gifts; Related Party Transactions; Anti-Money Laundering and Countering Financial Terrorism and Responsible Asset Protection; the Enterprise Risk Management Manual; Quality and Asset Management Policy; Health, Safety and Environment Policy; Privacy Policy; Conflict of Interest Guidelines; and other governance-related policies.

In addition, Directors and key executive officers participate in the Lopez Group-sponsored corporate governance seminar, which is held annually and conducted by a training provider duly accredited by the SEC. The corporate governance seminar provides the Directors and key executive officers an opportunity to learn and integrate corporate governance principles and be provided with useful insights on various and current governance issues.

To align the activities of the Company with its vision, mission, core values, and goals for the year, the Board also conducts annually a Board Strategic Update, which provides a venue for the Directors to set strategic directions and guidance for the Company.

More information on the governance of the Company is available at its website: www.energy.com.ph.

FINANCIAL STATEMENTS

Annex A: Audited Consolidated Financial Statements as at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022, and 2021 and Audited Consolidated Financial Statements as at December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021, and 2020

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

March 1, 2024

Securities and Exchange Commission
7907 Makati Avenue, Salcedo Village,
Bel-Air, Makati City

The management of Energy Development Corporation and Subsidiaries (the Group) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2023 and December 31, 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

SyCip, Gorres, Velayo & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.



Francis Giles B. Puno
Vice Chairman/Chief Executive Officer



Jerome H. Cainglet
President/Chief Operating Officer



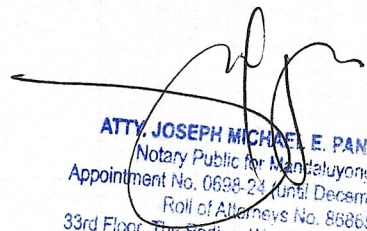
Erwin O. Avante
Senior Vice-President/Chief Financial Officer/
Treasurer

SUBSCRIBED AND SWORN to before me this MAR 06 2024 at MANDALUYONG CITY affiants exhibiting to me their respective valid government issued IDs, as follows:

Name	ID NO.	Date/Place of Issue
Francis Giles B. Puno	PP No. P2288998B	June 22, 2019 / NCR East
Jerome H. Cainglet	PP No. P6472193B	March 11, 2021 / Antipolo
Erwin O. Avante	PP No. P5645446A	January 17, 2018 / NCR East

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Series of 2024.




ATTY. JOSEPH MICHAEL E. PANGAMIBAN
Notary Public for Mandaluyong City
Appointment No. 0698-24 (until December 31, 2025)
Roll of Attorneys No. 86865
33rd Floor, The Podium West Tower, 12 ADB Avenue
Ortigas Center, Mandaluyong City 1550
PTR No. 5436055/01.11.2024/Mandaluyong City
IBP No. 407727/01.08.2024/Rizal (RSM)



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

SECRETARY'S CERTIFICATE

I, **BERNADETTE ANN V. POLICARPIO**, Filipino, of legal age, with office address at the 10th Floor, Rockwell Business Center Tower 3, Ortigas Avenue, Pasig City, being the duly elected Corporate Secretary of **ENERGY DEVELOPMENT CORPORATION** (the "Company"), a corporation organized and existing under Philippine laws with principal office at Rockwell Business Center Tower 3, Ortigas Avenue, Pasig City, hereby certify that:

1. During the special meeting of the Board of Directors (the "Board") held on **1 March 2024**, the Board approved the following resolution:

Resolution No. 3, Series of 2024

"RESOLVED, that the Board of Directors of Energy Development Corporation ("the Company") hereby authorizes, the President/Chief Operating Officer and the Chief Financial Officer, acting singly or jointly, or any of their duly authorized representatives, to finalize and approve the issuance of the audited consolidated financial statements of the Company and its subsidiaries and audited stand-alone financial statements of the Company for the year ended December 31, 2023 and its submission to the Bureau of Internal Revenue and the Securities and Exchange Commission in compliance with regulatory requirements;

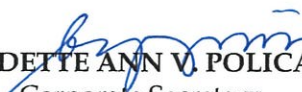
"RESOLVED FURTHER, that the Chairman of the Board of Directors (or in his absence, the Vice-Chairman), the President/Chief Operating Officer, and the Chief Financial Officer, be authorized to sign the audited consolidated financial statements of the Company and its subsidiaries and audited stand-alone financial statements of the Company for the year ended December 31, 2023, including the Statement of Management's Responsibility for Financial Statements;

"RESOLVED FURTHER, that the Board of Directors of the Company hereby notes and affirms that the audited consolidated financial statements of the Company and its subsidiaries and audited stand-alone financial statements of the for the year ended December 31, 2023 submitted in final form are true and fair representation of the Company's financial condition."

2. The foregoing is in accordance with the record of the Company and is in full force and effect.



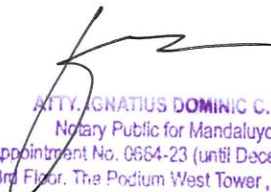
IN WITNESS WHEREOF, I have hereunto signed this Secretary's Certificate this 08 March 2024 at Mandaluyong City.


BERNADETTE ANN V. POLICARPIO
Corporate Secretary

SUBSCRIBED AND SWORN TO before me this 08 March 2024 at Mandaluyong City by Bernadette Ann V. Policarpio, with Passport No. P7343464A, expiring on 25 May 2028, issued by DFA NCR East, who is personally known to me, and who is the same person who personally signed before me the foregoing Secretary's Certificate and acknowledged that she executed the same.

Doc. No. 294
Page No. 60
Book No. I
Series of 2024.




ATTY. IGNATIUS DOMINIC C. ORTEGA
Notary Public for Mandaluyong City
Appointment No. 0664-23 (until December 31, 2024)
33rd Floor, The Podium West Tower, 12 ADB Avenue
Ortigas Center, Mandaluyong City 1550
Roll of Attorneys No. 81227
PTR No. 5436044/01.11.2024/Mandaluyong City
IBP No. 386123/01.02.2024/ Rizal (RSM)

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

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l	d	i	n	g	s		C	o	r	p	o	r	a	t	i	o	n	)		A	N	D		S	U	B	S	I	D
I	A	R	I	E	S																								

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

R	o	c	k	w	e	l	l		B	u	s	i	n	e	s	s		C	e	n	t	e	r		T	o	w	e	r
3	,		O	r	t	i	g	a	s		A	v	e	n	u	e	,		P	a	s	i	g		C	i	t	y	,
P	h	i	l	i	p	p	i	n	e	s																			

Form Type

A	C	F	S

Department requiring the report

C	F	D	

Secondary License Type, If Applicable

COMPANY INFORMATION

Company's Email Address

EDC_CS@energy.com.ph

Company's Telephone Number

7755-2332

Mobile Number

09178060835

No. of Stockholders

1,835

Annual Meeting (Month / Day)

First Tuesday of May

Fiscal Year (Month / Day)

12/31

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Maribel A. Manlapaz

Email Address

manlapaz.ma@energy.com.ph

Telephone Number/s

7755-2332

Mobile Number

09178060835

CONTACT PERSON'S ADDRESS

Rockwell Business Center Tower 3, Ortigas Avenue, Pasig City, Philippines

NOTE 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.



INDEPENDENT AUDITOR'S REPORT

Stockholders and The Board of Directors
Energy Development Corporation
Rockwell Business Center Tower 3
Ortigas Avenue, Pasig City, Philippines

Opinion

We have audited the consolidated financial statements of Energy Development Corporation (a subsidiary of Red Vulcan Holdings Corporation) and its subsidiaries (collectively referred to as the Group), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.



We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Recoverability of Goodwill

Under PFRSs, the Group is required to annually test the recoverability of goodwill. As at December 31, 2023, the Group has goodwill amounting to ₱2,535.1 million, of which ₱2,241.7 million resulted from Green Core Geothermal, Inc.'s acquisition of the Palinpinon and Tongonan geothermal power plants. This annual recoverability test of goodwill is significant to our audit because the amount of goodwill is material to the consolidated financial statements. In addition, management's assessment process requires significant judgment and is based on assumptions which are subject to uncertainty on the estimation process, specifically budgeted gross margin, growth rate and discount rate.

The related disclosures on the Group's goodwill are included in Notes 3 and 13 to the consolidated financial statements.

Audit Response

We evaluated the methodology used and the management's assumptions by comparing the key assumptions used such as budgeted gross margin and growth rate against the historical performance of the Palinpinon and Tongonan geothermal power plants, industry outlook and other relevant external data. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the recoverability test is most sensitive, specifically those that have the most significant effect on the determination of the recoverable amount of goodwill.

Recoverability of Exploration and Evaluation Assets

As at December 31, 2023, the carrying value of the Group's exploration and evaluation assets amounted to ₱2,151.0 million. Under PFRS 6, *Exploration for and Evaluation of Mineral Resources*, these exploration and evaluation assets shall be assessed for impairment when facts and circumstances suggest that the carrying amounts exceed the recoverable amounts. The ability of the Group to recover its exploration and evaluation assets would depend on the commercial viability of the projects. This matter is important to our audit because of the substantial amount of exploration and evaluation assets and the significant management judgment required in assessing whether there is any indication that these may not be recoverable.

The related disclosures on the Group's exploration and evaluation assets are included in Notes 3 and 14 to the consolidated financial statements.



Audit Response

We obtained management's assessment on whether there is any indication that the exploration and evaluation assets may not be recoverable. We inspected the summary of the status of each exploration project as of December 31, 2023, as certified by the Group's technical group head, and assessed whether ongoing exploration activities exist to support the continued capitalization of these assets under the Group's accounting policies, and compared it with the disclosures submitted to the regulatory agency. We reviewed the terms of contracts and budget for exploration costs. We inspected the licenses and permits of each exploration project to determine that the period for which the Group has the right to explore in the specific area has not expired or is not expiring in the near future. We also inquired of management about the project areas that are expected to be abandoned or any exploration activities that are planned to be discontinued in those areas.

Other Information

Management is responsible for the other information. The other information comprises the SEC Form 17-A for the year ended December 31, 2023 but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the SEC Form 20-IS (Definitive Information Statement) and Annual Report for the year ended December 31, 2023, which are expected to be made available to us after that date.

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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



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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements.
We are responsible for the direction, supervision and performance of the audit.
We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is
Maria Veronica Andresa R. Pore.

SYCIP GORRES VELAYO & CO.



Maria Veronica Andresa R. Pore

Partner

CPA Certificate No. 90349

Tax Identification No. 164-533-282

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

BIR Accreditation No. 08-001998-071-2023, October 23, 2023, valid until October 22, 2026

PTR No. 10079992, January 6, 2024, Makati City

March 1, 2024



ENERGY DEVELOPMENT CORPORATION
(A Subsidiary of Red Vulcan Holdings Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6 and 31)	₱17,421,012,635	₱17,597,790,076
Financial assets at fair value through profit or loss (Notes 8 and 31)	17,745,812	12,728,592
Trade and other receivables (Notes 3, 7, 20, 31, 32 and 37)	6,886,560,258	7,518,797,890
Due from related parties (Notes 20 and 31)	41,709,163	30,837,428
Parts and supplies inventories (Notes 3 and 10)	8,491,951,068	7,875,130,356
Derivative assets (Note 31)	34,333,755	44,354,398
Other current assets (Note 11)	6,141,840,185	1,682,744,270
Total Current Assets	39,035,152,876	34,762,383,010
Noncurrent Assets		
Property, plant and equipment (Notes 3 and 12)	111,867,342,302	100,928,941,565
Goodwill and intangible assets (Notes 3 and 13)	3,424,863,960	3,632,115,032
Exploration and evaluation assets (Notes 3 and 14)	2,150,964,593	2,039,273,991
Deferred tax assets - net (Notes 3 and 29)	875,533,081	754,381,502
Derivative assets - net of current portion (Note 31)	233,469,528	326,321,639
Financial assets at fair value through other comprehensive income (Notes 9 and 31)	288,985,082	295,027,377
Other noncurrent assets (Notes 3, 15 and 31)	8,376,824,110	7,258,105,646
Total Noncurrent Assets	127,217,982,656	115,234,166,752
TOTAL ASSETS	₱166,253,135,532	₱149,996,549,762

LIABILITIES AND EQUITY

Current Liabilities

Trade and other payables (Notes 3, 16, 20 and 31)	₱20,483,824,584	₱15,461,906,425
Due to related parties (Notes 20 and 31)	1,668,334	2,048,799
Income tax payable	218,892,879	298,171,346
Current portion of:		
Long-term debts (Notes 17 and 31)	8,964,648,449	8,881,483,933
Lease liability (Notes 3, 20, 31 and 32)	166,254,090	160,772,239
Total Current Liabilities	29,835,288,336	24,804,382,742

(Forward)



	December 31	
	2023	2022
Noncurrent Liabilities		
Long-term debts - net of current portion (Notes 17 and 31)	₱46,769,771,820	₱44,420,127,685
Long-term lease liability - net of current portion (Notes 3, 20, 31 and 32)	157,640,912	241,067,949
Net retirement and other post-employment benefits (Notes 3 and 28)	2,627,411,359	1,759,719,829
Deferred tax liabilities - net (Notes 3 and 29)	134,863,515	165,957,154
Provisions and other long-term liabilities (Notes 3, 18 and 32)	3,355,342,655	3,027,800,327
Total Noncurrent Liabilities	53,045,030,261	49,614,672,944
Total Liabilities	82,880,318,597	74,419,055,686
Equity		
Equity attributable to equity holders of the Parent Company:		
Preferred stock (Note 19)	93,750,000	93,750,000
Common stock (Note 19)	19,076,250,000	19,076,250,000
Treasury stock (Note 19)	(14,730,745,981)	(14,730,745,981)
Additional paid-in capital (Note 19)	8,715,108,001	8,715,108,001
Equity reserve (Note 19)	(3,706,430,769)	(3,706,430,769)
Net accumulated unrealized gain on financial assets at fair value through other comprehensive income (Note 9)	100,286,395	70,143,690
Fair value adjustments on hedging transactions (Note 31)	(3,594,339)	72,138,661
Cumulative translation adjustments (Note 19)	1,593,080,261	1,678,432,949
Retained earnings (Note 19):		
Unappropriated	26,051,220,323	24,774,924,243
Appropriated	43,795,570,045	37,261,489,718
	80,984,493,936	73,305,060,512
Non-controlling interests (Note 19)	2,388,322,999	2,272,433,564
Total Equity	83,372,816,935	75,577,494,076
TOTAL LIABILITIES AND EQUITY	₱166,253,135,532	₱149,996,549,762

See accompanying Notes to Consolidated Financial Statements.



ENERGY DEVELOPMENT CORPORATION
(A Subsidiary of Red Vulcan Holdings Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31		
	2023	2022	2021
REVENUE FROM SALE OF ELECTRICITY			
(Notes 3, 5, 20, 21, 35 and 37)	₱47,171,649,795	₱48,700,352,764	₱42,368,368,769
COSTS OF SALE OF ELECTRICITY			
(Notes 10, 12, 13, 20, 22, 24, 28, 33, 35 and 36)	(22,569,292,869)	(26,587,499,563)	(24,644,155,221)
GENERAL AND ADMINISTRATIVE			
EXPENSES (Notes 10, 12, 13, 15, 23, 24 and 28)	(6,848,215,984)	(6,402,577,580)	(5,676,032,237)
FINANCIAL INCOME (EXPENSE)			
Interest income (Notes 6, 11, 25 and 31)	818,323,067	258,131,186	143,651,319
Interest expense (Notes 17, 18, 25, 31 and 32)	(3,179,766,304)	(2,872,574,735)	(2,946,174,558)
	(2,361,443,237)	(2,614,443,549)	(2,802,523,239)
OTHER INCOME (CHARGES)			
Foreign exchange gains (losses) (Notes 26 and 31)	10,288,475	(43,860,848)	109,445,793
Miscellaneous income (charges) - net (Notes 17, 27 and 35)	569,331,404	(126,358,067)	909,732,854
	579,619,879	(170,218,915)	1,019,178,647
INCOME BEFORE INCOME TAX	15,972,317,584	12,925,613,157	10,264,836,719
PROVISION FOR (BENEFIT FROM)			
INCOME TAX (Note 29)			
Current	1,629,952,784	1,810,102,780	920,731,806
Deferred	(49,193,057)	(17,017,667)	117,571,665
	1,580,759,727	1,793,085,113	1,038,303,471
NET INCOME	₱14,391,557,857	₱11,132,528,044	₱9,226,533,248
Net income attributable to:			
Equity holders of the Parent Company	₱14,267,180,431	₱10,979,385,739	₱9,122,453,169
Non-controlling interests	124,377,426	153,142,305	104,080,079
	₱14,391,557,857	₱11,132,528,044	₱9,226,533,248
Basic/Diluted Earnings Per Share for Net Income			
Attributable to Equity Holders of the Parent			
Company (Note 30)	₱819,975.99	₱627,046.44	₱517,954.00

See accompanying Notes to Consolidated Financial Statements.



ENERGY DEVELOPMENT CORPORATION
(A Subsidiary of Red Vulcan Holdings Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2023	2022	2021
NET INCOME	₱14,391,557,857	₱11,132,528,044	₱9,226,533,248
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:</i>			
Cumulative translation adjustments on foreign subsidiaries (Note 19)	(85,352,688)	968,733,038	330,503,658
Fair value adjustments on hedging transactions, net of tax effect amounting to ₱25,078,289 in 2023, ₱28,995,245 in 2022 and ₱39,538,239 in 2021 (Note 31)	(75,733,000)	660,623,158	225,324,450
Changes in fair value of debt instruments at fair value through other comprehensive income (Note 9)	11,907,435	(20,899,368)	(13,515,621)
NET OTHER COMPREHENSIVE INCOME (LOSS) TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS	(149,178,253)	1,608,456,828	542,312,487
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:</i>			
Remeasurements of retirement and other post-employment benefits, net of tax effect amounting to ₱74,835,243 in 2023, ₱18,096,947 in 2022 and ₱24,650,110 in 2021 (Note 29)	(673,517,184)	162,872,522	221,850,987
Changes in fair value of equity instruments designated at fair value through other comprehensive income (Note 9)	19,050,270	24,206,428	67,261,490
NET OTHER COMPREHENSIVE INCOME (LOSS) NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS	(654,466,914)	187,078,950	289,112,477
TOTAL OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	(803,645,167)	1,795,535,778	831,424,964
TOTAL COMPREHENSIVE INCOME, NET OF TAX	₱13,587,912,690	₱12,928,063,822	₱10,057,958,212
Total comprehensive income attributable to:			
Equity holders of the Parent Company	₱13,472,023,255	₱12,771,261,744	₱9,950,405,156
Non-controlling interests	115,889,435	156,802,078	107,553,056
	₱13,587,912,690	₱12,928,063,822	₱10,057,958,212

See accompanying Notes to Consolidated Financial Statements.



ENERGY DEVELOPMENT CORPORATION
(A Subsidiary of Red Vulcan Holdings Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

	Preferred Stock (Note 19)	Common Stock (Note 19)	Treasury Stock (Note 19)	Additional Paid-in Capital (Note 19)	Equity Reserve (Note 19)	Net Accumulated Unrealized Gain on Financial Assets at FVOCI (Note 19)	Fair Value Adjustments on Hedging Transactions (Note 19)	Cumulative Translation Adjustments (Note 19)	Unappropriated Retained Earnings (Note 19)	Appropriated Retained Earnings (Note 19)	Subtotal	Non-controlling Interests (Note 19)	Total Equity
Balances, January 1, 2023	P93,750,000	P19,076,250,000	(P14,730,745,981)	P8,715,108,001	(P3,706,430,769)	P70,143,690	#72,138,661	P1,678,432,949	P24,774,924,243	P37,261,489,718	P73,305,060,512	P2,272,433,564	#75,577,494,076
Total comprehensive income	-	-	-	-	-	-	-	-	14,267,180,431	-	14,267,180,431	124,377,426	14,391,557,857
Net income	-	-	-	-	-	-	-	-	-	-	-	-	-
Fair value adjustments on hedging transactions (Note 31)	-	-	-	-	-	-	(75,733,000)	-	-	-	(75,733,000)	-	(75,733,000)
Cumulative translation adjustments on foreign subsidiaries (Note 19)	-	-	-	-	-	-	-	(85,352,688)	-	-	(85,352,688)	-	(85,352,688)
Changes in fair value of equity instruments at FVOCI recognized in equity (Note 9)	-	-	-	-	-	19,050,270	-	-	-	-	19,050,270	-	19,050,270
Transfer of net accumulated unrealized gain on financial assets at FVOCI to retained earnings (Note 9)	-	-	-	-	-	-	-	-	815,000	-	-	-	-
Remeasurements of retirement and other post-employment benefits (Note 28)	-	-	-	-	-	-	-	-	(665,029,193)	-	(665,029,193)	(8,487,991)	(673,517,184)
Changes in fair value of debt instruments designated at FVOCI recognized in equity (Note 9)	-	-	-	-	-	11,907,435	-	-	-	-	11,907,435	-	11,907,435
Total other comprehensive income	-	-	-	-	-	30,142,705	(75,733,000)	(85,352,688)	(664,214,193)	-	(795,157,176)	(8,487,991)	(803,645,167)
	-	-	-	-	-	30,142,705	(75,733,000)	(85,352,688)	13,602,966,238	-	13,472,023,255	115,889,435	13,587,912,690
Appropriation of retained earnings (Note 19)	-	-	-	-	-	-	-	-	(15,000,000,000)	15,000,000,000	-	-	-
Reversal of appropriation of retained earnings (Note 19)	-	-	-	-	-	-	-	-	8,465,919,673	(8,465,919,673)	-	-	-
Cash dividend (Note 19)	-	-	-	-	-	-	-	-	(5,792,589,831)	-	(5,792,589,831)	-	(5,792,589,831)
Balances, December 31, 2023	P93,750,000	P19,076,250,000	(P14,730,745,981)	P8,715,108,001	(P3,706,430,769)	P100,286,395	(P3,594,339)	P1,593,080,261	P26,051,220,323	P43,795,570,045	P80,984,493,936	P2,388,322,999	P83,372,816,935

(Forward)



	Net															
	Preferred Stock (Note 19)	Common Stock (Note 19)	Treasury Stock (Note 19)	Additional Paid-in Capital (Note 19)	Equity Reserve (Note 19)	Accumulated Unrealized Gain on Financial Assets at FVOCI (Note 19)	Fair Value Adjustments on Hedging Transactions (Note 19)	Cumulative Translation Adjustments (Note 19)	Unappropriated Retained Earnings (Note 19)	Appropriated Retained Earnings (Note 19)	Subtotal	Non-controlling Interests (Note 19)	Total Equity			
Balances, January 1, 2022	₱93,750,000	₱19,076,250,000	(₱14,729,043,061)	₱8,715,108,001	(₱3,706,430,769)	₱73,346,630	(₱588,484,497)	₱709,699,911	₱42,290,651,190	₱13,894,154,283	₱65,829,001,688	₱2,115,631,486	₱67,944,633,174			
Total comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-			
Net income	-	-	-	-	-	-	-	-	10,979,385,739	-	10,979,385,739	153,142,305	11,132,528,044			
Fair value adjustments on hedging transactions (Note 31)	-	-	-	-	-	-	660,623,158	-	-	-	660,623,158	-	660,623,158			
Cumulative translation adjustments on foreign subsidiaries (Note 19)	-	-	-	-	-	-	-	968,733,038	-	-	968,733,038	-	968,733,038			
Changes in fair value of equity instruments at FVOCI recognized in equity (Note 9)	-	-	-	-	-	24,206,428	-	-	-	-	24,206,428	-	24,206,428			
Transfer of net accumulated unrealized gain on financial assets at FVOCI to retained earnings (Note 9)	-	-	-	-	-	(6,510,000)	-	-	6,510,000	-	-	-	-			
Remeasurements of retirement and other post-employment benefits (Note 28)	-	-	-	-	-	-	-	-	159,212,749	-	159,212,749	3,659,773	162,872,522			
Changes in fair value of debt instruments designated at FVOCI recognized in equity (Note 9)	-	-	-	-	-	(20,899,368)	-	-	-	-	(20,899,368)	-	(20,899,368)			
Total other comprehensive income	-	-	-	-	-	(3,202,940)	660,623,158	968,733,038	165,722,749	-	1,791,876,005	3,659,773	1,795,535,778			
Appropriation of retained earning (Note 19)	-	-	-	-	-	(3,202,940)	660,623,158	968,733,038	11,145,108,488	-	12,771,261,744	156,802,078	12,928,063,822			
Reversal of appropriation of retained earnings (Note 19)	-	-	-	-	-	-	-	-	(30,000,000,000)	30,000,000,000	-	-	-			
Cash dividend (Note 19)	-	-	-	-	-	-	-	-	6,632,664,565	(6,632,664,565)	-	-	-			
Acquisition of treasury stock (Note 19)	-	-	(1,702,920)	-	-	-	-	-	(5,293,500,000)	-	(5,293,500,000)	-	(5,293,500,000)			
Balances, December 31, 2022	₱93,750,000	₱19,076,250,000	(₱14,730,745,981)	₱8,715,108,001	(₱3,706,430,769)	₱70,143,690	₱72,138,661	₱1,678,432,949	₱24,774,924,243	₱37,261,489,718	₱73,305,060,512	₱2,272,433,564	₱75,577,494,076			

(Forward)



	Preferred Stock (Note 19)	Common Stock (Note 19)	Treasury Stock (Note 19)	Additional Paid-in Capital (Note 19)	Equity Reserve (Note 19)	Net Accumulated Unrealized Gain on Financial Assets at FVOCI (Note 9)	Fair Value Adjustments on Hedging Transactions (Note 31)	Cumulative Translation Adjustments (Note 19)	Unappropriated Retained Earnings (Note 19)	Appropriated Retained Earnings (Note 19)	Subtotal	Non-controlling Interests (Note 19)	Total Equity
Balances, January 1, 2021	₱93,750,000	₱19,076,250,000	(₱14,679,307,342)	₱8,715,108,001	(₱3,706,430,769)	₱220,361,062	(₱813,808,947)	₱379,196,253	₱28,498,576,259	₱23,437,184,520	₱61,220,879,037	₱2,008,078,430	₱63,228,957,467
Total comprehensive income	-	-	-	-	-	-	-	-	9,122,453,169	-	9,122,453,169	104,080,079	9,226,533,248
Net income	-	-	-	-	-	-	-	-	-	-	-	-	-
Fair value adjustments on hedging transactions (Note 31)	-	-	-	-	-	-	225,324,450	-	-	-	225,324,450	-	225,324,450
Cumulative translation adjustments on foreign subsidiaries (Note 19)	-	-	-	-	-	-	-	330,503,658	-	-	330,503,658	-	330,503,658
Changes in fair value of equity instruments at FVOCI recognized in equity (Note 9)	-	-	-	-	-	67,261,490	-	-	-	-	67,261,490	-	67,261,490
Transfer of net accumulated unrealized gain on financial assets at FVOCI to retained earnings (Note 9)	-	-	-	-	-	(200,760,301)	-	-	200,760,301	-	-	-	-
Remeasurements of retirement and other post-employment benefits (Note 28)	-	-	-	-	-	-	-	-	218,378,010	-	218,378,010	3,472,977	221,850,987
Changes in fair value of debt instruments designated at FVOCI recognized in equity (Note 9)	-	-	-	-	-	(13,515,621)	-	-	-	-	(13,515,621)	-	(13,515,621)
Total other comprehensive income	-	-	-	-	-	(147,014,432)	225,324,450	330,503,658	419,138,311	-	827,951,987	3,472,977	831,424,964
Reversal of appropriation of retained earnings (Note 19)	-	-	-	-	-	(147,014,432)	225,324,450	330,503,658	9,541,591,480	-	9,950,405,156	107,553,056	10,057,958,212
Cash dividends (Note 19)	-	-	-	-	-	-	-	-	9,543,030,237	(9,543,030,237)	-	-	-
Acquisition of treasury stock (Note 19)	-	-	(49,735,719)	-	-	-	-	-	(5,292,546,786)	-	(5,292,546,786)	-	(5,292,546,786)
Balances, December 31, 2021	₱93,750,000	₱19,076,250,000	(₱14,729,043,061)	₱8,715,108,001	(₱3,706,430,769)	₱73,346,630	(₱588,484,497)	₱709,699,911	₱42,290,651,190	₱13,894,154,283	₱65,829,001,688	₱2,115,631,486	₱67,944,633,174

See accompanying Notes to Consolidated Financial Statements.



ENERGY DEVELOPMENT CORPORATION
(A Subsidiary of Red Vulcan Holdings Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱15,972,317,584	₱12,925,613,157	₱10,264,836,719
Adjustments for:			
Depreciation and amortization (Notes 12, 13, 22 and 23)	7,240,432,062	6,807,096,972	6,605,115,758
Interest expense (Note 25)	3,179,766,304	2,872,574,735	2,946,174,558
Interest income (Notes 6, 11, 25 and 31)	(818,323,067)	(258,131,186)	(143,651,319)
Provision for impairment of goodwill, property, plant and equipment, exploration and evaluation, and other various assets (Notes 1, 12, 13, 14, 20 and 27)	282,352,678	—	—
Change in net retirement and other post- employment benefits	194,174,346	95,672,460	67,278,123
Provision for (reversal of) impairment of parts and supplies inventories (Notes 3, 5 and 10)	(69,773,870)	20,721,752	69,281,245
Loss on direct write-off of input VAT claims (Notes 15 and 27)	44,055,773	10,560,486	77,519,398
Provision for impairment of trade and other receivables, prepaid taxes, and others (Notes 7, 15 and 23)	31,220,205	688,464,769	277,104,307
Unrealized foreign exchange losses (gains) - net (Note 26)	(3,248,159)	108,245,605	(40,383,130)
Mark-to-market losses (gains) on financial assets at fair value through profit or loss (Notes 8 and 27)	(1,018,757)	7,689,361	(210,162)
Loss (gain) on disposal and retirement of property, plant and equipment (Notes 12, 20 and 27)	801,045	(5,165,656)	(5,460,423)
Realized losses (gains) from redemption of financial assets at fair value through profit or loss (Notes 8 and 27)	1,537	(31,259,850)	(2,794,617)
Operating income before working capital changes	26,052,757,681	23,242,082,605	20,114,810,457
Decrease (increase) in			
Trade and other receivables	635,598,889	(1,471,877,502)	821,650,975
Due from related parties	(10,871,735)	(14,485,643)	7,151,778
Parts and supplies inventories	(547,046,842)	(1,358,192,689)	(645,745,554)
Other current assets	(4,031,184,604)	333,257,136	3,610,577,151
Increase (decrease) in:			
Trade and other payables	4,979,440,952	2,420,806,302	816,784,062
Due to related parties	(31,423,275)	29,921,480	(1,673,420)
Provisions and other long-term liabilities	121,694,895	475,583,889	113,683,691
Cash generated from operations	27,168,965,961	23,657,095,578	24,837,239,140
Income tax paid, including creditable withholding tax	(2,137,142,562)	(1,848,579,922)	(1,290,344,960)
Net cash flows from operating activities	25,031,823,399	21,808,515,656	23,546,894,180

(Forward)



	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property, plant and equipment (Note 12)	(P18,047,854,462)	(P9,862,105,021)	(P10,867,063,374)
Exploration and evaluation assets (Note 14)	(116,232,331)	(72,159,209)	(17,554,441)
Intangible assets (Note 13)	(70,618,944)	(53,448,138)	(90,261,931)
Financial assets at FVPL (Note 8)	(54,000,000)	(2,512,500,000)	(3,205,000,000)
Financial assets at FVOCI (Note 9)	—	(99,856,758)	—
Additions to other noncurrent assets	(1,185,432,127)	(500,085,160)	(800,024,352)
Interest received	751,383,901	248,630,153	154,444,303
Proceeds from:			
Redemption of financial assets at FVPL (Note 8)	50,000,000	3,376,474,070	3,277,704,392
Disposal of financial assets at FVOCI (Note 9)	37,000,000	33,950,000	405,228,606
Sale of property, plant and equipment (Notes 12 and 27)	9,184,222	5,544,224	7,448,803
Receipt of tax credit certificates	—	—	693,822,645
Net cash flows used in investing activities	(18,626,569,741)	(9,435,555,839)	(10,441,255,349)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Long term debts (Notes 17 and 38)	(9,591,175,666)	(14,288,395,546)	(14,485,248,494)
Dividends (Notes 19 and 38)	(5,792,589,831)	(5,293,500,000)	(10,292,546,786)
Interest and other financial charges (Note 38)	(2,920,280,324)	(2,667,275,303)	(3,014,017,902)
Lease liability (Notes 31, 32 and 38)	(143,647,311)	(79,416,857)	(126,217,394)
Proceeds from availment of long-term debts - net of transaction cost (Note 17)	11,926,379,284	13,581,462,961	6,917,182,188
Acquisition of treasury stock (Notes 1, 19 and 38)	—	(1,702,920)	(49,735,720)
Net cash flows used in financing activities	(6,521,313,848)	(8,748,827,665)	(21,050,584,108)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(116,060,190)	3,624,132,152	(7,944,945,277)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(60,717,251)	(41,363,610)	204,529,445
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	17,597,790,076	14,015,021,534	21,755,437,366
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	P17,421,012,635	P17,597,790,076	P14,015,021,534

See accompanying Notes to Consolidated Financial Statements.



ENERGY DEVELOPMENT CORPORATION
(A Subsidiary of Red Vulcan Holdings Corporation)
AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information and Authorization for Issuance of the Consolidated Financial Statements

General

Energy Development Corporation (the “Parent Company” or “EDC”) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on March 5, 1976.

The Parent Company and its subsidiaries (collectively referred to as the “Group”) are primarily engaged in the business of exploring, developing and operating geothermal energy and other indigenous renewable energy projects in the Philippines.

Red Vulcan is the parent company of EDC, while Lopez, Inc. is the ultimate parent company.

Red Vulcan and Lopez, Inc. are both incorporated in the Philippines.

As of December 31, 2023 and 2022, Red Vulcan holds the controlling voting interest with 63.9% ownership of EDC’s outstanding voting shares while Philippines Renewable Energy Holdings Corp. (PREHC) owns 34.9%.

Geothermal and Other Renewable Energy Projects

EDC’s geothermal power projects consist of two (2) principal activities: (i) the production of geothermal steam for use at EDC’s and its subsidiaries’ geothermal power plants, and (ii) the generation and sale of electricity through those geothermal power plants pursuant to “take-or-pay and take-and-pay offtake arrangements”. EDC’s steam and electricity sales are supported by medium-term to long-term offtake agreements in various forms. EDC’s steam sales are backed by long-term offtake agreements with its wholly owned subsidiaries: (i) Geothermal Resource Sales Contracts (GRSCs) with Green Core Geothermal Inc. (GCGI); and (ii) Steam Sales Agreement (SSA) with Bac-Man Geothermal Inc. (BGI). EDC’s 25-year Power Purchase Agreements (PPAs) with National Power Corporation (NPC) covering EDC’s Unified Leyte (Leyte A and Leyte B) and Mindanao Geothermal Power Projects (Mindanao I and Mindanao II) expired in July 2021, July 2022 and February 2022, respectively. The PPA for Mindanao II will expire in June 2024 (see Notes 3 and 21).

The Parent Company holds service contracts with the DOE corresponding to ten (10) geothermal contract areas, each granting the Parent Company exclusive rights to explore, develop, and utilize the corresponding resources in the relevant contract area. The Parent Company conducts commercial operations in four (4) of its ten (10) geothermal contract areas as follows:

- Tongonan, Kananga, and Ormoc City Leyte - EDC operates geothermal steamfield projects in Leyte, which deliver steam to the Tongonan geothermal power plant, owned by EDC’s subsidiary GCGI, and the EDC-owned Unified Leyte geothermal power plants.
- Southern Negros, Valencia, Negros Oriental - EDC operates one (1) geothermal steamfield project in Southern Negros, which delivers steam to the two (2) GCGI-owned Palinpinon geothermal power plants, and the EDC-owned Nasulo geothermal power plant.



- Bacon-Manito, Albay and Sorsogon - EDC operates one (1) geothermal steamfield project, which delivers steam to two (2) geothermal power plants in Albay and Sorsogon, owned by BGI.
- Mt. Apo, Kidapawan City, Cotabato - EDC operates one (1) geothermal steamfield project, which delivers steam to three (3) EDC-owned geothermal power plants in Mt. Apo.

The Group also operates hydroelectric power plants through First Gen Hydro Power Corporation (FG Hydro), a 60%-owned subsidiary of EDC. FG Hydro generates revenue from the sale of electricity generated by its 132-Megawatt (MW) Pantabangan-Masiway hydroelectric plants (PAHEP/MAHEP) located in Nueva Ecija.

The 150 MW wind and 6.82 MW solar projects of EBWPC and EDC were granted a Feed-In-Tariff (“FIT”) Certificate of Compliance (“COC”) by the ERC that entitles them to the applicable FIT rates, subject to adjustments as may be approved by the ERC, for the entire duration of their FIT eligibility periods.

EDC Siklab Power Corporation (“EDC Siklab”), a wholly-owned subsidiary of EDC, operates solar rooftop systems in various Gaisano Capital’s malls located in the provinces of Iloilo, Aklan, Leyte, Southern Leyte and Sorsogon.

Power Supply Agreements (PSAs)

The Parent Company and its subsidiaries, namely GCGI, BGI, FG Hydro and ULGEI, hold offtake agreements in the form of PSAs with various customers, particularly electric cooperatives and retail electricity suppliers (see Note 21).

Retail Supply Contracts (RSCs)

On February 14, 2017, the ERC approved BGI’s application for a Retail Electricity Supplier (RES) license. The RES license allows BGI to engage in the supply of electricity to end-users in the contestable market through retail supply contracts (RSC). Generated electricity in excess of contracted levels is sold to the Wholesale Electricity Spot Market (WESM).

On August 3, 2022, the RES license of BGI was extended by the ERC for a period of one (1) year from August 14, 2022 until August 13, 2023. On December 13, 2023, the ERC renewed BGI’s RES license for a period of five (5) years, reckoned from August 14, 2023 until August 13, 2028.

In June 8, 2020, the ERC approved GCGI’s application for a RES license effective for a period of five (5) years, or from June 8, 2020 up to June 7, 2025.

Green Energy Option Program Supply Contracts (GEOPSCs)

In May 20, 2021 and October 22, 2020, the Department of Energy (DOE) approved the application of GCGI and BGI, respectively, for an Operating Permit as Renewable Energy (RE) Supplier under the Green Energy Option Program (GEOP) valid for a period of five (5) years from the date of issuance.

The GEOP operating permit allows GCGI and BGI to supply electric power to an eligible end-user who opted for GEOP.

Ancillary Services Procurement Agreements (ASPAs)

EDC, GCGI and FG Hydro sell electricity through ancillary service to the National Grid Corporation of the Philippines (NGCP) under ASPAs. The ASPAs of EDC and GCGI expired in September 2022 while the ASPA of FG Hydro is set to expire on September 20, 2028. Generated electricity in excess of contracted levels is sold to the Wholesale Electricity Spot Market (WESM).



Subsidiaries

The Parent Company and its subsidiaries were separately incorporated and registered with the Philippine SEC, except for its foreign subsidiaries. Below are the Parent Company's voting interests in its subsidiaries:

	December 31, 2023 and 2022	
	Direct	Indirect
EDC Geothermal Corp. (EGC) ²	100.00	—
Green Core Geothermal Inc. (GCGI)	—	100.00
Bac-Man Geothermal Inc. (BGI)	—	100.00
Unified Leyte Geothermal Energy Inc. (ULGEI)	—	100.00
Bac-Man Energy Development Corporation (BEDC) ¹	—	100.00
EDC Chile Limitada ¹	99.99	0.01
EDC Holdings International Limited (EHIL) ²	100.00	—
Energy Development Corporation Hong Kong Limited (EDC HKL) ²	—	100.00
Energy Development Corporation Hong Kong International Investments Limited (EDC HKIIL) ²	—	100.00
EDC Chile Holdings SpA ²	—	100.00
EDC Geotermica Chile SpA (Chile) ¹	—	100.00
EDC Peru Holdings S.A.C. ³	—	100.00
EDC Geotermica Peru S.A.C. ³	—	100.00
Energy Development Corporation Peru S.A.C. ³	—	100.00
EDC Geotermica Del Sur S.A.C. ³	—	100.00
EDC Energía Azul S.A.C. ³	—	100.00
Geotermica Crucero Peru S.A.C. ³	—	70.00
EDC Energía Perú S.A.C. ³	—	100.00
Geotermica Tutupaca Norte Peru S.A.C. ³	—	70.00
EDC Energía Geotermica S.A.C. ³	—	100.00
EDC Progreso Geotermica Perú S.A.C. ³	—	100.00
Geotermica Loriscota Peru S.A.C. ³	—	70.00
EDC Energía Renovable Perú S.A.C. ³	—	100.00
EDC Soluciones Sostenibles Ltd ²	—	100.00
EDC Energía Verde Chile SpA ⁴	—	100.00
EDC Energía de la Tierra SpA ⁴	—	100.00
EDC Desarrollo Sostenible Ltd ²	—	100.00
EDC Energía Verde Peru S.A.C. ³	—	100.00
PT EDC Indonesia ¹	—	95.00
PT EDC Panas Bumi Indonesia ¹	—	95.00
EDC Wind Energy Holdings, Inc. (EWEHI) ²	100.00	—
EDC Burgos Wind Power Corporation (EBWPC)	—	100.00
EDC Pagudpud Wind Power Corporation (EPWPC) ¹	—	100.00
EDC Bayog Burgos Wind Power Corporation (EBBWPC) ¹	—	100.00
EDC Pagali Burgos Wind Power Corporation (EPBWPC) ¹	—	100.00
Iloilo 1 Renewable Energy Corporation (I1REC) ¹	—	100.00
EDC Bright Solar Energy Holdings, Inc. (EBSEHI) ²	100.00	—
EDC Siklab Power Corporation (EDC Siklab)	—	100.00
EDC Sinag Power Corporation (EDC Sinag) ¹	—	100.00
EDC Wind Energy Holdings 2 Inc. (EWEHI2) ²	100.00	—
First Gen Hydro Power Corporation (FG Hydro)	60.00	—

¹Has not started commercial operations as of December 31, 2023

²Serves as an investment holding company

³Ceased exploration and development activities as of December 31, 2023

⁴In February 2020, the Internal Revenue Services authorized the closure. As of December 31, 2023, the closing of accounting records is ongoing



EGC

EGC was incorporated on April 9, 2008 to participate in the bid for a local power plant. The bid was won by and awarded to another local entity not within the Group. Thereafter, EGC became an investment holding company of its subsidiaries, namely GCGI, BGI, ULGEI and BEDC.

Further details on EGC's subsidiaries follow:

- GCGI was incorporated on June 22, 2009 with primary activities on power generation, transmission, distribution and other energy-related businesses. GCGI is currently operating the 172.5 MW Palinpinon and 123.0 MW Tongonan 1 geothermal power plants in Negros Oriental and Leyte, respectively, following its successful acquisition from the Power Sector Assets and Liabilities Management Corporation (PSALM) in 2009.

GCGI holds a RES license and a GEOP operating permit which are valid until June 7, 2025 and 5 years from date of issuance, May 2026, respectively.

- BGI was incorporated on April 7, 2010 primarily to carry on the general business of generating, transmitting, and/or distributing energy. BGI is currently operating the 140 MW Bac-Man Geothermal Power Plants (BMGPP) in Bicol, which it acquired from PSALM in May 2010. Prior to the acquisition of BGI of the BMGPP, the Parent Company supplied and sold steam to NPC under the SSA.

On February 14, 2017, the ERC approved BGI's application for a Retail Electricity Supplier (RES) license. The RES license allows BGI to engage in the supply of electricity to end-users in the contestable market.

On October 22, 2020, the ERC approved BGI's application for GEOP operating permit.

BGI holds a RES license and a GEOP operating permit which are valid until August 13, 2028 and 5 years from date of issuance, October 2025, respectively.

In December 2020, BGI awarded an engineering, procurement and construction (EPC) contract for the 29 MW Palayan Binary Balance of Plant (BOP). In November 2020, BGI has also awarded a contract for the supply of the plant for the binary cycle power generation equipment to be installed at Bacman geothermal power plant in Manito, Albay. The mechanical completion has been achieved on November 2023, and the test and commissioning the works is in the final stage.

On February 22, 2021, MUFG Bank, Ltd., issued an irrevocable standby letter of credit in favor of Turboden S.P.A (the "Beneficiary") for the supply contract entered into BGI. This expired on January 23, 2023. On December 6, 2022, MUFG Bank, Ltd. - Manila Branch issued an irrevocable standby letter of credit amounting to USD\$8.4 million in favor of Turboden S.p.A. for the supply contract entered with BGI. Effective November 30, 2023, the amount was reduced to USD\$8.3 million and expiry date was extended to March 31, 2024.

- ULGEI was incorporated on June 23, 2010. The operation of ULGEI involves managing and/or trading of 40 MW Strips of Energy from ULGPP under the IPPA Agreement with PSALM. The agreement expired last July 25, 2021. As of December 31, 2023, there are no live contract under ULGEI.



- BEDC was incorporated on September 22, 2011 to carry on the general business of generating, transmitting, and/or distributing energy derived from any and all forms, types and kinds of energy sources for lighting and power purposes and whole-selling the electric power to power corporations, public electric utilities and electric cooperatives. As of December 31, 2023, BEDC remained non-operating.

EDC Chile Limitada

EDC Chile Limitada is a limited liability company incorporated on February 11, 2010 in Santiago, Chile with the purpose of exploring, evaluating and extracting any mineral or substance to generate geothermal energy. As of December 31, 2023, EDC Chile Limitada remained non-operating.

EHIL and EDC HKL

EHIL was incorporated on August 17, 2011 in British Virgin Islands and serves as an investment holding company of EDC's international subsidiaries. EHIL owns 100% interest in EDC HKL, a company incorporated on November 22, 2011, in Hong Kong. The following entities are the subsidiaries under EDC HKL:

- EDC HKIL is a wholly owned subsidiary of EDC HKL, a company incorporated on November 18, 2016 in the British Virgin Island.
- EDC Chile Holdings SpA, which was incorporated on January 13, 2012 in Santiago, Chile, is a wholly owned subsidiary of EDC HKL and is the holding company of EDC Geotermica SpA (Chile) which was also incorporated on January 13, 2012 in Santiago, Chile. Their main purpose is to carry on the general business of generating, transmitting, and/or distributing energy derived from any and all forms, types and kinds of energy sources for lighting and power purposes and whole-selling the electric power to power corporations, public electric utilities and electric cooperatives.
- EDC Peru Holdings S.A.C., incorporated on January 19, 2012 in Lima, Peru, is a 99.9%-owned subsidiary of EDC HKL. EDC Peru Holdings S.A.C. holds 99.9% stake in EDC Geotermica S.A.C., which was also incorporated on January 19, 2012 in Lima, Peru. EHIL owns the remaining 0.1% stake in EDC Geotermica Peru S.A.C. Their main purpose is to carry on the general business of generating, transmitting, and/or distributing energy derived from any and all forms, types and kinds of energy sources for lighting and power purposes and whole-selling the electric power to power corporations, public electric utilities and electric cooperatives.

On July 17, 2012, Energy Development Corporation Peru S.A.C. was incorporated in Lima, Peru as a subsidiary of EDC Geotermica Peru S.A.C. Its main purpose is to carry on the general business of generating, transmitting, and/or distributing energy derived from any and all forms, types and kinds of energy sources for lighting and power purposes and whole-selling the electric power to power corporations, public electric utilities and electric cooperatives.

On January 3, 2014, Energy Development Corporation Peru S.A.C. became 100% indirectly owned subsidiary by the Parent Company through acquisition of Hot Rock Entities.

On February 27, 2013, EDC Geotermica Del Sur S.A.C., EDC Energía Azul S.A.C., EDC Energía Perú S.A.C., EDC Energía Geotérmica S.A.C., EDC Progreso Geotérmico Perú S.A.C., EDC Energía Renovable Perú S.A.C., were incorporated in Lima, Peru as 99.9%-owned by EDC HKL and 0.1%-owned by EDC Peru Holdings S.A.C. Their main purpose is to carry on the general business of generating, transmitting, and/or distributing energy derived from any and all forms, types and kinds of energy sources for lighting and power purposes and whole-selling the electric power to power corporations, public electric utilities and electric cooperatives.



On July 5, 2013, three (3) entities were incorporated in Lima, Peru. These entities are Geotermica Crucero Peru S.A.C., as 70%-owned by EDC Energia Azul S.A.C; Geotermica Tutupaca Norte Peru S.A.C. as 70%-owned by EDC Energia Peru S.A.C.; and Geotermica Loriscota Peru S.A.C., as 70%-owned by EDC Progreso Geotermico S.A.C. Their main purpose is to carry on the general business of generating, transmitting, and/or distributing energy derived from any and all forms, types and kinds of energy sources for lighting and power purposes and whole-selling the electric power to power corporations, public electric utilities and electric cooperatives.

On May 25, 2023, the Board and stockholders of Energy Development Corporation Peru S.A.C decided to no longer pursue exploration and development activities in Peru due to political and market factors. As a result, the Group recognized provision for impairment loss on goodwill, property, plant and equipment, exploration and evaluation assets, and other various assets totaling to ₱282.4 million in 2023 (see Notes 12, 13 and 14).

- On January 3, 2014, EDC HKL purchased 100% interest in EDC Soluciones Sostenibles Ltd and EDC Desarrollo Sostenible Ltd located in British Virgin Islands (BVI) with a total offer price of US\$3.0 million. This effectively gave EDC HKL a 100% indirect interest to acquirees' subsidiaries EDC Energia Verde Chile SpA, EDC Energia de la Tierra SpA and EDC Energia Verde Peru S.A.C. (see Note 3).

In February 2020, the Internal Revenue Services authorized the closure of EDC Energia Verde Chile SpA and EDC Energia de la Tierra SpA.

- On July 9, 2012, PT EDC Indonesia and PT EDC Panas Bumi Indonesia were incorporated in Jakarta Pusat, Indonesia as 95%-owned subsidiaries of EDC HKL.

As of December 31, 2023, all subsidiaries of EDC HKL remained non-operating.

EWEHI

EWEHI is a holding company incorporated on April 15, 2010. The following entities are the wholly owned subsidiaries of EWEHI:

- EBWPC was incorporated on April 13, 2010 to carry on the general business of generating, transmitting, and/or distributing energy. EBWPC operates the 150 MW Burgos Wind Project located in the Municipality of Burgos, Ilocos Norte.
- EPWPC was incorporated on February 29, 2012 to carry on the general business of generating, transmitting, and/or distributing energy. As of December 31, 2023, EPWPC remained non-operating.
- EBBWPC and EPBWPC were both incorporated on May 22, 2014 to carry on the general business of generating, transmitting, and/or distributing energy. As of December 31, 2023, EBBWPC and EPBWPC remained non-operating.
- IIREC was incorporated on February 9, 2016 to carry on the general business of generating, transmitting, and/or distributing energy. As of December 31, 2023, IIREC remained non-operating.



EBSEHI

EBSEHI is a holding company incorporated on May 23, 2014. The following entities are the wholly owned subsidiaries of EBSEHI:

- EDC Siklab was incorporated on May 22, 2014 to carry on the general business of generating, transmitting, and/or distributing energy.
- EDC Sinag was incorporated on November 19, 2014 to carry on the general business of generating, transmitting, and/or distributing energy.

As of December 31, 2023, EDC Sinag remained non-operating.

EWEHI2

EWEHI2 is a holding company incorporated on January 5, 2017.

FG Hydro

FG Hydro was incorporated on March 13, 2006 with primary activities on power generation, transmission, distribution and other energy-related businesses. FG Hydro operates the 132 MW PAHEP/MAHEP located in Nueva Ecija, Philippines. FG Hydro buys from and sells electricity to the WESM and to various privately-owned DUs under the PSAs and PSCs, and to NGCP through ancillary services under the ASPA.

Principal Office Address

The registered principal office address of the Parent Company is Rockwell Business Center Tower 3, Ortigas Avenue, Pasig City, Philippines.

Authorization for Issuance of the Consolidated Financial Statements

The consolidated financial statements were reviewed and recommended for approval by the Audit and Governance Committee to the Board of Directors (Board) on February 22, 2024. The same consolidated financial statements were approved and authorized for issuance by the Board on March 1, 2024.

2. Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for derivative instruments, financial assets at fair value through profit or loss (FVPL) and financial assets at fair value through other comprehensive income (FVOCI) that are measured at fair value. The consolidated financial statements are presented in Philippine peso (₱), which is the Parent Company's functional currency. All values are rounded to the nearest ₱, except when otherwise indicated.

Statement of Compliance

The consolidated financial statements of the Group are prepared in accordance with Philippine Financial Reporting Standards (PFRSs).

New Standards, Interpretations and Amendments

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The adoption of these new standards did not have an impact on the consolidated financial statements of the Group.



- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments to the Practice Statement provide non-mandatory guidance.

- Amendments to PAS 8, *Definition of Accounting Estimates*

The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

- Amendments to PAS 12, *International Tax Reform - Pillar Two Model Rules*

The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as ‘Pillar Two legislation’ and ‘Pillar Two income taxes’, respectively.

The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after January 1, 2023.



3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities in future periods.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Determination of Functional Currency

Each entity within the Group determines its own functional currency. The respective functional currency of EDC and its subsidiaries is the currency of the primary economic environment in which each entity operates. It is the currency that mainly influences the sale of services and the costs of providing services.

The presentation currency of the Group is the Philippine Peso, which is the Parent Company's functional currency. The functional currency of each of the Group's subsidiaries, as disclosed in Note 4 to the consolidated financial statements, is determined based on the economic substance of the underlying circumstances relevant to each subsidiary.

Applicability of Philippine Interpretation IFRIC-12, Service Concession Arrangements on the Geothermal Renewable Energy Service Contract, Wind Energy Service Contract and Solar Energy Service Contract

An arrangement would fall under Philippine Interpretation IFRIC-12 if the two (2) conditions below are met:

- a) the grantor controls or regulates the services that the operator must provide using the infrastructure, to whom it must provide them, and at what price; and
- b) the grantor controls any significant residual interest in the property at the end of the concession term through ownership, beneficial entitlement or otherwise.

Based on management's judgment, the Geothermal Renewable Energy Service Contracts (GRESs), Wind Energy Service Contracts (WESs) and Solar Energy Service Contracts (SESs) entered into by the Group are outside the scope of Philippine Interpretation IFRIC-12 since the Group controls the significant residual interest in the properties (i.e., the estimated useful lives of the assets exceed the service concession periods) at the end of the concession term through ownership.

Joint Venture Agreement between the Company and Alterra Power Corporation on Mariposa Geothermal Project

On May 20, 2013, EDC and Alterra Power Corporation (Alterra) executed a joint venture agreement (JVA) for the exploration and development of the Mariposa geothermal project in Chile (Mariposa Project). Following the execution of such JVA, EDC, Alterra and their relevant subsidiaries have executed Shareholders' Agreement and other related agreements all with effect on June 17, 2013 for the implementation of the terms of the JVA. Under the Shareholders' Agreement, EDC (through



EDC Geotermica SpA, its wholly owned subsidiary in Chile) will subscribe to a 70% interest in Compañía De Energía (Enerco), an Alterra subsidiary in Chile that owns the Mariposa Project. On June 17, 2013, EDC subscribed to a 70% interest in Enerco through a Subscription Deed with Alterra.

While EDC Geotermica owns 70% interest in Enerco, it does not have the sole ability to direct the relevant activities which most significantly affect the returns of Enerco as the key operating and financial decisions of Enerco require the unanimous vote and consent of the parties sharing control. Accordingly, the investment in Enerco has been determined by management to be a joint arrangement to be accounted for as joint venture (see Note 15).

Stored Energy Commitments

Under its addendum agreements with NPC, the Parent Company has a commitment to NPC with respect to certain volume of stored energy that NPC may lift for a specified period, provided that the Parent Company is able to generate such energy over and above the nominated energy for each given year in accordance with the related PPAs. The Group has made a judgment based on historical information that future liftings by NPC from the stored energy is not probable and accordingly, has not deferred any portion of the collected revenues. The stored energy commitments are, however, disclosed in Note 32 to the consolidated financial statements.

Applicability of PFRS 16, Leases on the Parent Company's PPAs

The Parent Company has three (3) 25-year PPA with NPC covering Unified Leyte and Mindanao Geothermal Power Projects (Mindanao I and Mindanao II). The Parent Company evaluated its PPAs with NPC by applying the requirements of PFRS 16. Based on management's judgment, the PPAs with NPC do not contain a lease as the arrangements did not convey to the customer the right to control the use of the identified asset.

Revenue Recognition

The Group applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers:

a) Identifying Performance Obligations

The Group identifies performance obligations by considering whether the promised goods or services in the contract are distinct goods or services. A good or service is distinct when the customer can benefit from the good or service on its own or together with other resources that are readily available to the customer and the Group's promise to transfer the good or service to the customer is separately identifiable from the other promises in the contract.

The Group assesses performance obligations as a series of distinct goods and services that are substantially the same and have the same pattern of transfer if:

1. each distinct good or services in the series are transferred over time; and
2. the same method of progress will be used (i.e., units of delivery) to measure the entity's progress towards complete satisfaction of the performance obligation.

For revenue contracts under PPAs, PSAs, ASPAs including spot market sales and sale of electricity covered by the FIT scheme in which capacity and energy dispatched are separately identified, these are combined and considered as one (1) performance obligation since these are not distinct within the context of the contract as the customer cannot benefit from the contracted capacity without the corresponding energy and the customer cannot obtain energy without contracting a capacity.



Retail electricity and GEOP supply also qualify as a series of distinct goods or services which is accounted for as one performance obligation since the delivery of energy every month is a distinct service which is recognized over time and have the same measure of progress.

b) Revenue Recognition

The Group recognizes revenue when it satisfies an identified performance obligation by transferring a promised good or service to a customer. A good or service is considered to be transferred when the customer obtains control. The Group determines, at contract inception, whether it will transfer control of a promised good or service over time. If the Group does not satisfy a performance obligation over time, the performance obligation is satisfied at a point in time.

The Group concluded that revenue from sale of electricity from contracts with customers are to be recognized over time, since customers simultaneously receive and consume the benefits as the Group supplies power.

Determination of Transaction Price from Sale of Electricity

The adjustment of the FIT rate for the delivered energy is a variable consideration which shall be accounted for in the period in which the transaction price changed. In 2020, the Group recognized additional revenue and long-term receivables computed on the FIT rate increment which will be recovered for a period of five years starting January 1, 2021. From 2021 to 2023, while waiting for ERC's approval of the adjusted FIT rates, management has assessed that the lower between the ERC approved 2020 FIT rates and the TransCo forecasted FIT rates, represent the best estimate of the transaction price the Group will be entitled to in exchange of the delivered energy (see Note 37).

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at financial reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Measurement of Expected Credit Losses

ECLs are derived from unbiased and probability-weighted estimates of expected loss. Financial assets that are not credit-impaired at the balance sheet date are measured as the present value of all cash shortfalls over the expected life of the financial asset discounted by the effective interest rate. The cash shortfall is the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive.

The Group leverages existing risk management indicators (e.g., internal credit risk classification and restructuring triggers), credit risk rating changes and reasonable and supportable information which allows the Group to identify whether the credit risk of financial assets has significantly increased.

The information about the ECLs on the Group's trade and other receivables are disclosed in Note 7.



Inputs, Assumptions and Estimation Techniques

General approach for cash in banks and other financial assets measured at amortized cost

The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the probability of default (PD), loss given default (LGD) and exposure at default (EAD), defined as follows:

- *PD*

The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months, or over the remaining life of the obligation. PD estimates are estimates at a certain date, which are calculated based on available market data using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates. The 12-month and lifetime PD represent the expected point-in-time probability of a default over the next 12 months and remaining lifetime of the financial instrument, respectively, based on conditions existing at reporting date and future economic conditions that affect credit risk.

- *LGD*

Loss Given Default represents the Group's expectation of the extent of loss on a defaulted exposure, taking into account the mitigating effect of collateral, its expected value when realized and the time value of money. LGD varies by type of counterparty, type of seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of EAD.

- *EAD*

EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.

The ECL is determined by projecting the PD, LGD, and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e., the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the balance sheet date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by counterparty.



The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. LGDs are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGDs are influenced by collection strategies.

The assumptions underlying the ECL calculation such as how the maturity profile of the PDs change are monitored and reviewed on a quarterly basis.

Simplified approach for trade receivables

The Group uses a provision matrix to calculate ECLs for certain trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrices to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., inflation rate, gross domestic product (GDP), foreign exchange rate) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Incorporation of Forward-Looking Information

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

The Group has identified and documented key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

Predicted relationship between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past five (5) years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

The Group has not identified any uncertain event that it has assessed to be relevant to the risk of default occurring but where it is not able to estimate the impact on ECL due to lack of reasonable and supportable information.

Estimating Net Realizable Value of Parts and Supplies Inventories

The Group measures its parts and supplies inventories at net realizable value when such value is lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes. Reversal of impairment of parts and supplies inventories amounted to ₱69.8 million in 2023 while the provision for impairment of parts and supplies amounted to ₱20.7 million and ₱69.3 million



in 2022 and 2021, respectively (see Notes 10 and 23). The carrying amounts of parts and supplies inventories as of December 31, 2023 and 2022 amounted to ₱8,492.0 million and ₱7,875.1 million, respectively (see Note 10).

Estimating Useful Lives of Property, Plant and Equipment (excluding Land and Construction in Progress), Water Rights and Other Intangible Assets

The Group estimates the useful lives of property, plant and equipment (excluding land and construction in progress), water rights and other intangible assets based on the period over which each asset is expected to be available for use and on the collective assessment of industry practices, internal evaluation and experience with similar arrangements.

The estimated useful life is revisited at the end of each financial reporting period and updated if expectations differ materially from previous estimates.

In 2023, the Group recognized impairment loss on property, plant and equipment amounting to ₱117.6 million (see Notes 1 and 12). No similar impairment loss was recognized in 2022 and 2021. There was also no impairment loss recognized on water rights, and other intangible assets in 2023, 2022 and 2021. The carrying amount of the property, plant and equipment (excluding land and construction in progress) amounted to ₱81,437.3 million and ₱82,247.6 million as of December 31, 2023 and 2022, respectively (see Note 12). The carrying amount of water rights and other intangible assets amounted to ₱889.8 million and ₱1,009.1 million as of December 31, 2023 and 2022, respectively (see Note 13).

Impairment of Non-financial Assets other than Goodwill and Exploration and Evaluation Assets

The Group assesses whether there are any indicators of impairment for all non-financial assets other than goodwill at each balance sheet date. These non-financial assets other than goodwill are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

The factors that the Group considers important which could trigger an impairment review include the following:

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

The Group recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is computed using the value in use (VIU) approach. Recoverable amount is estimated for an individual asset or, if it is not possible, for the cash-generating unit (CGU) to which the asset belongs.

In the case of prepaid taxes, where the collection of tax claims is uncertain, the Group provides allowance for impairment of prepaid taxes based on the assessment of management and the Group's legal counsel.



Reversal of impairment loss on prepaid taxes amounted to ₱54.1 million in 2023 while the provision for impairment of prepaid taxes amounted to ₱152.2 million and ₱190.4 million in 2022 and 2021, respectively (see Notes 15 and 23). The carrying amount of prepaid taxes amounted to ₱4,680.5 million and ₱3,974.6 million as of December 31, 2023 and 2022, respectively (see Note 15).

Loss on direct write-off of input VAT claims amounting to ₱44.1 million, ₱10.6 million and ₱77.5 million in 2023, 2022 and 2021, respectively, are included in “Miscellaneous income - net” in the consolidated statements of income (see Notes 15 and 27).

For property, plant and equipment and intangible assets, when VIU calculations are undertaken, management estimates the expected future cash flows from the asset or CGU and discounts such cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset to calculate the present value as of the financial reporting date.

Management also makes an assessment whether previously recognized impairment loss should be reversed. Reversal of an impairment loss is recognized when there is an increase in the estimated service potential of an asset, either from use or from sale, since the date when the Group last recognized an impairment loss for that asset.

The carrying amount of property, plant and equipment, water rights and other intangible assets as of December 31, 2023 and 2022 are as follows:

	2023	2022
Property, plant and equipment (Note 12)	₱111,867,342,302	₱100,928,941,565
Water rights (Note 13)	757,505,357	853,696,514
Other intangible assets (Note 13)	132,307,070	155,373,069
	₱112,757,154,729	₱101,938,011,148

Recoverability of Goodwill

As of December 31, 2023 and 2022, the Group’s goodwill is allocated to the following CGUs:

Entity	CGU	2023	2022
GCGI	Palinpinon power plant complex	₱2,107,565,454	₱2,107,565,454
GCGI	Tongonan power plant complex	134,169,994	134,169,994
FG Hydro	Pantabangan-Masiway hydroelectric plants	293,316,085	293,316,085
EDC HKL *	Hot Rock entities	–	87,993,916
		₱2,535,051,533	₱2,623,045,449

**Changes in the carrying amounts in 2023 and 2022 are due to foreign exchange adjustments and impairment*

Goodwill is tested for recoverability annually as at September 30 for GCGI and December 31 for FG Hydro and Hot Rock or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

This requires an estimation of the VIU of the CGUs to which goodwill is allocated. Estimating VIU requires the Group to estimate the expected future cash flows from the CGUs and discount such cash flows using the weighted average cost of capital to calculate the present value of those future cash flows.



The recoverable amounts have been determined based on VIU calculation using cash flow projections based on financial budgets approved by senior management covering a five-year period. The pre-tax discount rate applied to cash flow projections in 2023 ranges from 10.30% to 10.95%; while in 2022, the pre-tax discount rate applied ranges from 10.28% to 10.42%. The cash flows beyond the remaining term of the existing agreements are extrapolated using the growth rate of 5.6% in both 2023 and 2022.

Following are the key assumptions used:

- *Budgeted Gross Margin*

Budgeted gross margin is the average gross margin achieved in the year immediately before the budgeted year, increased for expected efficiency improvements.

- *Discount Rate*

Discount rate reflects the current market assessment of the risk specific to each CGU. The discount rate is based on the average percentage of EDC's weighted average cost of capital. This rate is further adjusted to reflect the market assessment of any risk specific to the CGU for which future estimates of cash flows have not been adjusted.

- *Growth Rate*

Cash flows beyond the five-year period are extrapolated using a determined constant growth rate to arrive at the terminal value of each CGU.

The Group recognized provision for impairment loss on goodwill amounting to ₱85.8 million in 2023 pertaining to the acquisition of the Hot Rock companies (see Notes 1, 13 and 27). No similar impairment loss was recognized in 2022 and 2021 (see Notes 13 and 27).

Recoverability of Exploration and Evaluation Assets

Exploration and evaluation costs are recognized as assets in accordance with PFRS 6, *Exploration for and Evaluation of Mineral Resources*. Capitalization of these costs is based, to a certain extent, on management's judgment of the degree to which the expenditure may be associated with finding specific geothermal reserve.

The application of the Group's accounting policy for exploration and evaluation assets requires judgment and estimates in determining whether it is likely that the future economic benefits are certain, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available.

The Group reviews the carrying values of its exploration and evaluation assets whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts. An impairment loss is recognized when the carrying values of these assets are not recoverable and exceeds their fair value.

The factors that the Group considers important which could trigger an impairment review of exploration and evaluation assets include the following:

- the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;



- substantive expenditure on further exploration for and evaluation of geothermal reserve in the specific area is neither budgeted nor planned;
- exploration for and evaluation of geothermal reserve in the specific area have not led to the discovery of commercially viable geothermal reserve and the Group decided to discontinue such activities in the specific area; and,
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

The Group determines impairment of projects based on the technical assessment of its resident scientists in various disciplines or based on management's decision not to pursue any further commercial development of its exploration projects.

In 2023, the Group recognized for impairment loss on exploration and evaluation costs amounting to ₱7.6 million in 2023. No similar loss was recognized in 2022 and 2021 (see Notes 1 and 14).

As of December 31, 2023 and 2022, the carrying amount of exploration and evaluation assets amounted to ₱2,151.0 million and ₱2,039.3 million, respectively (see Notes 14 and 33).

Retirement and Other Post-employment Benefits

The cost of defined benefits retirement plan and other post-employment medical and life insurance benefits are determined using the projected unit credit method of actuarial valuations. An actuarial valuation involves making assumptions about discount rates, future salary increases, medical trend rate, mortality and disability rates and employee turnover rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The assumed discount rates were determined using the market yields on Philippine government bonds with terms consistent with the expected employee benefit payout as at financial reporting date. The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates in the Philippines.

As of December 31, 2023 and 2022, the net retirement and other post-employment benefits liability amounted to ₱2,627.4 million and ₱1,759.7 million, respectively (see Note 28). The detailed information with respect to the Group's net retirement and other post-employment benefits is presented in Note 28 to the consolidated financial statements.

Provision for Rehabilitation and Restoration Costs

In 2009, with the conversion of its Geothermal Service Contracts (GSCs) to GRESCs, the Group has made a judgment that the GRESCs are subject to the provision for restoration costs. Similarly, under the WESC, the Group has made a judgment that it is responsible for the removal and the disposal of all materials, equipment and facilities installed in the contract area used for the wind energy project. In determining the amount of provisions for rehabilitation and restoration costs, assumptions and estimates are required in relation to the expected cost to rehabilitate and restore sites and infrastructure when such obligation exists.



As of December 31, 2023 and 2022, the Group adjusted its provision for rehabilitation and restoration costs to ₱1,640.2 million and ₱1,422.1 million, respectively, which is presented under “Provisions and other long-term liabilities” account in the consolidated statements of financial position (see Note 18). The revisions in estimate were mainly attributable to changes in discount rates.

Provision for Liabilities on Regulatory Assessments and Other Contingencies

The Group has pending assessments from various regulatory agencies and outstanding legal cases. The Group’s estimate of the probable costs for the resolution of these assessments and legal cases has been developed in consultation with in-house and external legal counsels handling the defense of these cases, and is based upon the thorough analysis of the potential outcomes. Management, in consultation with its in-house and external legal counsels, believe that the Group’s positions on these assessments are consistent with the relevant laws, and these assessments would not have a material adverse effect on the Group’s consolidated financial position and results of operations.

It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of strategies relating to these proceedings. As of December 31, 2023 and 2022, provisions for these liabilities amounting to ₱473.6 million and ₱465.8 million, respectively, are recorded and recognized as part of “Others” under “Provisions and other long-term liabilities” (see Note 18). Interest on liability from litigation amounted to ₱7.8 million in 2023, 2022 and 2021 (see Notes 18 and 25).

Estimation of Liability from Shortfall Generation

The Parent Company’s Unified Leyte PPA with NPC requires the annual nomination of capacity that EDC shall deliver to NPC. On a monthly basis, EDC bills a uniform capacity to NPC based on the nominated energy. At the end of the contract year, EDC’s fulfillment of the nominated capacity and the parties’ responsibilities for any shortfall shall be determined. On the other hand, the PPAs for Mindanao I and II provide a minimum offtake energy, which the Parent Company shall meet each contract year. The contract year for the Unified Leyte PPA is for fiscal period ending July 25 while the contract year for the Mindanao I and Mindanao II PPAs is for fiscal period ending December 25 (see Note 21). Assessment is made at every reporting date whether the nominated capacity or minimum offtake energy would be met based on management’s projection of electricity generation covering the entire contract year. If the occurrence of shortfall generation is determined to be probable, the amount of estimated reimbursement to NPC is accounted for as a reduction to revenue for the period and a corresponding liability to NPC is recognized. As of December 31, 2023 and 2022, the Group’s estimated liability arising from such shortfall generation amounted to ₱1,581.2 million and ₱1,311.7 million, respectively, shown under “Trade and other payables” account specifically under “Other payables” (see Note 16).

Moreover, the amount of estimations relating to the shortfall generation under the PPAs may be subsequently adjusted or reported depending on the subsequent reconciliation by the Technical or Steering Committee established in accordance with the PPAs, in view of the parties’ responsibilities in connection with the consequences of typhoons and similar events. As of March 1, 2024, the reconciliation with NPC for certain contract years is still ongoing.

Recognition of Deferred Income Tax Assets

Deferred income tax assets are recognized to the extent that it is probable that sufficient future taxable profits will be available against which the assets can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized. This includes the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of recognized deferred tax assets amounted to ₱2,079.6 million and ₱1,935.3 million as of December 31, 2023 and 2022, respectively (see Note 29). The Group’s deductible temporary



differences pertaining to carryforward benefits of unused NOLCO, fair value adjustments related to EBWPC's hedging activities, the fair value loss related to the investment in BGI's preferred shares and provision for asset impairment related to investments in Peru, Chile and ULGEI for which no deferred income tax asset was recognized as of December 31, 2023 and 2022 are disclosed in Note 29.

4. Summary of Material Accounting Policy Information

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at December 31, 2023, 2022 and 2021.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investees and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Parent Company ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the NCI, even if this results in the NCI having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.



If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any NCI in the acquiree. For each business combination, the Group elects whether to measure the NCI of the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in "General and Administrative Expenses" in the consolidated statement of income.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs.

The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organized workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PFRS 9, *Financial Instruments*, is measured at fair value with changes in fair value recognized either in profit or loss in accordance with PFRS 9. Other contingent consideration that is not within the scope of PFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.



Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

Joint Venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining joint control is similar to those necessary to determine control over subsidiaries. The Group's investment in joint venture is accounted for using the equity method (see Note 3).

Under the equity method, the investment in a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of income reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the joint venture is eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the consolidated statement of income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

The financial statements of the joint venture is prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment on joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognizes the loss within profit or loss.

Upon loss of joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Current versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;



- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period;
- The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as noncurrent. Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

Foreign Currencies

The Group's consolidated financial statements are presented in Philippine Peso, which is also the Parent Company's functional currency. Each entity within the Group determines its own functional currency and measures items included in their financial statements using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities in the respective functional currency spot rates prevailing at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange prevailing at financial reporting date. All differences are taken to the profit or loss as part of "Foreign exchange gains (losses)" account.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.



The functional currency of the Group's subsidiaries is Philippine Peso, except for the following subsidiaries:

Subsidiary	Functional Currency
EDC Burgos Wind Power Corporation	US dollar
EDC EHIL	- do -
EDC HKL	- do -
EDC HKIIL	- do -
EDC Soluciones Sostenibles Ltd	- do -
EDC Desarrollo Sostenible Ltd	- do -
EDC Chile Holdings SPA	Chilean peso
EDC Geotermica Chile	- do -
EDC Chile Limitada	- do -
EDC Energia Verde Chile SpA	- do -
EDC Energia de la Tierra SpA	- do -
EDC Peru Holdings S.A.C.	Peruvian nuevo sol
EDC Geotermica Peru S.A.C.	- do -
EDC Peru S.A.C.	- do -
EDC Geotermica Del Sur S.A.C.	- do -
EDC Energia Azul S.A.C.	- do -
Geotermica Crucero Peru S.A.C.	- do -
EDC Energia Perú S.A.C.	- do -
Geotermica Tutupaca Norte Peru S.A.C.	- do -
EDC Energia Geotermica S.A.C.	- do -
EDC Progreso Geotermico Perú S.A.C.	- do -
Geotermica Loriscota Peru S.A.C.	- do -
EDC Energia Renovable Perú S.A.C.	- do -
EDC Energia Verde Peru SAC	- do -
PT EDC Indonesia	Indonesian rupiah
PT EDC Panas Bumi Indonesia	- do -

Translation

On consolidation, for subsidiaries whose functional currency is different from the presentation currency, the Group translates the results of their operations and financial position into the presentation currency. As at the financial reporting date, the assets and liabilities presented (including comparatives) are translated into the presentation currency at the closing rate of exchange prevailing at the financial reporting date while the capital stock and other equity balances are translated at historical rates of exchange. The income and expenses for the profit or loss presented (including comparatives) are translated at the exchange rates at the dates of the transactions, where determinable, or at the weighted average rate of exchange during the reporting period. The exchange differences arising on the translation to the presentation currency are recognized as a separate component of equity under the "Cumulative translation adjustments" account in the consolidated statement of financial position.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amount of assets and liabilities arising on the acquisition date are treated as assets and liabilities of the foreign operation and translated at the closing rate of exchange of financial reporting date.

Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand and in banks, and short-term deposits with original maturities of three (3) months or less from dates of acquisition and that are subject to insignificant risk of changes in value. Money market securities with maturity of more than three (3) months but less than 12 months are presented as "Short-term investments" under "Other Current Assets".



Parts and Supplies Inventories

Parts and supplies inventories are valued at the lower of cost and net realizable value. Cost includes the invoice amount, net of trade and cash discounts. Cost is calculated using the moving average method. Net realizable value represents the current replacement cost.

Prepaid Expenses

Prepayments are expenses paid in advance and recorded as asset before these are utilized. This account comprises prepaid expenses, creditable withholding taxes, tax credit certificates and advances to contractors. The prepaid expenses are apportioned over the period covered by the payment and charged to the appropriate accounts in the profit or loss when incurred; creditable withholding taxes are deducted from income tax payable on the same year the revenue was recognized; and the advances to contractors are reclassified to the proper asset or expense account and deducted from the contractor's billings as specified on the provision of the contract. Prepayments that are expected to be realized for a period of no more than 12 months after the financial reporting period are classified as other current assets; otherwise, these are classified as other noncurrent assets.

Property, Plant and Equipment

Property, plant and equipment, except land, is stated at cost less accumulated depreciation, amortization and impairment in value, if any. The initial cost of property, plant and equipment consist of the purchase price including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and other costs directly attributable to bringing the assets to its working condition and location for its intended use. Cost also includes the cost of replacing part of the property, plant and equipment, and the borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives, depreciation and amortization. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are recognized in the profit or loss as incurred. Property, plant and equipment also include the estimated rehabilitation and restoration costs of the Group's steam fields and power plants contract areas for which the Group is legally and constructively liable. These costs are included under "Fluid Collection and Recycling System (FCRS) and Production Wells" and "Power Plants" (see Notes 12 and 18).

Land is carried at cost less accumulated impairment losses, if any.

The income generated wholly and necessarily as a result of the process of bringing the asset into the location and condition for its intended use (i.e., net proceeds from selling any items produced while testing whether the asset is functioning properly) is recognized in profit or loss.

Depreciation and amortization are calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	Number of years
Power plants	15-30
FCRS and production wells	10-25
Buildings, improvements and other structures	5-35
Exploration, machinery and equipment	2-25
Transportation equipment	5-10
Furniture, fixtures and equipment	3-10
Laboratory equipment	5-10



Depreciation and amortization of an item of property, plant and equipment begin when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation and amortization cease at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*, and the date the asset is derecognized. Leasehold improvements are amortized over the lease term or the economic life of the related asset, whichever is shorter.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

An item of property, plant and equipment, and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

The useful lives of property, plant and equipment are reviewed at each financial year-end and adjusted, prospectively, if appropriate.

Construction in progress represents structures under construction and is stated at cost, net of accumulated impairment losses, if any. This includes costs of construction and other direct costs. Costs also include interest on borrowed funds and amortization of deferred financing costs on these borrowed funds incurred during the construction period. Construction in progress is not depreciated until such time that the assets are put into operational use.

Liquidated damages received arising from breach of contract are deducted from the cost of the asset unless these can be directly linked to the amount of lost revenue. Liquidated damages are recognized only when receipt is virtually certain.

The Group's policy is to classify right-of-use (ROU) assets as part of property, plant and equipment. The Group recognizes ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The initial cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized ROU assets are depreciated on a straight-line basis over the shorter of their estimated useful life and lease term of 1.3 to 8.2 years as of December 31, 2023 and 2022. ROU assets are subject to impairment (refer to Impairment of Non-Financial Assets policy).

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment loss, if any. Internally-generated intangible assets, if any, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss in which the expenditure is incurred.



The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and amortization method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds, if any, and the carrying amount of the asset, and are recognized in profit or loss when the asset is derecognized.

Water Rights

The cost of water rights of FG Hydro is measured on initial recognition at cost.

Following initial recognition of the water rights, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses, if any. Water rights are amortized using the straight-line method over 25 years, which is the term of the agreement with the National Irrigation Administration (NIA).

Computer Software and Licenses

The costs of acquisition of computer software and licenses are capitalized as intangible asset if such costs are not integral part of the related hardware.

These intangible assets are initially measured at cost. Subsequently, these are measured at cost less accumulated amortization and allowance for impairment losses, if any. Amortization of computer software is computed using the straight-line method over its estimated useful life of five (5) years.

Exploration and Evaluation Assets

The Group follows the full cost method of accounting for its exploration costs determined on the basis of each service contract area. Under this method, all exploration costs relating to each service contract are accumulated and deferred under the "Exploration and evaluation assets" account in the consolidated statement of financial position pending the determination of whether the wells have proved reserves. Capitalized expenditures include costs of license acquisition, technical services and studies, exploration drilling and testing, and appropriate technical and administrative expenses. General overhead or costs incurred prior to having obtained the legal rights to explore an area are recognized as expense in profit or loss when incurred. Once the legal right to explore has been acquired, costs directly associated with an exploration well are capitalized as exploration and evaluation assets until the drilling of the well is complete and the results have been evaluated. Capitalized exploration and evaluation expenditures are considered to be intangible assets until the commencement of drilling of exploratory wells.

If tests conducted on the drilled exploratory wells reveal that these wells cannot produce proved reserves, the capitalized costs are charged to expense except when management decides to use the unproductive wells, for recycling or waste disposal.



Once the technical feasibility and commercial viability of the project to produce proved reserves are established, the exploration and evaluation assets are reclassified to property, plant and equipment.

Exploration and evaluation assets also include the estimated rehabilitation and restoration costs of the Group that are incurred as a consequence of having undertaken the exploration for and evaluation of geothermal resources.

Impairment of Non-financial Assets

For non-financial assets such as property, plant and equipment, intangible assets, exploration and evaluation assets, and prepaid taxes for refund/tax credits, the Group assesses at each financial reporting date whether there is an indication that a non-financial asset may be impaired. If any such indication exists, the Group estimates the asset's recoverable amount.

The recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its VIU and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In determining VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses are recognized in profit or loss in the expense categories consistent with the function of the impaired asset.

For non-financial assets excluding goodwill, an assessment is made at each financial reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of the recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In such instance, the carrying amount of the asset is increased to its recoverable amount. However, that increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss.

Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the CGU or group of CGUs to which the goodwill relates. When the recoverable amount of the CGU or group of CGUs is less than the carrying amount of the CGU or group of CGUs to which goodwill has been allocated, an impairment loss is recognized immediately in profit or loss. Impairment loss relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial Recognition and Measurement

Financial instruments on initial recognition and, where allowed and appropriate, re-evaluates this designation of each financial reporting date.



Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under PFRS 15 (refer to Revenue Recognition policy).

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent Measurement

Purposes of subsequent measurement, financial assets are classified in four (4) categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVPL

Financial Assets at Amortized Cost (Debt Instruments)

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes cash and cash equivalents, trade and other receivables, short-term investments and long-term receivables.

Financial Assets at FVOCI (Debt Instruments)

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.



The Group's debt instruments at FVOCI includes in government securities, government bonds and notes, and corporate bonds.

Financial Assets Designated at FVOCI (Equity Instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group elected to classify irrevocably its quoted equity investments under this category.

Financial Assets at FVPL

Financial assets at FVPL are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of income.

This category includes derivative instruments, financial asset at FVPL and unquoted equity investments which the Group had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are also recognized as other income in the consolidated statement of income when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.



Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

Disclosures for significant assumptions	Note 3
Debt instruments at fair value through OCI	Note 9
Trade receivables	Note 7

The Group recognizes an allowance for ECLs for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two (2) stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For cash and cash equivalents, the Group applies the low credit risk simplification. The investments are considered to be low credit risk investments as the counterparties have investment grade ratings. It is the Group's policy to measure ECLs on such instruments on a 12-month basis based on available probabilities of defaults and loss given defaults. The Group uses the ratings published by a reputable rating agency to determine if the counterparty has investment grade rating. If there are no available ratings, the Group determines the ratings by reference to a comparable bank.

For debt instruments at FVOCI, the Group also applies the low credit risk simplification. The Group's debt instruments at FVOCI comprise solely of quoted bonds that are graded in the top investment category (Very Good and Good) by credit rating agencies such as Moody's Corporation (Moody's) and/or Standard & Poor's Financial Services LLC (S&P), and, therefore, are considered to be low credit risk investments.

For all debt financial assets other than trade receivables, ECLs are recognized using general approach wherein the Group tracks changes in credit risk and recognizes a loss allowance based on either a 12-month or lifetime ECLs at each reporting date.

Loss allowances are recognized based on 12-month ECL for debt investment securities that are assessed to have low credit risk at the reporting date. A financial asset is considered to have low credit risk if:

- the financial instrument has a low risk of default
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.



The Group considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis. An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-months ECL.

Write-offs

A financial asset together with the associated allowance is written off either partially or in their entirety when there is no realistic prospect of future recovery.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, and payables, net of directly attributable transaction costs.

The Group's financial liabilities which include trade and other payables, due to related parties, lease liability and long-term debts are classified as loans and borrowings.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortized cost (loans and borrowings)

Financial liabilities at FVPL

Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of income.

Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Group has not designated any financial liability as at FVPL.



Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of income.

This category is applied for those issued financial liabilities or their components where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares, which are not designated as financial liabilities at FVPL.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of income.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position, if and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Fair Value of Financial Instruments

The Group measures financial instruments, such as derivatives, financial assets at FVPL, and financial assets at FVOCI, at fair value at each reporting date.

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

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

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

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

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



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

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

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

Derivative Financial Instruments and Hedge Accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments such as cross-currency swaps, interest rate swaps and forwards to manage its interest rate and foreign currency risk exposures in its US dollar-denominated loans. Accrual of interest on the received and pay legs of the interest rate swaps are recorded as adjustments to the interest expense on the related foreign currency-denominated loans. Accrual of interest on the pay legs of the various currency swaps are recognized in the consolidated statement of income as “Interest expense”.

Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

For the purpose of hedge accounting, derivatives can be designated as cash flow hedges or fair value hedges, depending on the type of risk exposure.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is ‘an economic relationship’ between the hedged item and the hedging instrument.
- The effect of credit risk does not ‘dominate the value changes’ that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.



Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Fair Value Hedges

The change in the fair value of a hedging instrument is recognized in profit or loss as other expense. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the consolidated statement of income as other expense.

For fair value hedges relating to items carried at amortized cost, any adjustment to carrying value is amortized through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortization may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognized, the unamortized fair value is recognized immediately in profit or loss.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in profit or loss.

Cash Flow Hedges

The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the consolidated statement of income. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

In 2014, EBWPC designated its interest rate swaps as cash flow hedges for its exposure on interest rate risks on portions of its floating rate US\$150 million ECA and US\$37.5 million Commercial Debt Facilities that is benchmarked against US LIBOR (see Notes 17 and 31). In 2020, the Parent Company designated its call spread swaps as cash flow hedges for its exposures on its \$50.0 million term loan that is benchmarked against US LIBOR (see Notes 17 and 31).

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognized in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.



Embedded Derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. The Group assesses whether embedded derivatives are required to be separated from the host contracts when the Group first becomes party to the contract. An embedded derivative is separated from the hybrid or combined contract if all the following conditions are met:

- (a) the economic characteristics and risks of the embedded derivative are not clearly and closely related to the economic characteristics and risks of the host contract;
- (b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- (c) the hybrid instrument is not recognized at FVPL.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at FVPL. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the FVPL category.

Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. The Group determines whether a modification to cash flows is significant by considering the extent to which the expected future cash flows associated with the embedded derivative, the host contract or both have changed and whether the change is significant relative to the previously expected cash flows on the contract.

Retirement and Other Post-employment Benefits

The Group maintains funded, non-contributory defined benefits retirement plans. The Group also provides post-employment medical and life insurance benefits which are unfunded.

The Group recognizes the net defined benefit liability or asset which is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service costs
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset



Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods, but are closed directly to retained earnings at the end of every reporting period.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Termination Benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of an entity's decision to terminate an employee's employment before the normal retirement date for authorized causes under the Labor Code.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

Provisions

Provision for Rehabilitation and Restoration Costs

Provision for rehabilitation and restoration costs arose from the Group's obligation under the GRESCs and WESC to restore the existing sites of the Group upon termination of the cooperation period. The nature of these activities includes plugging of drilled wells and restoration of pads and road networks. When the liability is initially recognized, the present value of the estimated costs is capitalized as part of the carrying amount of the related "FCRS and Production Wells" and "Power Plants" under property, plant and equipment, and exploration and evaluation assets. Provision for



rehabilitation and restoration costs are provided at the present value of expected costs to settle the obligation using estimated cash flows.

The amount of provision for rehabilitation and restoration costs in the consolidated statement of financial position is increased by the accretion expense recognized in profit or loss using the effective interest method. The periodic unwinding of the discount is recognized in the consolidated statement of income as "Interest expense".

For closed sites or areas, changes to estimated costs are recognized immediately in profit or loss. Decrease in rehabilitation and restoration costs that exceeds the carrying amount of the corresponding rehabilitation asset is recognized immediately in profit or loss.

The estimated future costs of rehabilitation and restoration are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the related asset.

Other Provisions

Provisions are recognized when (i) the Group has a present obligation (legal or constructive) as a result of a past event; (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (iii) a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as "Interest expense" in the consolidated statement of income.

Contingencies

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

Capital Stock

Capital stock is measured at par value for all shares issued. When the Parent Company issues more than one (1) class of stock, a separate account is maintained for each class of stock and the number of shares issued. Capital stock includes common stock and preferred stock.

When the shares are sold at premium, the difference between the proceeds and the par value is credited to the "Additional paid-in capital" (APIC) account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Parent Company, the shares shall be measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Direct costs incurred related to equity issuance, such as underwriting, accounting and legal fees, printing costs and taxes are chargeable to the APIC account. If APIC is not sufficient, the excess is charged against the "Equity reserve" account.



Treasury Stock

The Parent Company's own equity instruments that are reacquired (treasury stock) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in APIC.

Retained Earnings

The amount included in retained earnings includes profit or loss attributable to the Group's equity holders and reduced by dividends on capital stock. Dividends on capital stock are recognized as a liability and deducted from equity when they are declared by the Parent Company's Board. Dividends for the year that are approved after the financial reporting date are dealt with as an event after the financial reporting date. The remeasurement gains and losses on retirement benefits are also included in the amount of retained earnings.

Retained earnings may also include the effect of changes in accounting policies as may be required by the standards' transitional provisions.

Portions of the retained earnings are restricted from being declared as dividend such as (1) amount pertaining to the treasury stocks; and (2) remeasurement gains on retirement benefits.

Dividend on Preferred and Common Stocks

The Group may pay dividends in cash or by the issuance of shares of stock. Cash and property dividends are subject to the approval of the Board, while stock dividends are subject to approval by the Board, at least two-thirds of the outstanding capital stock of the shareholders at a shareholders' meeting called for such purpose, and by the Philippine SEC. The Group may declare dividends only out of its unrestricted retained earnings.

Cash and property dividends on preferred and common shares are recognized as liability and deducted from equity when declared. Stock dividends are treated as transfers from retained earnings to capital stock.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a Lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-Use Assets

Refer to Property, Plant and Equipment policy.

ii) Lease Liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease



payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term Leases and Leases of Low-value Assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

Group as a Lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to credit risks.

The specific recognition criteria described below must also be met before revenue is recognized.

Sale of Electricity

Sale of electricity is consummated whenever the electricity generated by the Group is transmitted through the transmission line designated by the buyer, for a consideration. Revenues from sale of electricity using hydroelectric and geothermal power are based on sales price and are composed of generation fees from spot market sales, PSAs with various customers such as distribution utilities, electric cooperatives and industrial customers, and PPAs with NPC. Revenue from sale of electricity using wind and solar power is based on the applicable FIT rates as approved by the Energy Regulatory Commission (ERC). Revenue from sale of electricity is recognized monthly based on the actual energy delivered.

Meanwhile, revenue from sale of electricity through ancillary services to the NGCP is recognized monthly based on the capacity scheduled and/or dispatched and provided. For RSCs and GEOPSCs, revenue from sale of electricity is composed of generation charge from monthly energy supply with various contestable/GEOP customers and is recognized monthly based on the actual energy delivered. The basic energy charges for each billing period are inclusive of generation charge and retail supply charge.



The Group identified the sale of electricity as its performance obligation since the customer can benefit from it in conjunction with other readily available resources and it is also distinct within the context of the contract. The performance obligation qualifies as a series of distinct services that are substantially the same and have the same pattern of transfer. The Group concluded that the revenue should be recognized overtime since the customers simultaneously receives and consumes the benefits as the Group supplies electricity.

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

Dividend Income

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

Interest Income

Interest income is recognized as interest accrues, using the EIR method.

Costs of Sale of Electricity

These include expenses incurred by the departments directly responsible for the generation of revenues from electricity (i.e., Plant Operations, Production, Maintenance, Transmission and Dispatch, Wells Drilling and Maintenance Department) at operating project locations. Costs of sale of electricity also includes cost of replacement power. Costs of sale of electricity are expensed when incurred.

General and Administrative Expenses

General and administrative expenses constitute cost of administering the business and normally include the expenses incurred by the departments in the Head Office (i.e., Management and Services, and Project Location's Administrative Services Department). General and administrative expenses are expensed when incurred.

Income from Insurance Claims

Income from insurance claims are recognized in other income and are recognized only when receipt is virtually certain.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are added to the cost of the assets, until such time that the assets are substantially ready for their intended use or sale, which necessarily take a substantial period of time. Income earned on temporary investment of specific borrowings, pending the expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalization. Borrowing costs include interest charges and other costs incurred in connection with the borrowing of funds, as well as exchange differences arising from foreign currency borrowings used to finance the project to the extent that they are regarded as an adjustment to interest costs. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Taxes

Current Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the financial reporting date.



Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of income.

Management periodically evaluates positions taken in the tax return with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

Deferred Tax

Deferred tax is provided using the balance sheet liability method on temporary differences at the financial reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits and unused tax losses [i.e., net operating loss carry-over (NOLCO)], to the extent that it is probable that sufficient taxable profits will be available against which the deductible temporary differences, and the carryforward benefits of unused tax credits and unused tax losses can be utilized except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and sufficient taxable profits will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each financial reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each financial reporting date and are recognized to the extent that it has become probable that sufficient future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as at the financial reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transactions either in OCI or directly in equity. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable



right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

VAT

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable. When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated statement of financial position to the extent of the recoverable amount.

Earnings Per Share (EPS)

Basic EPS is computed by dividing net income for the year attributable to common shareholders of the Parent Company with the weighted average number of common shares outstanding during the year, after giving retroactive effect to any stock dividends or stock splits, if any, declared during the year.

Diluted EPS is computed in the same manner, with the net income for the year attributable to common shareholders of the Parent Company and the weighted average number of common shares outstanding during the year, adjusted for the effect of all dilutive potential common shares.

As of December 31, 2023, 2022 and 2021, the Group does not have any dilutive potential common shares. Hence, diluted EPS is the same as basic EPS.

Operating Segments

The Group's operating businesses are organized and managed separately according to the geographical segments. The Group's identified operating segments are consistent with the segments reported to the Board which is the Group's Chief Operating Decision Maker (CODM). Financial information on the operating segment is presented in Note 5 to the consolidated financial statements.

Events After the Financial Reporting Date

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

Future Changes in Accounting Policies

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements to have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

The amendments clarify:

- That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.



- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively.

The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.

- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier adoption is permitted and that fact must be disclosed.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the International Accounting Standards Board (IASB).



PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

- Amendments to PAS 21, *Lack of Exchangeability*

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

5. Operating Segment Information

The Group's operating segments are determined based on geographical segment, with each segment representing a strategic business location that has similar economic and political conditions, proximity of operations and specific risks associated with operations in a particular area.

The Group's identified reportable segments below are consistent with the segments reported to the Board, which is the CODM of the Group.

- a. Leyte Geothermal Facilities - This segment pertains to Leyte Geothermal Production Field and Power Plants. This includes projects in Tongonan, Mahanagdong, Upper Mahiao, Malitbog, ULGEI and other projects in Leyte Province.
- b. Negros Island Geothermal Facility - This segment refers to Southern Negros Geothermal Production Field and Power Plants. Power plants included in Negros are Palinpinon I, Palinpinon II and Nasulo.
- c. Bacon-Manito Geothermal Facility - This segment relates to Bacon-Manito Geothermal Production Field and Power Plants.



- d. Mt. Apo Geothermal Business Facility - This segment refers to Mt. Apo Geothermal Production Field and Power Plants.
- e. Pantabangan/Masiway - This segment relates to Pantabangan-Masiway hydroelectric complex located in Nueva Ecija Province.
- f. Wind Business Facility - This segment pertains to wind project commercially operating in Northern Luzon.
- g. Solar Business Facility - This segment pertains to solar projects commercially operating in Northern Luzon and Visayas.
- h. Others - This refers to other renewable energy projects including foreign investments and Head Office of the Group.

Management monitors the operating results of the business segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Finance costs, finance income, income taxes and other charges and income are managed on a group basis.

Segment performance is evaluated based on net income for the year and earnings before interest, taxes, and depreciation and amortization (EBITDA). Net income for the year is measured consistent with net income reported in the consolidated financial statements. EBITDA is calculated as revenue from sale of electricity minus costs of sales of electricity and general and administrative expenses, excluding non-cash items such as depreciation and amortization, impairment loss on property, plant and equipment, and loss on disposal of property, plant and equipment, among others.

In 2023, 2022 and 2021, two (2) customers accounted for 7.4% and 2.7%; 16.9% and 6.2%; and 29.6% and 9.6%, respectively, of the total revenue from sale of electricity. Sales to these customers are included in the Leyte, Mt. Apo, Wind and Solar segments.



Financial information on the operating segments are summarized as follows:

Year ended	Leyte	Negros Island	Bacon-Manito	Mt. Apo	Pantabangan/ Masitway	Wind	Solar	Others	Total
December 31, 2023									
Segment revenue	₱27,097,217,549	₱15,477,870,670	₱12,560,728,814	₱2,863,661,605	₱2,132,798,804	₱3,456,144,561	₱131,472,971	₱-	₱63,719,894,974
Intersegment revenue	(6,489,763,498)	(4,700,380,049)	(5,332,021,176)	-	(51,742,402)	15,661,946	-	-	(16,548,245,179)
Total segment revenue	20,607,454,051	10,777,490,621	7,238,707,638	2,863,661,605	2,081,056,402	3,471,806,507	131,472,971	-	47,171,649,795
Segment expenses	(11,767,175,126)	(4,438,106,060)	(3,618,871,842)	(2,248,316,504)	(1,893,372,707)	(1,711,784,587)	(73,460,096)	-	(25,751,086,922)
Unallocated expenses	-	-	-	-	-	-	-	-	(3,666,421,931)
Interest income	313,756,721	128,552,969	156,528,221	53,585,235	90,606,402	72,721,179	2,474,208	98,132	818,323,067
Interest expense	(1,403,122,711)	(508,311,175)	(337,850,365)	(325,087,850)	(395,649)	(563,366,500)	(11,376,346)	(30,255,708)	(3,179,766,304)
Other income									
(charges) - net	699,831,515	1,988,076	(49,241,040)	(3,959,825)	12,053,416	(40,760,818)	(122,243)	(40,169,202)	579,619,879
Benefit from (provision for)									
income tax	(501,632,874)	(671,114,794)	(289,114,033)	4,902,632	(16,043,109)	(166,948,123)	(4,700,528)	63,891,102	(1,580,759,727)
Segment result	₱7,949,111,576	₱5,290,499,637	₱3,100,158,579	₱344,785,293	₱273,904,755	₱1,061,667,658	₱44,287,966	(₱3,672,857,607)	₱14,391,557,857
EBITDA	₱10,994,403,763	₱6,516,377,887	₱3,378,213,130	₱1,188,196,703	₱651,873,899	₱2,702,087,397	₱99,518,162	₱-	₱25,530,670,941
Unallocated Expenses									(292,298,924)
									₱25,238,372,017
Year ended	Leyte	Negros Island	Bacon-Manito	Mt. Apo	Pantabangan/ Masitway	Wind	Solar	Others	Total
December 31, 2022									
Segment revenue	₱24,142,334,227	₱17,379,779,488	₱11,996,353,674	₱2,044,656,193	₱4,061,353,917	₱2,911,576,221	₱135,156,939	₱-	₱62,671,210,659
Intersegment revenue	(3,870,740,749)	(4,668,378,555)	(4,347,027,589)	-	(1,090,110,224)	5,598,865	(199,643)	-	(13,970,857,895)
Total segment revenue	20,271,593,478	12,711,400,933	7,649,326,085	2,044,656,193	2,971,243,693	2,917,175,086	134,957,296	-	48,700,352,764
Segment expenses	(11,636,523,647)	(7,538,914,776)	(6,312,333,983)	(2,186,405,968)	(3,709,894,819)	(1,602,428,883)	(69,397,886)	-	(33,055,899,962)
Unallocated expenses	-	-	-	-	-	-	-	-	65,822,819
Interest income	85,057,208	36,187,374	39,056,819	16,553,085	32,574,024	47,073,290	1,562,268	67,118	258,131,186
Interest expense	(1,114,006,930)	(362,553,129)	(259,845,223)	(291,343,913)	(1,529,608)	(587,999,109)	(12,110,193)	(243,186,630)	(2,872,574,735)
Other income									
(charges) - net	(366,088,573)	(194,689,807)	(426,124,066)	(17,040,667)	884,242,726	(32,029,255)	31,149	(18,520,422)	(170,218,915)
Benefit from (provision for)									
income tax	(824,432,171)	(576,718,815)	(212,153,073)	19,540,545	18,967,764	(163,830,993)	(3,500,487)	(50,957,883)	(1,793,085,113)
Segment result	₱6,415,599,365	₱4,074,711,780	₱477,926,559	(₱414,040,725)	₱195,603,780	₱577,960,136	₱51,542,147	(₱246,774,998)	₱11,132,528,044
EBITDA	₱11,994,301,646	₱6,279,580,393	₱2,166,554,247	₱671,423,564	(₱281,363,488)	₱2,214,010,254	₱109,225,902	₱-	₱23,153,732,518
Unallocated Expenses									72,826,596
									₱23,226,559,114



Year ended	Leyte	Negros Island	Bacon-Manito	Mt. Apo	Pantabangan/ Masway	Wind	Solar	Others	Total
December 31, 2021									
Segment revenue	₱19,406,823,917	₱12,969,796,538	₱10,055,892,961	₱2,319,617,824	₱4,937,153,924	₱3,941,791,972	₱141,286,466	₱-	₱53,772,363,602
Intersegment revenue	(3,680,380,387)	(3,547,882,387)	(3,366,157,630)	-	(809,574,429)	-	-	-	(11,403,994,833)
Total segment revenue	15,726,443,530	9,421,914,151	6,689,735,331	2,319,617,824	4,127,579,495	3,941,791,972	141,286,466	-	42,368,368,769
Segment expenses	(11,169,291,222)	(5,647,764,289)	(5,536,941,100)	(2,026,689,216)	(4,489,935,356)	(1,522,041,113)	(70,149,750)	-	(30,462,812,046)
Unallocated expenses	-	-	-	-	-	-	-	-	142,624,588
Interest income	43,965,166	11,265,793	26,090,103	7,722,894	11,055,829	42,452,249	1,053,169	46,116	143,651,319
Interest expense	(1,098,792,000)	(354,695,241)	(257,022,917)	(198,264,549)	(1,810,878)	(603,782,370)	(13,033,254)	(418,773,349)	(2,946,174,558)
Other income	-	-	-	-	-	-	-	-	-
(changes) - net	715,164,072	(94,136,748)	(250,777,650)	3,800,585	657,450,264	52,345,478	44,984	(64,712,338)	1,019,178,647
Benefit from (provision for)	(428,687,022)	(337,925,364)	(46,540,934)	3,111,633	(33,789,361)	(88,766,293)	(1,120,808)	(104,585,322)	(1,038,303,471)
Segment result	₱3,788,802,524	₱2,998,658,302	₱624,542,833	₱109,299,171	₱270,549,993	₱1,821,999,923	₱58,080,807	(₱445,400,305)	₱9,226,533,248
EBITDA	₱7,926,902,783	₱4,912,443,861	₱2,058,662,739	₱1,048,762,737	₱86,028,311	₱3,266,919,039	₱114,659,442	₱-	₱19,414,378,912
Unallocated Expenses	-	-	-	-	-	-	-	-	(414,696,291)
									₱18,999,682,621

As of and for the year ended December 31, 2023	Leyte	Negros Island	Bacon-Manito	Mt. Apo	Pantabangan/ Masway	Wind	Solar	Elimination	Total
Segment assets	₱108,832,304,430	₱38,316,416,633	₱13,103,692,051	₱15,231,344,130	₱6,227,585,831	₱17,283,659,306	₱778,479,288	(₱96,313,066,604)	₱103,460,415,065
Unallocated corporate assets	-	-	-	-	-	-	-	-	62,792,720,467
Total assets	₱108,832,304,430	₱38,316,416,633	₱13,103,692,051	₱15,231,344,130	₱6,227,585,831	₱17,283,659,306	₱778,479,288	(₱96,313,066,604)	₱166,253,135,532
Segment liabilities	₱50,532,292,665	₱23,195,696,019	₱9,821,853,668	₱9,987,409,889	₱201,762,048	₱9,019,107,339	₱542,472,632	(₱68,344,173,955)	₱34,956,420,301
Unallocated corporate liabilities	-	-	-	-	-	-	-	-	47,973,898,296
Total liabilities	₱50,532,292,665	₱23,195,696,019	₱9,821,853,668	₱9,987,409,889	₱201,762,048	₱9,019,107,339	₱542,472,632	(₱68,344,173,955)	₱82,880,318,597
Capital expenditure	₱5,340,997,547	₱2,174,512,810	₱1,054,242,825	₱426,957,348	₱317,556,429	₱84,925,826	₱-	₱-	₱9,399,192,785
Unallocated capital expenditure	-	-	-	-	-	-	-	-	8,735,231,744
Total capital expenditure	₱5,340,997,547	₱2,174,512,810	₱1,054,242,825	₱426,957,348	₱317,556,429	₱84,925,826	₱-	₱-	₱18,134,424,529
Depreciation and amortization	₱3,206,218,220	₱991,390,641	₱791,026,974	₱758,631,583	₱464,190,204	₱912,223,214	₱43,078,349	₱26,526,212	₱7,193,285,397
Unallocated depreciation and amortization	-	-	-	-	-	-	-	-	47,146,665
Total depreciation and amortization	₱3,206,218,220	₱991,390,641	₱791,026,974	₱758,631,583	₱464,190,204	₱912,223,214	₱43,078,349	₱26,526,212	₱7,240,432,062
Other non-cash items	(₱1,052,093,382)	(₱814,397,315)	(₱1,032,649,640)	(₱185,779,981)	₱-	₱29,842,264	(₱1,573,062)	₱3,039,116,202	(₱17,534,914)
Unallocated non-cash items	-	-	-	-	-	-	-	-	261,333,928
Total non-cash items	(₱1,052,093,382)	(₱814,397,315)	(₱1,032,649,640)	(₱185,779,981)	₱-	₱29,842,264	(₱1,573,062)	₱3,039,116,202	₱243,799,014



	Leyte	Negros Island	Bacon-Mantio	Mt. Apo	Pantabangan/ Masiway	Wind	Solar	Elimination	Total
As of and for the year ended December 31, 2022									
Segment assets	₱97,643,803,252	₱32,602,290,155	₱12,786,135,236	₱13,444,201,565	₱5,939,684,807	₱18,135,248,110	₱828,425,734	(₱67,114,843,838)	₱114,264,945,021
Unallocated corporate assets									35,731,604,741
Total assets									₱149,996,549,762
Segment liabilities	₱47,943,398,008	₱20,813,924,432	₱12,261,065,828	₱8,487,126,719	₱218,288,201	₱10,022,348,059	₱636,700,423	(₱66,266,860,653)	₱34,115,991,017
Unallocated corporate liabilities									40,303,064,669
Total liabilities									₱74,419,055,686
Capital expenditure	₱3,138,700,146	₱1,524,969,436	₱1,239,758,582	₱614,588,746	₱189,123,259	₱13,882,871	₱-	₱-	₱6,721,023,040
Unallocated capital expenditure									3,390,633,027
Total capital expenditure									₱10,111,656,067
Depreciation and amortization	₱2,905,800,776	₱991,614,448	₱757,566,138	₱729,325,843	₱457,287,638	₱865,803,608	₱43,033,588	₱26,526,212	₱6,776,958,251
Unallocated depreciation and amortization									30,138,721
Total depreciation and amortization									₱6,807,096,972
Other non-cash items	₱453,431,039	₱115,479,788	₱71,996,007	₱83,847,496	₱-	₱33,460,443	₱632,900	(₱49,661,152)	₱709,186,521



The following table shows the Group's reconciliation of EBITDA to the consolidated net income for the years ended December 31, 2023, 2022 and 2021:

	2023	2022	2021
EBITDA	₱25,238,372,017	₱23,226,559,114	₱18,999,682,621
Add (deduct):			
Depreciation and amortization (Notes 12, 13, 22 and 23)	(7,240,432,062)	(6,807,096,972)	(6,605,115,758)
Interest expense (Notes 17, 25 and 31)	(3,179,766,304)	(2,872,574,735)	(2,946,174,558)
Provision for income tax (Note 29)	(1,580,759,727)	(1,793,085,113)	(1,038,303,471)
Interest income (Notes 6, 11, 25 and 31)	818,323,067	258,131,186	143,651,319
Provision for impairment of goodwill, property, plant and equipment, exploration and evaluation, and other various assets (Notes 1, 12, 13, 14, 20 and 27)	(282,352,678)	—	—
Reversal of (provision for) impairment of parts and supplies inventories (Notes 3, 5 and 10)	69,773,870	(20,721,752)	(69,281,245)
Provision for impairment of trade and other receivables, prepaid taxes, and others (Notes 7, 15 and 23)	(31,220,205)	(688,464,769)	(277,104,307)
Foreign exchange gains (losses) (Notes 26 and 31)	10,288,475	(43,860,848)	109,445,793
Miscellaneous income (charges) (Note 27)	569,331,404	(126,358,067)	909,732,854
Consolidated net income	₱14,391,557,857	₱11,132,528,044	₱9,226,533,248

In the normal course of business, entities within the Group engage in intercompany sale and purchase of steam and electricity. Intersegment revenues are all eliminated in consolidation. Segment information is measured in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements.

Unallocated expenses pertain to expenses of the corporate, technical and administrative support groups, while unallocated corporate assets and liabilities, which include among others certain cash and cash equivalents, property, plant and equipment, parts and supplies inventories, trade and other payables and retirement and post-retirement benefits, pertain to the Head Office and are managed on a group basis. Capital expenditure consist of additions to property, plant and equipment.

Disaggregation of revenues

Set out below is the disaggregation of the Group's revenue from contracts with customers for the years ended December 31, 2023, 2022 and 2021:

Type of contracts	2023	2022	2021
Revenue from PSAs	₱21,525,878,486	₱15,223,312,520	₱14,373,917,797
Revenue from spot market sales	14,765,073,275	17,156,936,374	7,262,787,265
Revenue from RES, GEOP and other customer contracts	6,032,868,193	5,087,512,805	4,156,083,959
Revenue from sales under FIT	3,575,334,460	3,019,923,386	4,051,718,480
Revenue from PPAs	1,272,495,381	8,212,667,679	12,523,861,268
	₱47,171,649,795	₱48,700,352,764	₱42,368,368,769



Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information for the years ended December 31, 2023, 2022 and 2021:

	Leyte	Negros Island	Bacon-Manito	Mt. Apo	Pantabangan/ Masiway	Wind	Solar	Total
Year ended								
December 31, 2023								
Segment revenue	₱27,097,217,549	₱15,477,870,670	₱12,560,728,814	₱2,863,661,605	₱2,132,798,804	₱3,456,144,561	₱131,472,971	₱63,719,894,974
Intersegment revenue	(6,489,763,498)	(4,700,380,049)	(5,322,021,176)	—	(51,742,402)	15,661,946	—	(16,548,245,179)
Revenue from contracts with customers	₱20,607,454,051	₱10,777,490,621	₱7,238,707,638	₱2,863,661,605	₱2,081,056,402	₱3,471,806,507	₱131,472,971	₱47,171,649,795
Revenue from PSAs	₱11,127,684,146	₱6,755,471,067	₱1,891,019,235	₱798,089,119	₱953,614,919	—	—	₱21,525,878,486
Revenue from spot market sales	6,757,728,104	4,022,019,554	2,148,727,038	798,644,352	1,037,954,227	—	—	14,765,073,275
Revenue from RES and other customers	2,722,041,801	—	3,198,961,365	—	89,487,256	—	22,377,771	6,032,868,193
Revenue from sales under FIT	—	—	—	—	—	3,471,806,507	103,527,953	3,575,334,460
Revenue from PPAs	—	—	—	1,266,928,134	—	—	5,567,247	1,272,495,381
Revenue from contracts with customers	₱20,607,454,051	₱10,777,490,621	₱7,238,707,638	₱2,863,661,605	₱2,081,056,402	₱3,471,806,507	₱131,472,971	₱47,171,649,795
Year ended								
December 31, 2022								
Segment revenue	₱24,142,334,227	₱17,379,779,488	₱11,996,353,674	₱2,044,656,193	₱4,061,353,917	₱2,911,576,221	₱135,156,939	₱62,671,210,659
Intersegment revenue	(3,870,740,749)	(4,668,378,555)	(4,347,027,589)	—	(1,090,110,224)	5,598,865	(199,643)	(13,970,857,895)
Revenue from contracts with customers	₱20,271,593,478	₱12,711,400,933	₱7,649,326,085	₱2,044,656,193	₱2,971,243,693	₱2,917,175,086	₱134,957,296	₱48,700,352,764
Revenue from spot market sales	₱7,513,313,626	₱6,602,906,874	₱2,506,081,498	—	₱534,634,376	—	—	₱17,156,936,374
Revenue from PSAs	4,246,634,249	5,986,179,046	2,283,423,005	484,111,154	2,222,965,066	—	—	15,223,312,520
Revenue from PPAs	6,643,910,332	—	—	1,560,545,039	—	—	8,212,308	8,212,667,679
Revenue from RES and other customers	1,867,735,271	122,315,013	2,859,821,582	—	213,644,251	—	23,996,688	5,087,512,805
Revenue from sales under FIT	—	—	—	—	—	2,917,175,086	102,748,300	3,019,923,386
Revenue from contracts with customers	₱20,271,593,478	₱12,711,400,933	₱7,649,326,085	₱2,044,656,193	₱2,971,243,693	₱2,917,175,086	₱134,957,296	₱48,700,352,764
Year ended								
December 31, 2021								
Segment revenue	₱19,406,823,917	₱12,969,796,538	₱10,055,892,961	₱2,319,617,824	₱4,937,153,924	₱3,941,791,972	₱141,286,466	₱53,772,363,602
Intersegment revenue	(3,680,380,387)	(3,547,882,387)	(3,366,157,630)	—	(809,574,429)	—	—	(11,403,994,833)
Revenue from contracts with customers	₱15,726,443,530	₱9,421,914,151	₱6,689,735,331	₱2,319,617,824	₱4,127,579,495	₱3,941,791,972	₱141,286,466	₱42,368,368,769
Revenue from PSAs	₱3,718,646,398	₱6,008,210,006	₱1,643,097,016	—	₱3,003,964,377	—	—	₱14,373,917,797
Revenue from PPAs	10,196,040,404	—	—	2,319,617,824	—	—	8,203,040	12,523,861,268
Revenue from spot market sales	1,357,772,986	2,636,797,399	2,353,362,455	—	914,854,425	—	—	7,262,787,265
Revenue from sales under FIT	—	—	—	—	—	3,941,791,972	109,926,508	4,051,718,480
Revenue from RES and other customers	453,983,742	776,906,746	2,693,275,860	—	208,760,693	—	23,156,918	4,156,083,959
Revenue from contracts with customers	₱15,726,443,530	₱9,421,914,151	₱6,689,735,331	₱2,319,617,824	₱4,127,579,495	₱3,941,791,972	₱141,286,466	₱42,368,368,769

6. Cash and Cash Equivalents

	2023	2022
Cash on hand and in banks	₱5,727,422,112	₱8,226,586,883
Cash equivalents	11,693,590,523	9,371,203,193
	₱17,421,012,635	₱17,597,790,076

Cash in banks earn interest at the respective bank deposit rates ranging from 0.10% to 2.15% for the years ended December 31, 2023, 2022 and 2021. Cash equivalents consist of money market placements, which are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Group. Total interest earned on cash and cash equivalents, net of final tax, amounted to ₱701.6 million, ₱198.1 million and ₱91.6 million in 2023, 2022 and 2021, respectively (see Note 25).



7. Trade and Other Receivables

	2023	2022
Trade receivables:		
Third parties (Note 37)	₱6,805,568,984	₱7,901,495,931
Related parties (Note 20)	132,724,064	125,697,320
	6,938,293,048	8,027,193,251
Others:		
Non-trade accounts receivable (Note 32)	974,796,042	466,148,893
Advances to employees	51,985,748	41,965,705
Loans and notes receivables	45,345,974	43,597,418
	1,072,127,764	551,712,016
	8,010,420,812	8,578,905,267
Less allowance for impairment	1,123,860,554	1,060,107,377
	₱6,886,560,258	₱7,518,797,890

Trade receivables are non interest-bearing and are generally collectible in 30 to 60 days. Non-trade receivables are non interest-bearing and include receivable from insurance claims, accrued interest and other receivables.

The table below shows the rollforward analysis of the allowance for impairment of trade and other receivables as of December 31, 2023 and 2022:

	2023	2022
Balances at beginning of year	₱1,060,107,377	₱1,042,894,075
Provision for impairment (Notes 3 and 23)	64,955,446	17,056,507
Recoveries	(1,377,538)	—
Foreign exchange translation adjustment	175,269	156,795
Balances at end of year	₱1,123,860,554	₱1,060,107,377

8. Financial Assets at Fair Value Through Profit or Loss

The Group entered into various investment management agreement (IMA) with various Investment Managers, whereby the Group availed the service of the Investment Manager relative to the management and investment of funds.

Among others, following are the significant provisions of the IMA:

- The Investment Manager shall administer and manage the fund as allowed and subject to the requirements of the Bangko Sentral ng Pilipinas and in accordance with the written investment policy and guidelines mutually agreed upon and signed by the Investment Manager and the Group.
- The agreement is considered as an agency and not a trust agreement. The Group, therefore, shall at all times retain legal title to the fund.
- The IMA does not guaranty a yield, return, or income on the investments or reinvestments made by the Investment Manager. Any loss or depreciation in the value of the assets of the fund shall be for the account of the Group.



In addition, the Group has investments in various money unit investment trust fund and mutual funds.

Fund investments include quoted government securities and other quoted securities.

The Group accounts for the entire investment as a financial asset to be carried at fair value through profit or loss.

As of December 31, 2023 and 2022, the movements of the financial assets at FVPL account are as follows:

	2023	2022
Balances at beginning of year	₱12,728,592	₱853,132,173
Additions for the year	54,000,000	2,512,500,000
Redemptions for the year	(50,000,000)	(3,376,474,070)
Mark-to-market gain (loss) (Note 27)	1,018,757	(7,689,361)
Realized income (loss) from redemption (Note 27)	(1,537)	31,259,850
Balances at end of year	₱17,745,812	₱12,728,592

9. Financial Assets at Fair Value Through Other Comprehensive Income

As at December 31, 2023 and 2022, the movements in the financial assets at FVOCI are as follows:

	2023	2022
Balances at beginning of year	₱295,027,377	₱225,813,559
Additions during the year	—	99,856,758
Disposals during the year	(37,000,000)	(33,950,000)
Changes in fair value of equity instruments	19,050,270	24,206,428
Changes in fair value of debt instruments	11,907,435	(20,899,368)
Balances at end of year	₱288,985,082	₱295,027,377

Financial assets at FVOCI consists of the following as of December 31, 2023 and 2022:

	2023	2022
Equity instruments designated at FVOCI		
<i>Quoted equity instruments</i>		
Wack Wack Golf & Country Club	₱75,000,000	₱58,000,000
Alabang Country Club	14,000,000	11,000,000
Baguio Country Club Share	6,000,000	6,000,000
Others	6,812,572	9,762,302
	101,812,572	84,762,302
Debt instruments at FVOCI		
<i>Quoted debt instruments</i>		
Government bonds and notes	187,172,510	175,256,220
Corporate bonds	—	35,008,855
	187,172,510	210,265,075
Total	₱288,985,082	₱295,027,377



The movements of the net accumulated unrealized gain related to financial assets at FVOCI in 2023 and 2022 are presented in the consolidated statements of comprehensive income with details as follows:

	2023	2022
Balances at beginning of year	₱70,143,690	₱73,346,630
Changes in fair value of equity instruments at FVOCI	19,050,270	24,206,428
Changes in fair value of debt instruments at FVOCI	11,907,435	(20,899,368)
Transfer of net accumulated unrealized gain on financial assets at FVOCI to retained earnings	(815,000)	(6,510,000)
Balances at end of year	₱100,286,395	₱70,143,690

Investments in quoted equity securities consist mainly of golf and country club shares and investments in shares traded in the PSE.

Quoted government debt securities consist of investments in fixed rate bonds, fixed rate treasury notes and retail treasury bonds with maturities between 2024 and 2037 as of December 31, 2023 and 2022, and interest rates ranging from 2.4% to 6.1% for both years (see Note 25).

Changes in fair value recognized in the consolidated statements of comprehensive income pertain to the unrealized gains and losses during the period brought about by the temporary increase or decrease in the fair value of the debt and equity securities.

10. Parts and Supplies Inventories

	2023	2022
Parts and supplies inventories:		
At Cost	₱6,919,246,902	₱6,438,681,448
At NRV	1,572,704,166	1,436,448,908
	₱8,491,951,068	₱7,875,130,356

Allowance for inventory obsolescence:

	2023	2022
Balances at beginning of year	₱618,722,774	₱598,001,022
Provision for (reversal of) impairment (Note 23)	(69,773,870)	20,721,752
Balances at end of year	₱548,948,904	₱618,722,774

Parts and supplies inventories include items that are carried at net realizable value amounting to ₱1,572.7 million and ₱1,436.4 million as of December 31, 2023 and 2022, respectively, and have costs amounting to ₱2,121.6 million and ₱2,055.1 million, respectively. The rest of the parts and supplies inventories are carried at cost.

The amount of parts and supplies inventories charged to expense amounted to ₱1,532.1 million, ₱1,352.3 million and ₱1,312.0 million in 2023, 2022 and 2021, respectively (see Notes 22 and 23).



Details of parts and supplies inventories issued are as follows:

	2023	2022	2021
Costs of sales of electricity (Note 22)	₱1,424,654,890	₱1,165,835,154	₱1,100,895,604
General and administrative expenses (Note 23)	107,402,928	186,427,229	211,126,431
	₱1,532,057,818	₱1,352,262,383	₱1,312,022,035

11. Other Current Assets

	2023	2022
Short-term investments	₱3,360,111,078	₱—
Prepaid expenses	1,244,244,132	764,220,640
Creditable withholding taxes	837,167,700	409,821,634
Deposits and special funds	300,757,961	332,476,585
Advances to suppliers	203,235,922	37,063,722
Others	196,323,392	139,161,689
	₱6,141,840,185	₱1,682,744,270

Short-term investments consist of money market securities with maturity of more than three (3) months but less than 12 months. Total interest earned on short-term investments, net of final tax, amounted to ₱73.7 million, ₱2.5 million and ₱2.1 million in 2023, 2022 and 2021, respectively (see Note 25).

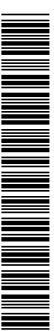
Prepaid expenses include prepaid insurance and rentals while advances to suppliers pertains mainly to the advances made by the Group for the purchase of parts and supplies, and other goods and services.

Deposits and special funds include deposits to distribution utilities as required under the Distribution Wheeling Service Agreements (DWSAs) and cash held in escrow accounts of the Group as required under the retail supply contracts (RSCs) and GEOP supply contracts.



12. Property, Plant and Equipment

2023												
Cost	Land		Power Plants	Production Wells	Buildings, Improvements and Other Structures		Exploration, Machinery and Equipment	Transportation Equipment	Furniture, Fixtures and Equipment		Right of Use of Assets - Buildings, Improvements and Other Structures	
Balances at January 1	P881,311,175	P80,698,073,760	P58,067,215,102	P9,056,798,123	P3,598,942,574	P1,666,859,435	P1,646,987,358	P896,774,039	P749,782,809	P17,840,990,917	P173,603,735,292	
Additions	43,065,547	22,765,701	-	6,116,627	94,711,812	41,388,378	167,108,863	198,269,604	29,340,646	17,518,339,972	18,121,107,150	
Disposals/retirements (Note 27)	-	(36,993,692)	-	(13,048,599)	(33,440,084)	(14,594,336)	(31,803,827)	(164,547)	-	-	(129,064,085)	
Reclassifications/adjustments (Note 18)	-	1,251,296,316	4,092,038,147	353,752,858	43,526,952	-	65,201,943	(3,907,579)	3,134,211	(5,697,477,873)	107,564,975	
Foreign exchange adjustments	-	(142,199,683)	-	(8,398,192)	1,785,870	-	277,349	(20,606)	(1,128,686)	3,256,504	(146,427,444)	
Balances at December 31	924,376,722	81,792,942,402	62,159,253,249	9,395,220,817	3,706,527,124	193,653,477	1,847,771,686	1,090,950,911	781,128,980	29,665,109,520	191,556,934,888	
Accumulated Depreciation, Amortization and Impairment												
Balances at January 1	17,627,581	41,238,852,995	21,411,687,783	4,325,075,887	2,974,121,088	93,558,888	1,543,722,726	746,834,663	299,989,683	23,322,433	72,674,793,727	
Depreciation and amortization (Notes 22 and 23)	-	4,096,876,588	2,068,338,784	480,637,573	117,451,006	22,311,724	88,408,535	74,524,025	116,725,245	-	7,065,273,480	
Disposals/retirements (Note 27)	-	(36,993,687)	-	(9,752,599)	(29,387,304)	(11,937,326)	(30,846,756)	(142,146)	-	-	(119,059,818)	
Impairment (Notes 1 and 23)	-	-	-	-	666,085	-	-	-	-	116,918,361	117,584,446	
Reclassifications	-	(8,052,542)	-	8,050,516	9,532,270	-	2,026	-	-	-	9,532,270	
Foreign exchange adjustments	-	(56,306,438)	-	(3,289,781)	701,951	-	(284,159)	(10,970)	(964,554)	1,622,432	(58,531,519)	
Balances at December 31	17,627,581	45,234,376,916	23,480,026,567	4,800,721,596	3,073,085,096	103,933,286	1,601,002,372	821,205,572	415,750,574	141,863,226	79,689,592,586	
Net Book Value	P906,749,141	P36,558,565,486	P38,679,226,682	P4,594,499,221	P633,442,028	P89,720,191	P246,769,314	P269,745,339	P365,378,606	P29,523,246,294	P111,867,342,302	
2022												
Cost	Land		Power Plants	Production Wells	Buildings, Improvements and Other Structures		Exploration, Machinery and Equipment	Transportation Equipment	Furniture, Fixtures and Equipment		Right of Use of Assets - Buildings, Improvements and Other Structures	
Balances at January 1	P838,230,627	P76,290,257,064	P54,090,742,735	P8,606,086,589	P3,582,915,046	P1,271,161,697	P1,596,062,409	P879,000,005	P567,470,422	P15,241,822,251	P161,819,748,845	
Additions	43,080,548	1,573,025	7,379,439	30,930,229	9,429,658	43,078,933	68,444,599	56,177,162	167,529,681	9,684,032,793	10,111,656,067	
Disposals/retirements (Note 27)	-	-	-	-	(52,811,141)	(3,381,195)	(22,843,848)	(277,066)	(229)	-	(79,313,250)	
Reclassifications/adjustments (Note 18)	-	2,704,464,153	3,969,092,928	275,466,950	59,298,183	-	4,729,785	(38,363,897)	(229)	(7,084,623,980)	(109,936,107)	
Foreign exchange adjustments	-	1,701,779,518	-	144,314,355	110,828	-	594,413	237,835	14,782,935	(240,147)	1,861,579,737	
Balances at December 31	881,311,175	80,698,073,760	58,067,215,102	9,056,798,123	3,598,942,574	166,859,435	1,646,987,358	896,774,039	749,782,809	17,840,990,917	173,603,735,292	
Accumulated Depreciation, Amortization and Impairment												
Balances at January 1	17,627,581	36,949,326,425	19,459,197,694	3,825,296,231	2,891,515,787	79,302,930	1,496,220,295	680,478,107	178,971,708	23,322,433	65,601,259,191	
Depreciation and amortization (Notes 22 and 23)	-	3,783,531,475	1,952,490,089	451,526,372	160,901,113	17,637,148	68,673,219	66,549,003	118,955,291	-	6,620,263,710	
Disposals/retirements (Note 27)	-	-	-	-	(52,622,325)	(3,381,190)	(22,654,111)	(277,055)	-	-	(78,934,681)	
Reclassifications	-	-	-	(28,791,935)	-	-	-	-	-	-	(28,791,935)	
Foreign exchange adjustments	-	505,995,095	-	77,045,219	(25,673,487)	-	1,483,323	84,608	2,062,684	-	560,997,442	
Balances at December 31	17,627,581	41,238,852,995	21,411,687,783	4,325,075,887	2,974,121,088	93,558,888	1,543,722,726	746,834,663	299,989,683	23,322,433	72,674,793,727	
Net Book Value	P863,683,594	P39,459,220,765	P36,655,527,319	P4,731,722,236	P624,821,486	P73,300,547	P103,064,632	P149,939,376	P449,793,126	P17,817,668,484	P100,928,941,565	



Construction in Progress

The Group's construction in progress account includes steam assets and other ongoing construction projects. Steam assets are mainly composed of in-progress production wells and FCRS, while other construction projects include the Palayan Bayan, Tanawon, Mahanagdong, Northern Negros, various battery energy storage systems and ongoing rehabilitation activities in the plants, Control Systems Integration (CSI), retrofitting projects and other constructions.

Estimated Rehabilitation and Restoration Costs

FCRS and production wells include the estimated rehabilitation and restoration costs of the Group's steam fields and power plants' contract areas at the end of the contract period. These were based on technical estimates of probable costs, which may be incurred by the Group in the rehabilitation and restoration of the said steam fields' and power plants' contract areas, using a risk-free discount rate and adjusted the cash flows to settle the provision.

Also, the Group has recorded an estimated provision for asset retirement obligation relating to the removal and disposal of all wind farm materials, equipment and facilities from the contract areas at the end of contract period. The amount of provision was recorded as part of the costs of power plants.

Depreciation and Amortization

Details of depreciation and amortization charges recognized in profit or loss are shown below:

	2023	2022	2021
Property, plant and equipment	₱7,065,273,480	₱6,620,263,710	₱6,402,597,084
Intangible assets (Note 13)	188,476,101	215,625,197	215,078,222
Capitalized depreciation	(13,317,519)	(28,791,935)	(12,559,548)
	₱7,240,432,062	₱6,807,096,972	₱6,605,115,758
Costs of sale of electricity (Note 22)	₱6,893,684,580	₱6,482,788,430	₱6,189,956,020
General and administrative expenses (Note 23)	346,747,482	324,308,542	415,159,738
	₱7,240,432,062	₱6,807,096,972	₱6,605,115,758

Additions

Additions to property, plant and equipment include non-cash right-of-use assets - buildings, improvements and other structures additions amounting to ₱29.3 million and ₱167.5 million in 2023 and 2022, respectively.

Reclassifications/adjustments

The reclassifications/adjustments in the cost of property, plant and equipment include adjustments to the provision for rehabilitation and restoration costs amounting to ₱103.4 million, ₱138.7 million and ₱157.9 million in 2023, 2022 and 2021, respectively (see Note 18). Meanwhile, the reclassifications in the accumulated depreciation of property, plant and equipment include capitalized depreciation charges amounting to ₱13.3 million, ₱28.8 million and ₱12.6 million in 2023, 2022 and 2021, respectively. Other reclassifications were due to the results of reassessment made by the Group on the nature of the assets.



13. Goodwill and Intangible Assets

2023				
	Goodwill	Water Rights	Other Intangible Assets	Total
Cost				
Balances at January 1	₱2,679,045,019	₱2,404,778,918	₱749,359,167	₱5,833,183,104
Additions	–	–	70,618,944	70,618,944
Foreign exchange translation adjustment	(2,156,011)	–	–	(2,156,011)
Balances at December 31	2,676,889,008	2,404,778,918	819,978,111	5,901,646,037
Accumulated Amortization and Allowance for Impairment				
Balances at January 1	55,999,570	1,551,082,404	593,986,098	2,201,068,072
Amortization (Notes 12, 22 and 23)	–	96,191,157	92,284,944	188,476,101
Impairment/adjustments (Notes 1 and 23)	85,837,905	–	1,399,999	87,237,904
Balances at December 31	141,837,475	1,647,273,561	687,671,041	2,476,782,077
Net Book Value	₱2,535,051,533	₱757,505,357	₱132,307,070	₱3,424,863,960
2022				
	Goodwill	Water Rights	Other Intangible Assets	Total
Cost				
Balances at January 1	₱2,666,921,448	₱2,404,778,918	₱695,911,029	₱5,767,611,395
Additions	–	–	53,448,138	53,448,138
Foreign exchange translation adjustment	12,123,571	–	–	12,123,571
Balances at December 31	2,679,045,019	2,404,778,918	749,359,167	5,833,183,104
Accumulated Amortization and Allowance for Impairment				
Balances at January 1	55,999,570	1,454,891,247	474,552,058	1,985,442,875
Amortization (Notes 12, 22 and 23)	–	96,191,157	119,434,040	215,625,197
Balances at December 31	55,999,570	1,551,082,404	593,986,098	2,201,068,072
Net Book Value	₱2,623,045,449	₱853,696,514	₱155,373,069	₱3,632,115,032

Goodwill

GCGI

On September 2, 2009, GCGI acquired the then 192.5 MW Palinpinon (in Negros Oriental) and 112.5 MW Tongonan 1 (in Leyte) geothermal power plants in an auction conducted by PSALM where GCGI submitted the highest complying financial bid of US\$220.0 million. This financial bid was subsequently reduced by US\$6.7 million as PSALM agreed that the Group will directly assume the obligations to procure the equipment/services indicated in the Purchase Requisitions being processed by NPC under Schedule R-Purchase Orders in the Asset Purchase Agreement (APA). The total acquisition cost incurred by the Group amounted to ₱10,165.3 million, resulting to goodwill of ₱2,241.7 million.

FG Hydro

On September 8, 2006, FG Hydro participated and won the bid for the 112 MW PAHEP/MAHEP facility conducted by PSALM in connection with the privatization of NPC assets. FG Hydro paid a total consideration of US\$129.0 million (₱6,448.2 million) and recognized goodwill amounting to ₱293.3 million.



EDC HKL

As discussed in Note 3, EDC HKL, a wholly owned subsidiary of EDC, purchased 100% interest in Hot Rock companies, namely: EDC Soluciones Sostenibles Ltd, EDC Desarrollo Sostenible Ltd, EDC Energia Verde Chile SpA, EDC Energia de la Tierra SpA and EDC Energia Verde Peru SAC. The total consideration amounting to US\$3.0 million (P133.2 million) was paid in cash, which resulted to the recognition of goodwill amounting to US\$2.5 million (P134.0 million).

In 2020, the Group recognized impairment loss on the goodwill related to the acquisition of Hot Rock companies amounting to P54.2 million. In 2023, the Group recognized impairment loss on the remaining carrying value of the goodwill as a result of the Group's decision to no longer pursue exploration and development activities in Peru due to political and market factors.

Breakdown of the goodwill per CGU and the details of the goodwill impairment review are shown in Note 3 to the consolidated financial statements.

Water rights

Water rights pertain to FG Hydro's right to use water from the Pantabangan reservoir to generate electricity. NPC through a certification issued to FG Hydro dated July 27, 2006, gave its consent to the transfer to FG Hydro, as the winning bidder of the PAHEP/MAHEP, of the water permit for Pantabangan river issued by the National Water Resources Council on March 15, 1997.

Water rights are amortized using the straight-line method over 25 years, which is the term of the Agreement with National Irrigation Administration (NIA). The remaining amortization period of water rights is 7.9 years and 8.9 years as of December 31, 2023 and 2022, respectively.

Other intangible assets

Other intangible assets pertain to the Parent Company's, BGI's and GCGI's computer software and licenses.

14. Exploration and Evaluation Assets

	2023	2022
Balances at January 1	P2,039,273,991	P1,974,832,245
Additions	116,232,331	72,159,209
Provision for impairment (Notes 1 and 23)	(7,614,731)	—
Adjustments (Note 18)	2,998,903	(8,703,034)
Foreign exchange adjustment	74,099	985,571
Balances at December 31	P2,150,964,593	P2,039,273,991

Carrying amount of exploration and evaluation assets per project are as follows:

	2023	2022
Rangas/Kayabon	P1,853,881,408	P1,782,106,732
Amacan	81,588,453	46,040,307
Dauin/Bacong	81,247,411	79,830,590
Others	134,247,321	131,296,362
	P2,150,964,593	P2,039,273,991



Others include those related to foreign exploration and evaluation projects amounting to ₱70.7 million and ₱74.8 million as of December 31, 2023 and 2022, respectively.

In 2023, the exploration and evaluation costs incurred for EDC Peru SAC totalling to ₱7.6 million were assessed by the management to be no longer recoverable. No similar provision was recognized in 2022.

15. Other Noncurrent Assets

	2023	2022
Prepaid taxes	₱5,884,341,462	₱5,205,848,802
Long-term receivables and special deposits (Notes 31 and 37)	1,922,986,502	1,789,593,527
Advances to contractors	651,512,675	182,702,943
Deposits and special funds	21,837,616	18,913,954
Prepaid expenses - net of current portion	18,828,779	10,408,203
Tax credit certificates	—	104,279,271
Others	1,240,510,419	1,331,506,226
	9,740,017,453	8,643,252,926
Less allowance for impairment	1,363,193,343	1,385,147,280
	₱8,376,824,110	₱7,258,105,646

Prepaid Taxes

Prepaid taxes include input VAT, real property tax (RPT) payments under protest and creditable withholding taxes (CWTs).

Input VAT

Input VAT represents VAT from purchases of goods or services that the Group can claim against any future liability to the Bureau of Internal Revenue (BIR) for output VAT from sale of goods and services. As of December 31, 2023 and 2022, this input VAT amounted to ₱3,725.4 million and ₱2,964.7 million, respectively.

Input VAT also includes the outstanding input VAT claims that were applied by the Group for refund with the BIR/Supreme Court (SC). As of December 31, 2023 and 2022, the outstanding input VAT claims which are still pending with the BIR/SC amounted to ₱954.9 million and ₱799.9 million, respectively.

RPT payments under protest

RPT payments under protest to certain local government units amounted to ₱1,083.1 million and ₱1,320.4 million as of December 31, 2023 and 2022, respectively.

The amounts paid in protest were in excess of the amounts determined using the 1.5% RPT rate stated in the Renewable Energy (RE) Law, and are pending with the Local Board of Assessment Appeals and Central Board of Assessment Appeals.

Creditable withholding taxes

The CWTs pertain to withholding tax certificates amounting to ₱120.9 million and ₱120.8 million as of December 31, 2023 and 2022, respectively.



Long-term receivables

Long-term receivables include receivable from TransCo arising from FIT rate adjustments (see Note 37).

Tax Credit Certificates (TCCs)

As of December 31, 2023 and 2022, the Group classified a portion of their TCCs as current assets totaling to ₱17.4 million in both years, and presented under "Trade and Other Receivables" (see Note 7). These are expected to be utilized for payment of various taxes within 12 months from the end of the reporting date.

As of December 31, 2023, the Parent Company has already fully utilized as payment of income tax the TCC amounting to ₱104.3 million. As of December 31, 2022, the same TCC amount was presented under "Other Noncurrent Assets".

Others

Others include investment in Enerco amounting to ₱1,225.3 million and ₱1,265.3 million as of December 31, 2023 and 2022, respectively, which is accounted for as an investment in joint venture (see Note 3).

As of December 31, 2023, basic surface studies as well as civil works, road rehabilitation, base camp and avalanche controls have already been completed. Additional roads, drilling pad construction, base camp expansion and water supply system have been installed and completed. Exploration drilling program is intended to resume as soon as power supply agreements have been secured, access to transmission line has been negotiated and all the relevant permits have been obtained.

As of December 31, 2023 and 2022, the total assets of Enerco amounted to ₱2,114.7 million (US\$38.2 million) and ₱2,153.0 million (US\$38.6 million), respectively, of which current assets amounted to ₱0.5 million (US\$0.0 million) and ₱0.5 million (US\$0.0 million) as of December 31, 2023 and 2022, respectively. Enerco also has current liabilities amounting to ₱60.2 million (US\$1.1 million) and ₱205.4 million (US\$3.7 million) as of December 31, 2023 and 2022, respectively.

In 2023, 2022 and 2021, Enerco incurred total comprehensive income amounting to ₱38.8 million (US\$0.7 million), ₱71.2 million (US\$1.3 million) and ₱0.2 million (US\$0.0 million), respectively, which include depreciation and amortization expenses amounting to ₱21.2 million (US\$0.4 million), ₱20.7 million (US\$0.4 million) and ₱20.9 million (US\$0.4 million) in 2023, 2022 and 2021, respectively.

In 2023, 2022 and 2021, the Group recognized its share in net losses amounting to ₱27.2 million (US\$0.5 million), ₱11.6 million (US\$0.2 million) and ₱37.7 million (US\$0.8 million).

Allowance for impairment

The rollforward analysis of the allowance for impairment pertaining to prepaid taxes and long-term receivables is presented below.

	2023		
	Prepaid taxes	Long-term receivables	Total
Beginning of year	₱1,231,222,655	₱153,924,625	₱1,385,147,280
Provision for (reversal of) impairment (Note 23)	(54,103,214)	5,445,510	(48,657,704)
Write-off	26,703,767	—	26,703,767
End of year	₱1,203,823,208	₱159,370,135	₱1,363,193,343



	2022		
	Prepaid taxes	Long-term receivables	Total
Beginning of year	₱1,093,062,924	₱98,427,231	₱1,191,490,155
Provision for impairment (Note 23)	152,210,868	55,497,394	207,708,262
Write-off	(14,051,137)	–	(14,051,137)
End of year	₱1,231,222,655	₱153,924,625	₱1,385,147,280

Loss on direct write-off of input VAT claims amounting to ₱44.1 million, ₱10.6 million and ₱77.5 million in 2023, 2022 and 2021, respectively, were recognized as part of “Miscellaneous income - net” in the consolidated statements of income (see Note 27).

16. Trade and Other Payables

	2023	2022
Trade payables:		
Third parties	₱12,656,386,583	₱9,676,331,024
Related parties (Note 20)	3,948,085,516	2,010,119,504
	16,604,472,099	11,686,450,528
Others:		
Accrued interest on long-term debts (Notes 17 and 31)	624,810,038	578,554,834
Withholding and other taxes payable	600,261,686	486,855,045
Government share payable (Note 33)	54,725,380	91,674,842
SSS and other contributions payable	37,268,089	29,625,340
Dividends payable (Notes 19 and 20)	10,904,712	11,813,526
Other payables (Notes 3 and 23)	2,551,382,580	2,576,932,310
	3,879,352,485	3,775,455,897
	₱20,483,824,584	₱15,461,906,425

Trade payables are non-interest bearing and are normally settled on a 30 to 60 days payment term.

“Government share payable” pertains to outstanding payable to the government for its share on certain earnings of the Group generated from renewable energy.

Government share is allocated between the DOE and Local Government Units (LGUs) where the renewable energy resources are located and payable within 60 days after the end of each quarter. Government share amounted to ₱348.5 million, ₱360.1 million and ₱273.2 million in 2023, 2022 and 2021, respectively (see Note 23).

“Other payables” account includes provision for shortfall generation amounting to ₱1,581.2 million and ₱1,311.7 million as of December 31, 2023 and 2022, respectively (see Note 3). Other payables also include deferred output VAT and other accruals (see Note 23).



17. Long-term Debts

The details of the Group's long-term debts are as follows:

Creditor/Project	Maturities	Interest Rate	2023	2022
EDC Loans				
International Finance Corporation (IFC)				
▪ IFC 1 - ₱4.1 Billion	April 15, 2023	6.367%	₱—	₱166,812,649
		4.78% from June 22, 2018 to April 15, 2021; and 4.68% from April 16, 2021 until maturity	487,095,849	724,149,851
▪ IFC 2 - ₱3.3 Billion	October 15, 2025		3,108,177,056	3,431,796,837
▪ IFC 3 - ₱4.8 Billion	March 15, 2033	7.8048%		
2013 Peso Fixed-Rate Bonds				
▪ ₱4.0 billion	May 3, 2023	4.73112%	—	3,997,783,024
DBP ₱291.2 Million Term Loan	December 17, 2030	5.50%	156,204,404	178,440,900
UBP ₱1.5 Billion Term Loan	December 5, 2026	5.25%	1,048,266,929	1,107,496,407
SBC ₱1.0 Billion Term Loan	December 5, 2031	5.5788%	786,597,512	846,044,254
UBP ₱2.0 Billion Term Loan	April 10, 2032	5.4382%	1,129,073,584	1,261,440,038
SBC ₱3.0 Billion Term Loan	May 4, 2027	5.3166%	1,257,232,640	1,615,557,694
SBC ₱1.0 Billion Term Loan	May 4, 2032	5.4277%	564,495,302	630,673,133
BPI ₱1.0 Billion Term Loan	June 1, 2027	5.2059%	419,205,493	538,734,460
SBC ₱500.0 Million Term Loan	May 4, 2032	5.4904%	282,229,602	315,314,695
BPI				
▪ ₱3.0 Billion Term Loan	April 15, 2030	5.1323%	2,239,727,144	2,536,714,264
▪ ₱3.0 Billion Term Loan	April 15, 2030	3.56%	2,239,447,752	2,536,285,755
BDO				
▪ ₱4.5 Billion Loan	September 10, 2030	4.25% until next repricing date in September 2025	3,499,257,133	3,942,554,858
▪ ₱2.0 Billion Loan	September 10, 2030	4.25% until next repricing date in September 2025	1,554,454,251	1,751,243,207
Fixed Rate ASEAN Green Bonds				
▪ Series A	June 25, 2024	2.8565%	2,494,412,166	2,483,127,054
▪ Series B	June 25, 2026	3.7305%	2,481,995,667	2,475,235,123
		6.57283% until next repricing date in March 2024		
US\$50 Million Mizuho Loan	March 24, 2027		2,763,484,308	2,756,034,890
BPI				
▪ ₱2.0 Billion Term Loan	March 21, 2032	7.75% until next repricing date in March 2024	1,895,021,866	1,989,306,921
▪ ₱2.0 Billion Term Loan	March 21, 2032	6.6060% until next repricing date in March 2024	1,888,412,890	—
▪ ₱3.0 Billion Term Loan	March 21, 2032	6.0202% until next repricing date in March 2024	2,977,675,988	—
		5.831567% until next repricing date in March 2027		
UBP ₱1.0 Billion Term Loan	March 24, 2032		844,681,246	943,473,759
		5.7829% until next repricing date in April 2027		
SBC ₱2.6 Billion Term Loan	April 19, 2032		2,196,002,265	2,452,845,708
CTBC ₱1.5 Billion Term Loan	June 8, 2027	6.1869%	1,264,134,512	1,410,368,722
BDO				
▪ ₱2.0 Billion Term Loan	September 3, 2032	6.6871% until next repricing date in March 2024	1,794,706,375	1,988,681,067
▪ ₱3.0 Billion Term Loan	September 3, 2032	6.6871% until next repricing date in March 2024	2,683,575,152	—

(Forward)



Creditor/Project	Maturities	Interest Rate	2023	2022
CBC				
▪ P2.0 Billion Term Loan	October 5, 2032	7.0488% until next repricing date in April 2024	₱1,795,596,226	₱1,988,461,738
▪ P2.0 Billion Term Loan	October 5, 2032	7.0488% until next repricing date in April 2024	1,787,937,353	–
BDO P2.0 Billion Term Loan	September 1, 2033	6.6992% until next repricing date in March 2024	1,985,219,658	–
EBWPC Loans				
▪ Commercial Debt Facility US\$37.5 Million	October 23, 2029	2% margin +plus 6M Term SOFR + Credit Adjustment Spread (CAS)LIBOR	1,053,055,565	1,202,105,332
▪ ECA Debt Facility US\$150 Million	October 23, 2029	2.35% margin + 6M Term SOFR + CASplus LIBOR	4,197,615,090	4,787,854,100
▪ Commercial Debt Facility ₱5.6 Billion	October 23, 2029	2% + PDST-F rate	2,859,429,291	3,243,075,178
Total			55,734,420,269	53,301,611,618
Less current portion			8,964,648,449	8,881,483,933
Noncurrent portion			₱46,769,771,820	₱44,420,127,685

The Group's foreign-currency denominated long-term debts were translated into Philippine pesos based on the prevailing foreign exchange rates as at financial reporting date (US\$1= ₱55.37 on December 31, 2023 and US\$1= ₱55.76 on December 31, 2022).

The long-term debts are presented net of unamortized transaction costs. A rollforward analysis of unamortized transactions costs follows:

	2023	2022
Balances at beginning of year	₱428,400,481	₱428,662,271
Additions	90,060,000	135,037,039
Amortization (Note 25)	(147,946,267)	(135,298,829)
Balances at end of year	₱370,514,214	₱428,400,481

Parent Company Loans

The Parent Company entered into unsecured long-term loan arrangements with domestic and international financial institutions for its various development projects and working capital requirements.

IFC

The Parent Company entered into a loan agreement with IFC (First Loan), a shareholder of the Parent Company, on November 27, 2008 for US\$100.0 million or its Peso equivalent of ₱4.1 billion.

On January 7, 2009, the Parent Company opted to draw the loan in Peso and received the proceeds amounting to ₱4,048.8 million, net of ₱51.5 million front-end fee. The loan is payable in 24 equal semi-annual installments after a three-year grace period at an interest rate of 7.4% per annum for the first five (5) years subject to repricing for another five (5) to 10 years.

On May 20, 2011, the Parent Company signed a 15-year US\$75.0 million loan facility with the IFC (Second Loan) to fund its medium-term capital expenditures program. The loan was drawn in Peso on September 30, 2011 amounting to ₱3,262.5 million. The loan is payable in 24 equal semi-annual installments after a two-year grace period at an interest rate of 6.657% per annum subject to repricing for another five (5) to 10 years.



On March 22, 2018, the Parent Company signed a 15-year US\$90.0 million loan facility with IFC (Third Loan) to fund its 2018 capital expenditures and other general corporate requirements of its existing geothermal operations. The loan was drawn in Peso on June 22, 2018 amounting to ₱4,804.0 million at an interest rate of 7.8048%.

Following the consummation of this financing agreement, EDC and IFC have agreed to amend and reduce the spread of the first two (2) loans to 1.30%. All the other terms and conditions of the loans remained the same.

In April 2021, the Second Loan was repriced at a fixed rate of 4.68% per annum for the remaining tenor of the loan until maturity.

On April 15, 2023, EDC fully paid the First Loan.

On August 17, 2023, EDC and IFC executed a Libor Transition Amendment Agreement to replace the USD Libor references under the default rate interest provision of the Second Loan to Term SOFR plus credit adjustment spread equal to 0.42825%, in view of the cessation of publication of the USD LIBOR on 30 June 2023.

2013 Peso Fixed-Rate Bonds

On May 3, 2013, EDC issued fixed-rate peso bonds with an aggregate principal amount of ₱7.0 billion. The bonds, which have been listed on the PDEX, are comprised of ₱3.0 billion seven (7)-year bonds at 4.1583% per annum and ₱4.0 billion 10-year bonds at 4.7312% due on May 3, 2020 and May 3, 2023, respectively. Interest is payable semi-annually starting November 3, 2013. Transaction costs incurred in connection with the issuance of the seven (7)-year bonds and 10-year bonds amounted to ₱39.1 million and ₱52.1 million, respectively. The net proceeds were used by the Parent Company to partially fund the Burgos wind project located in the municipality of Burgos, Ilocos Norte with estimated project cost of US\$300.0 million.

On May 4, 2020, the Parent Company fully settled the ₱3.0 billion seven (7)-year bonds.

On May 3, 2023, the Parent Company fully settled the ₱4.0 billion 10-year bonds.

₱291.2 Million Term Loan

On December 8, 2015, EDC signed a ₱291.2 million loan at 5.75% per annum maturing on December 17, 2030 with Development Bank of the Philippines. The ₱291.2 million term loan was used to finance the Burgos Solar Phase I Project. On December 17, 2017, the loan agreement was amended to reduce the interest rate to 5.50% per annum.

₱1.5 Billion Term Loan

On June 24, 2016, EDC secured a ₱1.5 billion loan at 5.25% per annum maturing on December 5, 2026 with Union Bank of the Philippines. The ₱1.5 billion term loan was used to refinance the outstanding ₱3.5 billion fixed rate bonds which matured on December 4, 2016 and to fund other general corporate purposes.

₱1.0 Billion Term Loan

On December 1, 2016, EDC secured a ₱1.0 billion loan at 5.58% per annum maturing on December 5, 2031 with Security Bank Corporation. The ₱1.0 billion term loan was used to refinance the outstanding ₱3.5 billion fixed rate bonds which matured on December 4, 2016 and to fund other general corporate purposes.



UBP ₱2.0 Billion Term Loan

On April 5, 2017, EDC secured a ₱2.0 billion loan at 5.4382% per annum maturing on April 10, 2032 with Union Bank of the Philippines.

SBC ₱3.0 Billion and ₱1.0 Billion Term Loans

On April 26, 2017, EDC secured ₱3.0 billion loan at 5.32% per annum and ₱1.0 billion loan at 5.43% with Security Bank Corporation maturing on May 4, 2027 and May 4, 2032, respectively.

BPI ₱1.0 Billion Term Loan

On May 26, 2017, EDC secured a ₱1.0 billion loan at 5.21% per annum maturing on June 1, 2027 with Bank of the Philippine Islands.

SBC ₱500.0 Million Term Loan

On July 26, 2017, EDC secured a ₱500.0 million loan at 5.4904% per annum maturing on May 4, 2032 with Security Bank Corporation.

BPI ₱6.0 Billion Term Loan

On April 2, 2020, EDC signed a ₱6.0 billion 10-year term loan facility with Bank of the Philippine Islands. On April 15, 2020, EDC has drawn ₱3.0 billion from the loan facility at a fixed interest rate of 5.1323% per annum. On July 29, 2020, EDC has drawn the remaining ₱3.0 billion at a fixed interest rate of 3.56% per annum.

BDO ₱4.5 Billion Loan

On August 28, 2020, EDC signed a ₱11.5 billion 10-year term loan facility with BDO Unibank, Inc. On September 10, 2020, EDC has drawn ₱4.5 billion from the loan facility at a fixed rate of 4.25% until next repricing date in September 2025. The loan maturity date is on September 10, 2030

BDO ₱2.0 Billion Loan

On February 18, 2021, EDC made a drawdown of additional ₱2.0 billion from the BDO loan facility at a fixed rate of 4.25% per annum maturing on September 10, 2030.

Fixed Rate ASEAN Green Bonds

On June 25, 2021, EDC successfully listed its SEC-registered ASEAN Green Bonds with an aggregate principal amount of ₱5.0 billion. The bonds, which have been listed on the PDEX, are comprised of ₱2.5 billion three (3)-year bonds at 2.8565% per annum and ₱2.5 billion five (5)-year bonds at 3.7305% per annum due on June 25, 2024 and June 25, 2026, respectively.

US\$50.0 Million Mizuho Loan

On March 24, 2022, the US\$50 Million Mizuho Loan was refinanced by a new term loan with Mizuho at a six (6)-month floating rate of 2.0879% per annum maturing on March 24, 2027. The loan has repriced and currently has a six (6)-month floating rate of 6.57283% per annum until its next repricing date in March 2024.

BPI ₱2.0 Billion Term Loan

On March 21, 2022, EDC secured a ₱2.0 billion loan at a six (6)-month floating rate of 3.5% per annum maturing on March 21, 2032 with the Bank of the Philippine Islands. The loan has repriced and currently has a six (6)-month floating rate of 5.25% per annum until its next repricing date in March 2024.



BPI ₱2.0 Billion Term Loan

On June 21, 2023, EDC secured a ₱2.0 billion loan maturing on March 21, 2032 from the Bank of the Philippine Islands. The loan was repriced at a six (6)-month floating rate of 6.6060% until its next repricing date in March 2024.

UBP ₱1.0 Billion Term Loan

On March 24, 2022, EDC secured a ₱1.0 billion loan at 5.831567% per annum maturing on March 24, 2032 with Union Bank of the Philippines.

SBC ₱2.6 Billion Term Loan

On April 19, 2022, EDC secured a ₱2.6 billion loan at 5.7829% per annum maturing on April 19, 2032 with Security Bank Corporation, which partly refinanced the balance of the Fixed Rate Corporate Note (FXCN) facility.

CTBC ₱1.5 Billion Term Loan

On June 8, 2022, EDC secured a ₱1.5 billion loan at 6.1869% per annum maturing on June 8, 2027 with CTBC Bank (Philippines) Corp.

BDO ₱2 Billion Term Loan

On February 22, 2023, EDC secured a ₱3.0 billion loan maturing on September 3, 2032 from BDO Unibank, Inc. The loan was repriced at a six (6)-month floating rate of 6.6871% until its next repricing date in March 2024.

CBC ₱2.0 Billion Term Loan

On October 5, 2022, EDC secured a ₱2.0 billion loan maturing on October 5, 2032 from China Banking Corporation. The loan was repriced at a six (6)-month floating rate of 7.0488% until its next repricing date in April 2024.

CBC ₱2.0 Billion Term Loan

On April 25, 2023, EDC secured a ₱2.0 billion loan maturing on October 5, 2032 from China Banking Corporation. The loan was repriced at a six (6)-month floating rate of 7.0488% until its next repricing date in April 2024.

BDO ₱2.0 Billion Term Loan

On September 1, 2023, EDC secured a ₱2.0 billion loan maturing on September 1, 2033 from BDO Unibank, Inc. The loan was priced at a six (6)-month floating rate of 6.6992% per annum until its next repricing date in March 2024.

BPI ₱3.0 Billion Term Loan

On December 19, 2023, EDC secured a ₱3.0 billion loan maturing on March 21, 2032 from the Bank of the Philippine Islands. The loan was priced at a six (6)-month floating rate of 6.0202% until its next repricing date in March 2024.

EBWPC Loan

On October 17, 2014, EDC has signed a secured US\$315.0 million loan for Burgos Wind Project (Commercial Debt Facility US\$37.5 million, ECA Debt Facility US\$150 million, Commercial Debt Facility ₱5.6 billion). This is a financing facility for the construction of the 150 MW Burgos Wind Project (BWP) in Ilocos Norte. The facility, which consists of US dollar and Philippine peso tranches, will mature in 15 years. Portion of the proceeds received from the financing facility was used to settle the outstanding bridge loans in October 2014.



On June 15, 2015, EBWPC has fully drawn the US\$315.0 million financing agreement in ECA Debt Facility, USD Commercial Debt Facility, and Peso Commercial Debt Facility with various banks. As of December 31, 2022 and 2021, EBWPC has seven (7) interest rate swaps (IRS) with aggregate notional amount of US\$118.3 million and US\$118.3 million, respectively. This is to partially hedge the interest rate risks on its ECA and USD Commercial Debt Facility (Hedged Loan) that is benchmarked against six (6) months US LIBOR (see Note 31).

Under the agreement of the EBWPC's Project Financing, EBWPC entered into Mortgage Agreement with Philippine National Bank, the Onshore Collateral Agent. The Mortgage shall cover all of the assets of EBWPC whether such assets now exist or at any time hereafter come into existence, or are now at any time hereafter acquired, and whether any such later acquisition is by way of addition thereto or substitution of any component part thereof, together with all the rights and interests therein.

Under the agreement of the EBWPC's Project Financing, EBWPC's debt service is guaranteed by the Parent Company.

On October 27, 2023, EBWPC and the Project Financing lenders executed a Global Deed of Amendment for Libor Transition to replace the USD Libor references under the ECA Debt Facility and USD Commercial Debt Facility to Term SOFR plus credit adjustment spread of 0.42825%, in view of the cessation of publication of the USD LIBOR on 30 June 2023. EBWPC also amended the trade confirmations with the IRS swap counterparties to transition from LIBOR to Term SOFR benchmark prior to the next repricing in December 2023.

Unused Credit Facilities

As of December 31, 2023 and 2022, the Group has ₱4,907.0 million and ₱6,633.0 million, respectively, of unused credit facilities from various local banks, which may be availed of for future operating activities.

Loan Covenants

The loans of the Parent Company and its subsidiaries are subject to certain financial covenants. EBWPC is obliged to meet an acceptable level of debt to equity ratio and debt service coverage ratio. Under the various loan agreements, the Parent Company and EBPWC are also subject to debt incurrence ratios and equity distribution restriction ratio, depending on the counterparty, in each case subject to certain exceptions and conditions.

As of December 31, 2023 and 2022, the Parent Company and EBWPC are in compliance with the loan covenants of all their respective outstanding debts.

18. Provisions and Other Long-term Liabilities

	2023	2022
Provision for rehabilitation and restoration costs (Notes 3, 12 and 14)	₱1,640,194,761	₱1,422,136,054
Provision for sick leave and vacation leave	337,922,663	307,724,752
Others (Notes 3, 25 and 32)	1,377,225,231	1,297,939,521
	₱3,355,342,655	₱3,027,800,327



Provision for rehabilitation and restoration costs

This account includes the provision for rehabilitation and restoration costs of the Group which pertain to the present value of estimated costs of legal and constructive obligations required to restore all the existing sites upon termination of the cooperation period. The nature of these restoration activities includes dismantling and removing structures, rehabilitating wells, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas. The obligation generally arises when the asset is constructed or the ground or environment at the site is disturbed. When the liability is initially recognized, the present value of the estimated costs is capitalized as part of the carrying amount of the related FCRS and production wells under “Property, plant and equipment” and “Exploration and evaluation assets” accounts (see Notes 12 and 14).

The rollforward analysis of the provision for rehabilitation and restoration costs is presented below:

	2023	2022
Balances at beginning of year	₱1,422,136,054	₱1,480,656,412
Effect of revision of estimate (Notes 12 and 14)	120,988,410	(144,771,441)
Accretion of interest (Note 25)	97,070,297	86,251,083
Balances at end of year	₱1,640,194,761	₱1,422,136,054

Provision for sick leave and vacation leave

This account consists of provision for vacation and sick leave entitlement of active employees which can be monetized and converted into cash. The provision pertains to the unused vacation and sick leaves at the end of the calendar year up to the maximum allowed leave credits for provision. Vacation and sick leave credits exceeding the maximum allowed are forfeited.

The calculation of the provision for vacation and sick leave entitlement is actuarially determined using assumptions such as discount rate and salary rate increase. In determining the appropriate discount rate, the Group considers the interest rates on government bonds denominated in Peso and have terms to maturity approximating the terms of related liability.

Details of provision for vacation and sick leave as of and for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Balances at beginning of year	₱307,724,752	₱311,338,584
Expense (reversal of expense)	30,197,911	(3,613,832)
Balances at end of year	₱337,922,663	₱307,724,752

Others

Others include provision for pending assessments from various regulatory agencies and outstanding legal cases including the corresponding interest thereon. Such estimated costs were developed in consultation with in-house and external legal counsels and are based on the thorough analysis of the potential outcomes. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings.



As of December 31, 2023 and 2022, provision for pending assessments and outstanding legal cases amounted to ₱473.6 million and ₱465.8 million, respectively. Details of provision for pending assessments are as follows:

	2023	2022
Balances at beginning of year	₱465,805,119	₱457,994,012
Accretion of interest (Notes 3 and 25)	7,811,107	7,811,107
Balances at end of year	₱473,616,226	₱465,805,119

Others also include proceeds received from the Joint Crediting Mechanism (JCM) Program of the Ministry of Environment of Japan (MOEJ) for the 29 MW Palayan Bayan Project and Tanawon Project with an aggregate amount of ₱784.6 million and ₱674.5 million as of December 31, 2023 and 2022, respectively.

The JCM Program encourages projects to use low carbon technologies and infrastructure that contribute to sustainable development in developing countries such as the Philippines. Under the JCM Program, the Japanese Government provides subsidy or financial assistance in exchange for credits corresponding to the GHG emission reductions. This allows the Japanese Government to achieve its overall emissions reduction targets.

Under the JCM Program, the Group is required to assign 50% or more of the issued JCM credit corresponding to GHG emission reductions achieved by the registered JCM projects to the Japanese government, until the end of their legal durable years as stipulated under the Japanese law.

19. Equity

On May 19, 2009, the Board and the stockholders approved an increase in EDC's authorized capital stock from ₱15.1 billion comprising of 15.0 billion common shares with a par value of ₱1.00 per share or aggregate par value of ₱15.0 billion, and 7.5 billion preferred shares with a par value of ₱0.01 per share or aggregate par value of ₱75.0 million to ₱30.1 billion divided into 30.0 billion common shares with a par value of ₱1.00 per share or aggregate par value of ₱30.0 billion, and 15.0 billion preferred shares with a par value of ₱0.01 per share or aggregate par value of ₱150.0 million. The increase in authorized capital stock of the common shares was effected by way of a 25% stock dividend, to be taken from EDC's unrestricted retained earnings as of December 31, 2008.

On October 12, 2009, the Philippine SEC approved the increase in the EDC's authorized capital stock from ₱15.1 billion to ₱30.1 billion divided into 30 billion common shares with a par value of ₱1.00 per share and 15.0 billion preferred shares with a par value of ₱0.01 per share by way of common stock dividends (totaling 3.75 billion common shares with any fractional shares being subscribed by the EDC Retirement Fund and/or Trust for the EDC Executive/Employee Stock Ownership Plan) and the subscription by the current preferred stockholders to 1.875 billion preferred shares, representing 25% of the increase in the preferred shares at par value.

The stock dividends were distributed on November 23, 2009 to stockholders as of the record date of October 27, 2009.



On February 28, 2014, the Board approved the reclassification of EDC's 3.0 billion common shares with a par value of ₱1.00 per share or aggregate par value of ₱3.0 billion out of the unissued authorized common stock to 300.0 million non-voting preferred shares with a par value of ₱10.00 per share or aggregate par value of ₱3.0 billion thereby creating a new class of preferred shares. On November 24, 2014, the Philippine SEC approved the above reclassification from the unissued authorized common shares of the Parent Company.

On August 3, 2017, EDC received a notice from Philippines Renewable Energy Holdings Corporation (PREHC) that it filed a Tender Offer Report with the Philippine SEC in which it indicated that it will launch a voluntary tender offer to acquire up to a maximum of 8.9 billion common shares of EDC, representing approximately 31.7% of EDC's total outstanding voting shares, at a price of ₱7.25 per share. PREHC is indirectly held by a consortium of investors comprising funds managed by Macquarie Infrastructure Management (Asia) Pty Limited, Singapore Branch, a member of Macquarie Infrastructure and Real Assets (MIRA), and Arran Investment Pte Ltd, an affiliate of GIC Pte Ltd. of Singapore.

The tender offer began on August 10, 2017 and ended on September 18, 2017.

The completion of the tender offer resulted to PREHC owning 31.7% of EDC's outstanding voting shares while Red Vulcan retains the controlling interest with 60.0% ownership of EDC's outstanding voting shares.

On August 7, 2018, the Board of EDC approved the voluntary delisting (the Delisting) of its common shares from the Main Board of the PSE and, in accordance with the PSE's delisting rules and regulations, to conduct a tender offer (the Tender Offer) for up to 2,040,006,713 common shares held collectively by all shareholders of the Group other than Red Vulcan Holdings Corporation (Red Vulcan), First Gen Corporation (First Gen), Northern Terracotta Power Corp. (NTPC) and PREHC, at a price of ₱7.25 per common share (the Tender Offer Price).

On September 19, 2018, EDC filed a petition for the Delisting with the PSE.

The Tender Offer began on September 24, 2018 and ended on October 22, 2018.

Following the completion of the Tender Offer, a total of 2,009,107,731 common shares, representing approximately 10.72% of the EDC's outstanding voting shares were tendered pursuant to the Tender Offer, accepted and thereafter purchased by EDC via a block sale through the facilities of the PSE on November 5, 2018. The shares were purchased at the Tender Offer Price with a total transaction value of ₱14,566.0 million.

On November 14, 2018, the Board of the PSE granted the voluntary delisting filed by EDC and accordingly ordered the delisting of the EDC's common shares from the official registry of the PSE (electronic board and ticker) effective on November 29, 2018.

On December 3, 2018, the Board of EDC approved the issuance of additional 326,250,000 non-preemption common shares to PREHC out of its existing unissued capital stock at an issue price of ₱7.25 per common share.

On April 5, 2019 and May 9, 2019, the Board and the stockholders, respectively, approved the amendment to the Seventh Article of the Articles of Incorporation (AOI) of the Parent Company, to increase the dividends of the voting preferred shares by adding a fixed annual dividends at the rate as may be determined and revised from time to time by the Board, in addition to the current dividend rate of eight percent (8%) of the par value of the voting preferred shares.



The amendment to the Parent Company's AOI was approved by the Philippine SEC on October 17, 2019.

On February 27, 2023 and May 12, 2023, the Board and the stockholders, respectively, approved the amendment to the Seventh Article of the AOI of the Parent Company, to (i) increase the par value of each common share from ₱1.00 to ₱1,000,000.00, and (ii) increase the par value of each voting preferred share from ₱0.01 to ₱10,000.00, while maintaining its current authorized capital stock - reverse stock split.

The amendment to the Parent Company's AOI was approved by the Philippine SEC on December 29, 2023.

As of December 31, 2023, the outstanding voting preferred and common shares are 65.0% held by Filipino citizens, with Red Vulcan holding the entire outstanding voting preferred shares equivalent to 35.5% voting interest, and common shares equivalent to 44.0% economic interest in EDC.

The combined interest of Red Vulcan entitles it to 63.9% voting interest and 44.0% economic interest in EDC as of December 31, 2023.

The number of stockholders of the Parent Company as of December 31, 2023 and 2022 follows:

	2023	2022
Voting preferred shares	1	1
Common shares	1,834	993

Details of the number of non-voting preferred shares, voting preferred shares and common shares as of December 31, 2023, 2022 and 2021 are as follows:

	2023	2022	2021
Non-voting preferred shares -			
Par value per share	₱10.00	₱10.00	₱10.00
Authorized	300,000,000	300,000,000	300,000,000
Issued and outstanding	—	—	—
Voting preferred shares -			
Par value per share	₱10,000.00*	₱0.01	₱0.01
Authorized	15,000	15,000,000,000	15,000,000,000
Issued and outstanding	9,375	9,375,000,000	9,375,000,000
Common shares -			
Par value per share*	₱1,000,000.00*	₱1.00	₱1.00
Authorized	27,000	27,000,000,000	27,000,000,000
Issued	19,076.25	19,076,250,000	19,076,250,000
Outstanding (net of Treasury Stock) as at December 31)	17,041.57	17,041,572,772	17,041,807,372

*The Philippine SEC approved the (i) increase in par value of voting preferred shares from ₱0.01 per share to ₱10,000.00 per share, and (ii) increase in par value of common shares from ₱1.00 per share to ₱1,000,000.00 per share on December 29, 2023.

As of December 31, 2023 and 2022, the Parent Company's preferred stock consists of the following:

- The voting preferred shares have voting rights, entitled to cumulative dividend rate of eight percent (8.0%) per annum plus a fixed annual dividend at the rate as may be determined and revised from time to time by the Board, and redeemable at par in the event that restrictions on foreign share ownership are lifted.



- The non-voting preferred shares have non-voting rights, entitled to cumulative dividend at a rate to be determined by the Board at the time of issuance, and redeemable at the option of the Parent Company.

Preferred shares, regardless if voting or non-voting, are non-participating and non-convertible to common shares.

Treasury Stock

On August 7, 2018, the Board, as part of the Group's plan to voluntary delist, approved the buyback of up to 2.04 billion common shares held collectively by all shareholders of the Group other than Red Vulcan, First Gen, NTPC and PREHC at a price of ₱7.25 per common share.

As of December 31, 2023 and 2022, the details of the common shares acquired based on the previous par value of ₱1.00 per share are as follows:

Date of Acquisition	Number of Shares	Average price per share	Total Amount
March 11, 2022	234,600	₱7.2588	₱1,702,920
November 26, 2021	497,670	7.2500	3,608,107
July 26, 2021	6,265,779	7.2500	45,426,900
March 19, 2021	55,250	7.2500	400,562
January 19, 2021	41,400	7.2500	300,150
November 18, 2020	9,750	7.2500	70,688
September 17, 2020	1,105,726	7.2500	8,016,512
June 25, 2020	1,049,967	7.2500	7,612,261
June 23, 2020	1,368,075	7.2500	9,918,544
March 3, 2020	699,978	7.2500	5,074,840
February 26, 2020	241,425	7.2500	1,750,331
February 18, 2020	41,000	7.2500	297,250
October 16, 2019	680,000	7.2500	4,930,000
September 25, 2019	31,875	7.2500	231,094
June 6, 2019	111,670	7.2500	809,607
April 21, 2019	19,707	7.2500	142,876
April 11, 2019	5,625	7.2500	40,781
February 22, 2019	120,000	7.2500	870,000
November 5, 2018	2,009,107,731	7.2500	14,566,031,050
May 3, 2016	1,000,000	5.6350	5,650,299
May 2, 2016	390,000	5.6623	2,214,701
April 8, 2016	2,000,000	5.6370	11,303,312
January 11, 2016	900,000	5.5475	5,005,731
January 8, 2016	3,700,000	5.6394	20,921,074
December 14, 2015	2,000,000	5.5813	11,190,764
December 11, 2015	3,000,000	5.7267	17,225,627
	2,034,677,228		14,730,745,981
Effect of SEC's approval of the reverse stock split in December 2023	(2,034,675,193.32)		—
Total	2,034.68		₱14,730,745,981



Cumulative Translation Adjustments

The details of cumulative translation adjustments as of December 31, 2023 and 2022 are as follows:

	2023	2022
Foreign exchange adjustments	₱1,175,713,229	₱1,261,065,917
EBWPC's change in functional currency	417,367,032	417,367,032
Balances at end of year	₱1,593,080,261	₱1,678,432,949

The movements in the "Foreign exchange adjustments" account in 2023 and 2022 are as follows:

	2023	2022
Balances at beginning of year	₱1,261,065,917	₱292,332,879
Foreign exchange adjustments	(85,352,688)	968,733,038
Balances at end of year	₱1,175,713,229	₱1,261,065,917

In 2016, EBWPC changed its functional currency to US Dollar. In accordance with PAS 21, such change in functional currency was accounted for prospectively. Balances as of January 1, 2016 were translated using the exchange rate at the date of change and the resulting translated amounts for nonmonetary items are treated as their historical cost. The change in functional currency resulted in an exchange difference amounting to ₱417.4 million which was presented as part of the "Cumulative translation adjustments" in the consolidated statements of financial position.

Equity Reserve

On October 16, 2008, EDC, First Gen and FG Hydro entered into a Share Purchase and Investment Agreement (SPIA), whereby EDC shall own 60 % of the outstanding equity of FG Hydro, which was then a wholly owned subsidiary of First Gen prior to the SPIA. FG Hydro and EDC were subsidiaries of First Gen at that time and were, therefore, under common control of First Gen. The acquisition was accounted for similar to a pooling-of-interests method since First Gen controlled FG Hydro and EDC before and after the execution of the SPIA. EDC recognized equity reserve amounting to ₱3,706.4 million pertaining to the difference between the acquisition cost and EDC's proportionate share in the paid-in capital of FG Hydro.

Retained Earnings

Dividends

Following are the dividends declared by the Parent Company:

Declaration date	Record date	Payment date	Shareholders	Description	Dividend per share	Total amount
2023:						
May 12, 2023	May 31, 2023	June 30, 2023	Common	Regular	₱0.1467	₱2,499,586,287
			Preferred	Regular	0.0313	293,500,000
November 23, 2023	December 4, 2023	December 29, 2023	Common	Special	0.1760	2,999,503,544
						₱5,792,589,831

Declaration date	Record date	Payment date	Shareholders	Description	Dividend per share	Total amount
2022:						
May 19, 2022	May 31, 2022	June 30, 2022	Common	Regular	₱0.1467	₱2,500,000,000
			Preferred	Regular	0.0313	293,500,000
November 24, 2022	December 5, 2022	December 29, 2022	Common	Special	0.1467	2,500,000,000
						₱5,293,500,000



Declaration date	Record date	Payment date	Shareholders	Description	Dividend per share	Total amount
2021:						
May 11, 2021	May 31, 2021	June 30, 2021	Common	Regular	₱0.1467	₱2,500,000,000
			Preferred	Regular	0.0313	293,500,000
November 18, 2021	December 1, 2021	December 29, 2021	Common	Special	0.1467	2,499,046,786
						₱5,292,546,786

The retained earnings balance is restricted to the extent of: (a) acquisition price of the treasury stocks amounting to ₱14,730.7 million as of December 31, 2023 and 2022; and (b) the undistributed net earnings of subsidiaries amounting to ₱8,652.8 million and ₱3,480.5 million as of December 31, 2023 and 2022, respectively. Undistributed earnings of the subsidiaries are not available for dividend distribution until such time that the Parent Company receives the dividends from these subsidiaries.

Appropriation of Retained Earnings

On December 31, 2018, the Board of the Parent Company approved a resolution to appropriate ₱20.0 billion out of the Group's unrestricted retained earnings for its planned loan principal payment for loans maturing in 2020 to 2022. On December 31, 2020 and 2019, the Board of the Parent Company approved a resolution to appropriate additional ₱2.4 billion and ₱6.7 billion, respectively, out of the Parent Company's unrestricted retained earnings for the same purpose. On December 31, 2020, the Group made a reversal of prior years' appropriation of retained earnings amounting to ₱5.7 billion for payment of long-term debts.

On March 31, June 30, and December 31, 2021, the Group made a reversal of prior years' appropriation of retained earnings for payment of long-term debts totaling to ₱9.5 billion. On December 31, 2022, the Group made a reversal of prior years' appropriation of retained earnings amounting to ₱6.6 billion for payment of long-term debts.

On November 24, 2022, the Board of the Parent Company approved a resolution to appropriate up to ₱40.0 billion of which ₱30.0 billion was appropriated out of the Parent Company's unrestricted retained earnings for its capital expenditure requirements and planned loan principal payment for loans maturing in 2023 to 2032.

On November 23, 2023, the Board of the Parent Company approved a resolution to appropriate up to ₱20.0 billion of which ₱15.0 billion was appropriated out of the Parent Company's unrestricted retained earnings for its capital expenditure requirements and planned loan principal payment for loans maturing in 2024 to 2032.

On December 31, 2023, the Group made a reversal of prior years' appropriation of retained earnings amounting to ₱8.5 billion for payment of long-term debts.

NCI

The non-controlling interests in the consolidated financial statements represent mainly the ownership by First Gen of 100% of preferred shares and 40% of common shares of FG Hydro.

No dividends were declared by FG Hydro in 2023, 2022 and 2021.



Following are the summarized financial information of FG Hydro as at December 31, 2023 and 2022 and for each of the three (3) years in the period ended December 31, 2023:

Statements of financial position

	2023	2022
	<i>(In Thousand Pesos)</i>	
Current assets	₱3,167,716	₱2,736,521
Noncurrent assets	3,059,870	3,203,164
Total Assets	₱6,227,586	₱5,939,685
Current liabilities	₱122,951	₱164,243
Noncurrent liabilities	78,811	54,045
Total Liabilities	201,762	218,288
Total Equity	6,025,824	5,721,397
Total Liabilities and Equity	₱6,227,586	₱5,939,685

Statements of comprehensive income

	2023	2022	2021
	<i>(In Thousand Pesos)</i>		
Revenue	₱2,132,799	₱4,061,354	₱4,937,154
Cost and operating expenses	(1,893,373)	(3,674,467)	(4,639,526)
Other charges	102,264	(13,128)	6,711
Income before income tax	341,690	373,759	304,339
Provision for income tax	(16,043)	(18,968)	(33,789)
Net income	325,647	354,791	270,550
Other comprehensive income	21,220	8,266	8,682
Total comprehensive income	₱346,867	₱363,057	₱279,232

Statements of cash flows

	2023	2022	2021
	<i>(In Thousand Pesos)</i>		
Net cash flows from operating activities	₱919,145	₱627,794	₱611,417
Net cash flows from (used in) investing activities	(317,284)	234,917	301,836
Net cash flows used in financing activities	—	—	—
Net increase in cash and cash equivalents	₱601,861	₱862,711	₱913,253

20. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.



Following are the amounts of transactions and outstanding balances as of and for the years ended December 31, 2023, 2022 and 2021 with entities under common control:

Related Party	Nature of Transaction	Terms	Transactions for the years ended December 31			Outstanding Balances as of December 31	
			2023	2022	2021	2023	2022
Due to related parties							
Entities under common control							
First Gen	Interest-free advances	Unsecured and will be settled in cash	₱53,085,495	₱22,245,966	₱11,346,194	₱1,668,334	₱2,018,799
FGP Corp.	- do -	- do -	—	—	—	—	30,000
						₱1,668,334	₱2,048,799
Dividends payable							
(Note 16)							
Affiliate							
Philippine Renewable Energy Holdings Corp.	Dividend	Unsecured and will be settled in cash	₱2,977,681,382	₱2,706,983,074	₱2,706,408,864	₱—	₱—
Entities under common control							
Red Vulcan	- do -	- do -	2,714,051,234	2,494,001,122	2,493,534,348	—	—
First Gen	- do -	- do -	48,059,418	43,690,380	43,681,113	—	—
North Terracotta Power Corp	- do -	- do -	47,795,533	—	—	—	—
						₱—	₱—
Due from related parties							
Entities under common Control							
		Unsecured and will be settled in					
First GES	Other services	cash	₱9,740,825	₱14,485,644	₱7,430,000	₱37,433,266	₱27,692,440
First Gen	- do -	- do -	1,130,910	—	1,203,737	2,334,646	1,203,737
Thermaprime	Interest-free advances	- do -	—	—	—	1,941,251	1,941,251
						₱41,709,163	₱30,837,428
Trade and other receivables (Note 7)							
Entities under common Control							
		Unsecured and will be settled in					
First GES	Sale of electricity	cash	₱998,027,490	₱440,733,477	₱595,261,171	₱85,859,472	₱83,668,973
Rockwell Land Corporation	- do -	- do -	323,182,427	222,442,229	145,977,520	40,827,619	28,708,021
PI Energy Inc.	- do -	- do -	115,459,560	102,399,547	8,101,988	6,036,973	13,320,326
						₱132,724,064	₱125,697,320
Trade and other payables (Note 16)							
Entities under common Control							
		Unsecured and will be settled in					
First Balfour Inc.	Civil works and other services	cash	₱5,446,411,985	₱2,800,229,395	₱2,669,893,392	₱3,424,205,698	₱1,560,689,311
Thermaprime	Drilling and other related services	- do -	1,160,777,545	1,839,532,425	1,645,681,485	258,058,514	276,102,769
First GES	Purchase of services and utilities	-do -	451,143,202	129,166,264	64,879,202	105,673,610	48,486,461
TG Services Inc	- do -	- do -	120,807,305	108,920,266	104,012,540	44,353,649	28,415,737
Silverlink Security & Investigative Services, Inc.	- do -	- do -	131,641,188	115,891,562	111,587,283	37,503,119	26,149,836
Powerlink Security & Investigative Services, Inc.	- do -	- do -	61,965,511	80,635,862	107,291,056	33,455,682	38,723,404
InfoPro Business Solutions, Inc	- do -	- do -	176,974,616	150,690,010	133,031,534	30,224,982	26,370,300
PI Energy Inc.	- do -	- do -	96,364,400	48,187,105	24,292,603	10,363,399	1,544,706
Skycable	- do -	- do -	2,873,088	2,796,294	3,331,768	1,115,371	1,432,256
Adtel	- do -	- do -	957,776	995,454	891,325	957,776	—
First Philippine Realty Corporation	- do -	- do -	2,797,729	1,245,308	544,279	679,817	689,677
<i>(Forward)</i>							

(Forward)



Related Party	Nature of Transaction	Terms	Transactions for the years ended December 31			Outstanding Balances as of December 31	
			2023	2022	2021	2023	2022
First Philec Manufacturing Technologies Corp	Purchase of services and utilities	- do -	₱—	₱—	₱—	₱568,555	₱328,720
First Philippine Industrial Corporation	- do -	- do -	—	—	—	478,792	496,931
First Philec Inc.	- do -	- do -	—	—	210,555	328,720	147,445
Goldlink Security & Investigative Services, Inc.	- do -	- do -	478,816	683,193	846,315	77,512	532,231
Securities Transfer Services, Inc.	- do -	- do -	—	—	—	36,720	6,120
ABS-CBN Publishing, Inc.	- do -	- do -	—	—	—	3,600	3,600
ABS-CBN Corporation	- do -	- do -	80,000	—	—	—	—
First Gen	Consultancy fee	- do -	95,764,705	92,891,765	46,445,882	—	—
Other related party							
PREHC Directors	Directors' fee	- do -	28,276,234	2,074,818	25,159,663	—	—
						₱3,948,085,516	₱2,010,119,504
Lease Liability							
(Note 31)							
Entities under common control							
Rockwell Land Corporation	Lease	Unsecured and will be settled in cash	₱135,779,398	₱120,649,575	₱—	₱283,523,857	₱291,975,289
Miscellaneous Income							
Entities under common control							
First Gen	Dividend	Unsecured and will be settled in cash	₱—	₱—	₱3,688,860	₱—	₱—

The amounts outstanding are unsecured and will be settled in cash. The Group did not recognize any impairment losses on receivables from related parties in 2023, 2022 and 2021. Entities under common control consists of subsidiaries (direct or indirect) of Lopez, Inc., the Group's ultimate parent.

i. First Gen

Consultancy agreement

First Gen provides financial consultancy, business development and other related services to the Parent Company under a consultancy agreement.

In 2017, the consultancy agreement was extended until December 31, 2020. In 2021, this was again extended for another two (2) years until December 31, 2022. In 2023, this was again extended for one (1) year until December 31, 2023. As of March 1, 2024, the Parent Company and First Gen are in the process of negotiating the renewal of the consultancy agreement.

The total consultancy services amounted to ₱95.8 million, ₱92.9 million and ₱46.4 million in 2023, 2022 and 2021, respectively and were included in the "Purchased services and utilities" under "General and administrative expenses" account (see Note 23).

Equity securities

EDC owned First Gen shares that were recognized in the consolidated statements of financial position as financial assets at FVOCI and sold in 2021 (see Note 9).

Dividend income earned from the investment in First Gen shares amounted to ₱3.7 million in 2021 (see Note 9).



ii. First Balfour, Inc. (First Balfour)

Following the regular bidding process, the Group awarded to First Balfour procurement contracts for various works such as civil, structural and mechanical/piping works in the Group's geothermal, wind and solar power plants.

As of December 31, 2023 and 2022, the outstanding balance amounted to ₱3,424.2 million and ₱1,560.7 million, respectively, recorded under "Trade and other payables" account in the consolidated statements of financial position (see Note 16).

iii. Thermaprime

Thermaprime Well Services, Inc. (Thermaprime) is a subsidiary of First Balfour, a wholly owned subsidiary of First Holdings. Thermaprime provides drilling services such as, but not limited to, rig operations, rig maintenance, well design and engineering. Thermaprime also provides drilling rig preservation services to EDC.

As of December 31, 2023 and 2022, the outstanding balance payable to Thermaprime amounted to ₱258.1 million and ₱276.1 million, respectively, recorded under "Trade and other payables" account in the consolidated statements of financial position (see Note 16).

iv. Rockwell Land Corporation

In 2019, the Parent Company entered into an agreement with Rockwell Land Corporation (Rockwell) for the lease of an office space in Rockwell Business Center.

As of December 31, 2023 and 2022, the outstanding lease liability related to Rockwell amounted to ₱283.5 million and ₱292.0 million, respectively.

Intercompany Guarantees

The Parent Company issued a credit line amounting to US\$80.0 million in favor of its subsidiary, EDC Chile Limitada, as evidence of the Parent Company's financial support for EDC Chile Limitada's participation in the bids for geothermal concession areas by the Chilean Government.

Also, the Parent Company issued letters of credit in favor of its subsidiaries in Peru, namely, EDC Peru S.A.C. and EDC Energia Verde Peru S.A.C. at US\$0.27 million each as evidence of the Parent Company's financial support for the geothermal authorizations related to the exploration drilling activities of the said entities which expired on March 1, 2024 and February 21, 2024, respectively.

On May 25, 2023, the Board and stockholders of Energy Development Corporation Peru S.A.C decided to no longer pursue exploration and development activities in Peru due to political and market factors (see Note 1).

Under the agreement of the Burgos Wind Power Project Financing, EBWPC's debt service shortfall is guaranteed by EDC. This guarantee will fall away once the conditions set in the loan agreement are met. Therefore, until the debt reserve service guarantee falls away, EBWPC is subject to the same covenant ratios of EDC in addition to its own maintenance ratios under the project financing agreement. Furthermore, for the Lender's security, a debt service reserve account with Stand by Letters of Credit issued in favor of the EBWPC lenders.



Remuneration of Key Management Personnel

The remuneration of the directors and other members of key management personnel by benefit type are as follows:

	2023	2022	2021
Short-term employee benefits	₱473,277,561	₱331,142,425	₱240,152,467
Post-employment benefits (Note 28)	20,063,823	14,498,523	14,746,390
	₱493,341,384	₱345,640,948	₱254,898,857

21. Revenue from Sale of Electricity

Revenue from contracts with customers

a. Power purchase agreements (PPAs)

Unified Leyte

The PPA provides, among others, that NPC shall pay the Parent Company a base price per kilowatt-hour of electricity delivered, subject to inflation adjustments. The PPA stipulates a contracted annual energy of 1,370 GWH for Leyte-Cebu (Leyte A) and 3,000 GWH for Leyte-Luzon (Leyte B) throughout the term of the PPA. It also stipulates that the Parent Company shall specify the nominated energy for every contract year. The contract is for a period of 25 years, which commenced in July 1996. The Leyte A PPA expired in July 2021 while the Leyte B PPA expired in July 2022.

After the expiration of the Unified Leyte PPA, the Parent Company entered into various PSAs with distribution utilities, contestable customers, electric cooperatives with contract periods ranging from six (6) months to 11 years as of December 31, 2023 and eight (8) months to 10 years as of December 31, 2022. Generated electricity in excess of contracted levels is sold to the WESM.

Mindanao I

The PPA provides, among others, that NPC shall pay the Parent Company a base price per kilowatt-hour of electricity delivered, subject to inflation adjustments. The PPA stipulates a minimum offtake energy of 330 GWH for the first year and 390 GWH per year for the succeeding years. The contract is for a period of 25 years, which commenced in February 1997 and expired in February 2022.

After the expiration of the Mindanao I PPA, the Parent Company has entered into short-term power supply agreements (as back up generator) and is currently joining various competitive selection processes (CSPs) to secure offtake agreements.

Mindanao II

The PPA provides, among others, that NPC shall pay the Parent Company a base price per kilowatt-hour of electricity delivered, subject to inflation adjustments. The PPA stipulates a minimum energy offtake of 398 GWH per year. The contract is for a period of 25 years, which commenced in June 1999 and will expire in June 2024.



b. Power supply agreements (PSAs)

EDC, GCGI, BGI, FG Hydro and ULGEI entered into various PSAs with private distribution utilities, electric cooperatives, retail electricity supplier and industrial customers with contract periods ranging from one (1) year and three (3) months to 26 years as of December 31, 2023 and one (1) year to 26 years as of December 31, 2022. The remaining periods of these contracts ranges from two (2) months to 17 years as of December 31, 2023 and three (3) months to 18 years as of December 31, 2022. Under these contracts, the aforementioned entities shall generate and deliver to its bilateral customers the contracted energy on a monthly basis, and are paid based on price per kilowatt-hour of electricity delivered, subject to certain adjustments such as foreign exchange and inflation.

c. Spot market sales

Electricity in excess of contracted capacity are sold to the spot market at spot market rate.

d. Feed-in-tariff (FIT)

EDC and EBWPC were issued a FIT COC by the ERC which entitles them to an applicable FIT rate, as prescribed by the ERC. EDC and EBWPC also signed agreements with National Transmission Corporation (TransCo), the FIT administrator. These agreements enumerate the rights and obligations under the FIT rules and FIT-All guidelines, in respect to the full payment of the actual energy generation of the generator, at a price equivalent to the applicable FIT rate, subject to adjustments as may be approved by the ERC, for the entire duration of its FIT eligibility period.

e. Retail supply contracts

BGI and GCGI have entered into various retail supply contracts with contestable customers with contract periods ranging from six (6) months to eight (8) years and six (6) months as of December 31, 2023 and one (1) month to five (5) years as of December 31, 2022. The remaining periods of these contracts ranges from two (2) months to seven (7) years and five (5) months as of December 31, 2023 and two (2) months to four (4) years and 11 months as of December 31, 2022.

Under the RSCs, BGI and GCGI charge the customer both the basic energy and pass-through charges, as may be applicable.

f. GEOP supply contracts

BGI and GCGI have entered into various GEOP supply contracts with contestable customers with contract periods ranging from one (1) year to three (3) years as of December 31, 2023 and 11 months to two (2) years as of December 31, 2022. The remaining periods of these contracts ranges from three (3) months to two (2) years and nine (9) months as of December 31, 2023 and three (3) months to two (2) years as of December 31, 2022.

g. Ancillary services procurement agreements (ASPAs)

EDC, GCGI and FG Hydro each have entered into ASPAs with NGCP which is effective for a period of five (5) years, commencing upon approval of the ERC. The ASPAs of EDC and GCGI already expired last September 2022, while the ASPA of FG Hydro is scheduled to expire in September 20, 2028.



22. Costs of Sale of Electricity

	2023	2022	2021
Purchased services and utilities (Note 20)	₱7,107,245,525	₱12,816,806,572	₱11,496,484,700
Depreciation and amortization (Notes 12 and 13)	6,893,684,580	6,482,788,430	6,189,956,020
Rental, insurance, and taxes (Note 32)	2,696,682,383	2,200,658,737	2,242,272,974
Personnel costs (Notes 24 and 28)	1,998,310,643	1,746,051,396	1,617,868,526
Repairs and maintenance	1,950,880,333	1,738,758,802	1,613,191,955
Parts and supplies issued (Note 10)	1,424,654,890	1,165,835,154	1,100,895,604
Government share (Notes 16 and 33)	348,530,144	360,139,366	273,193,131
Business and related expenses	149,304,371	76,461,106	110,292,311
	₱22,569,292,869	₱26,587,499,563	₱24,644,155,221

Purchased services and utilities includes cost of electricity purchased from the spot market, professional and technical services, hauling and handling costs, rig mobilization charges, contractual personnel costs, and other services and utilities expense.

23. General and Administrative Expenses

	2023	2022	2021
Purchased services and utilities (Note 20)	₱2,845,139,586	₱2,445,582,091	₱2,289,833,700
Personnel costs (Notes 24 and 28)	2,088,038,811	1,784,566,572	1,657,506,686
Business and related expenses	900,865,097	408,139,394	434,921,453
Depreciation and amortization (Notes 12 and 13)	346,747,482	324,308,542	415,159,738
Provision for impairment of goodwill, property, plant and equipment, exploration and evaluation, and other various assets (Notes 1, 12, 13, 14, 20 and 27)	282,352,678	—	—
Rental, insurance, and taxes (Note 32)	161,171,990	472,504,374	229,859,771
Repairs and maintenance	155,051,077	71,862,857	91,238,906
Parts and supplies issued (Note 10)	107,402,928	186,427,229	211,126,431
Provision for (reversal of) impairment of parts and supplies inventories (Notes 3, 5 and 10)	(69,773,870)	20,721,752	69,281,245
Provision for impairment of trade and other receivables, prepaid taxes, and others (Notes 7, 15 and 16)	31,220,205	688,464,769	277,104,307
	₱6,848,215,984	₱6,402,577,580	₱5,676,032,237

Business and related expenses consists of expenses incurred by the Group for local and foreign travel, company meeting expenses and advertising, and among other business expenses.



24. Personnel Costs

	2023	2022	2021
Salaries and other benefits	₱3,730,405,499	₱3,207,471,449	₱2,946,913,916
Net retirement and other post-employment benefit expense (Note 28)	305,162,161	282,626,512	287,752,940
Social security costs	50,781,794	40,520,007	40,708,356
	₱4,086,349,454	₱3,530,617,968	₱3,275,375,212
Costs of sale of electricity (Note 22)	₱1,998,310,643	₱1,746,051,396	₱1,617,868,526
General and administrative expenses (Note 23)	2,088,038,811	1,784,566,572	1,657,506,686
	₱4,086,349,454	₱3,530,617,968	₱3,275,375,212

25. Interest Income and Interest Expense

Interest income consists of the following:

	2023	2022	2021
Interest income on cash and cash equivalents, debt service reserve account and other short-term investments (Notes 6, 11 and 31)	₱775,261,668	₱200,610,594	₱93,685,925
Others	43,061,399	57,520,592	49,965,394
	₱818,323,067	₱258,131,186	₱143,651,319

Others include interest income from FIT rate adjustments (see Note 37), financial assets at FVOCI, and interest income on late payments of TransCo.

Interest expense consists of the following:

	2023	2022	2021
Interest on long-term debts including amortization of transaction costs (Notes 17 and 31)	₱3,062,758,645	₱2,761,753,861	₱2,864,905,052
Interest accretion on provision for rehabilitation and restoration costs (Notes 3, 12 and 18)	97,070,297	86,251,083	59,453,658
Interest on lease liability (Notes 31 and 32)	12,126,255	16,758,684	14,004,741
Interest on liability from litigation (Notes 3 and 18)	7,811,107	7,811,107	7,811,107
	₱3,179,766,304	₱2,872,574,735	₱2,946,174,558

Interest on liability from litigation is related to land expropriation (see Notes 3 and 18).



26. Foreign Exchange Gains (Losses)

	2023	2022	2021
Realized foreign exchange gains - net	₱7,040,316	₱64,384,757	₱69,062,663
Unrealized foreign exchange gains (losses) - net	3,248,159	(108,245,605)	40,383,130
Net foreign exchange gains (losses)	₱10,288,475	(₱43,860,848)	₱109,445,793

This account pertains mainly to foreign exchange adjustments realized on repayment of loans and unrealized on restatement of outstanding balances of foreign currency-denominated long-term debt and trade payables, and cash and cash equivalents. The detailed information with respect to the closing foreign exchange rates used in the translation of monetary assets and liabilities of the Group as of December 31, 2023 and 2022 is presented in Note 31 to the consolidated financial statements.

27. Miscellaneous Income (Charges) - net

	2023	2022	2021
Income from insurance claims (Note 32)	₱747,556,450	₱194,919,990	₱1,050,364,080
Loss on direct write-off of input VAT claims (Notes 3 and 15)	(44,055,773)	(10,560,486)	(77,519,398)
Mark-to-market gain (loss) on financial assets at FVPL (Note 8)	1,018,757	(7,689,361)	210,162
Gain (loss) on disposal and retirement of property, plant and equipment - net (Notes 12 and 20)	(801,045)	5,165,656	5,460,423
Realized income (loss) from redemption of financial assets at FVPL (Note 8)	(1,537)	31,259,850	2,794,617
Derivative losses - net (Note 31)	—	(242,246,733)	—
Others - net (Notes 3, 8 and 15)	(134,385,448)	(97,206,983)	(71,577,030)
	₱569,331,404	(₱126,358,067)	₱909,732,854

Others include market charges, share in net loss from joint venture and various bank and loan related charges.

28. Retirement and Other Post-employment Benefits Plans

The Parent Company, GCGI and BGI have a funded, non-contributory, defined benefit retirement plan, while FG Hydro and EBWPC have unfunded, non-contributory defined benefit retirement plan. The Group also provides post-employment medical and life insurance benefits which are unfunded. The plan covers all permanent employees and is administered by trustee banks.



Generally, upon fulfillment of certain employment conditions, the retirement benefits are payable in lump sum upon retirement, which is determined on the basis of the retiree's final salary and computed at certain percentage of final monthly salary base pay for every year of service.

Under the existing regulatory framework, Republic Act 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The following tables summarize the components of net benefit expense recognized in profit or loss and the funded status and amounts recognized in the consolidated statements of financial position:

	2023	2022	2021
Current service cost	₱183,685,072	₱193,378,698	₱206,070,782
Net interest	121,477,089	89,247,814	70,483,248
Past service cost	—	—	11,198,910
Retirement and other post-employment benefit expense (Note 24)	₱305,162,161	₱282,626,512	₱287,752,940

	2023	2022
Present value of defined benefits obligation	₱4,563,979,843	₱3,596,634,261
Fair value of plan assets	(1,936,568,484)	(1,836,914,432)
Net retirement and other post-employment benefits liability	₱2,627,411,359	₱1,759,719,829

Changes in the present value of the defined benefit obligation are as follows:

	2023	2022
Defined benefits obligation at beginning of year	₱3,596,634,261	₱3,663,905,043
Current service cost	183,685,072	193,378,698
Interest cost on benefits obligation	249,308,313	177,264,841
Benefits paid	(176,846,161)	(161,912,971)
Remeasurements arising from:		
Changes in financial assumptions	610,856,248	(327,915,247)
Deviations of experience from assumptions	108,721,248	51,129,706
Foreign exchange adjustments	(8,379,138)	784,191
Defined benefits obligation at end of year	₱4,563,979,843	₱3,596,634,261

Changes in the fair value of plan assets are as follows:

	2023	2022
Fair value of plan assets at beginning of year	₱1,836,914,432	₱1,818,888,205
Interest income	127,831,224	88,017,027
Contributions to the plan	177,443,920	185,731,820
Benefits paid	(176,846,161)	(159,906,547)
Return on plan assets, excluding interest income	(28,774,931)	(95,816,073)
Fair value of plan assets at end of year	₱1,936,568,484	₱1,836,914,432
Actual return on plan assets	₱98,386,777	(₱7,263,815)



The retirement funds of EDC, GCGI and BGI are maintained by BDO Trust. This trustee bank is also responsible for investment of the plan assets. The investing decisions of the Plan are made by the respective retirement committees of the said companies.

Management reviews the performance of the defined benefit retirement plan on a regular basis. The overall investment policy and strategy of the Group's retirement benefit plan is guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay retirement benefits as they fall due while also mitigating the various risks of the Plan. The Group's current investment strategy is suited for an investor with a conservative investment risk profile.

The fair value of plan assets by each class at end of the reporting period follows:

	2023	2022
Investments quoted in active market		
Quoted equity investments (by industry)		
Holding firms	₱145,823,159	₱159,206,521
Financials - banks	136,162,939	105,689,248
Property	134,168,543	135,525,645
Transportation services	47,479,384	42,316,000
Industrial - electricity, energy, power and water	41,159,393	48,174,915
Services - telecommunications	29,741,165	33,707,475
Industrial - food, beverage, and tobacco	26,382,660	26,016,800
Golf and country club	21,933,333	17,983,333
Retail	7,195,502	10,041,922
	590,046,078	578,661,859
Quoted debt instruments		
Government securities	1,050,931,868	829,048,962
Corporate bonds	73,111,496	122,473,675
	1,124,043,364	951,522,637
Unquoted investments		
Cash and cash equivalents	207,716,969	291,863,547
Receivables and other assets	14,762,073	14,866,389
	222,479,042	306,729,936
Fair value of plan assets	₱1,936,568,484	₱1,836,914,432

The carrying amounts of investments in equity securities also approximate their fair values since they are marked-to-market.

Unrealized losses arising from investments in Lopez Holdings Corp. and First Gen Corp. in 2023, 2022 and 2021 amounted to as follows:

	2023	2022	2021
Lopez Holdings Corp.	₱—	₱—	₱—
First Gen Corp.	—	—	(1,780,000)
	₱—	₱—	(₱1,780,000)

The voting rights over these equity securities are exercised by the trustee banks.



- Investments in corporate bonds consist of both short-term and long-term corporate notes and bonds, which bear interest ranging from 3.00% to 6.37% and have maturities from 2022 to 2028.
- Investments in government securities consist of retail treasury bonds and fixed rate treasury notes that bear interest ranging from 2.13% to 8.63% and have maturities from 2022 to 2033.
- Cash and cash equivalents include regular savings and time deposits.
- Other financial assets held by these plans are primarily accrued interest income on cash deposits and debt securities held by the plans; and dividend receivable from equity securities. Liabilities of the plans pertain to trust fee payable and other accrued expenses payable.

The Group expects to contribute ₱562.4 million to its defined benefit retirement plan in 2024.

The principal actuarial assumptions used in determining retirement and other post-employment benefits as of December 31 of each year are as follows:

	2023	2022
Discount rate	6.04%-6.10%	6.87%-7.15%
Future salary increase rate	4.0%-9.0%	4%-7.5%
Medical costs trend rate	6%	6%

The discount rate is based on the long-term government bond rates approximating the expected average remaining working life of the employees.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of December 31, 2023 and 2022, assuming all other assumptions were held constant:

	2023	
	Increase/Decrease in Percentage Point	Increase (Decrease) in Defined Benefit Obligation
Discount rate	+1%	(₱414,179,478)
	-1%	478,406,466
Future salary increases	+1%	₱469,288,734
	-1%	(417,221,378)
Medical costs trend	+1%	₱2,932,143
	-1%	(2,596,130)
	2022	
	Increase/Decrease in Percentage Point	Increase (Decrease) in Defined Benefit Obligation
Discount rate	+1%	(₱310,891,141)
	-1%	349,476,782
Future salary increases	+1%	₱350,608,367
	-1%	(316,374,300)
Medical costs trend	+1%	₱2,344,857
	-1%	(2,840,982)



The estimated weighted average duration of benefit payment is 18 years and 10 years in 2023 and 2022, respectively.

Following are the information about the maturity profile of the defined benefit obligation as of December 31, 2023 and 2022:

	2023	2022
Less than one (1) year	₱420,301,529	₱237,771,056
One (1) year up to five (5) years	2,002,735,863	1,695,564,544
More than five (5) years up to 10 years	3,189,452,657	2,907,190,094
More than 10 years up to 15 years	1,876,679,796	1,768,769,853
More than 15 years	6,094,486,338	4,791,510,688

29. Income Tax

- a. The deferred income tax assets (liabilities) of the Group are presented in the consolidated statements of financial position as follows:

	2023	2022
Deferred income tax assets	₱875,533,081	₱754,381,502
Deferred income tax liabilities	134,863,515	165,957,154

The components of the Group's recognized deferred tax assets and liabilities follow:

	2023			
	Beginning of Year	Charged to Income	Charged to OCI	End of Year
Deferred tax assets on:				
Impairment loss on property, plant and equipment	₱618,728,782	₱570,038	₱—	₱619,298,820
Allowance for impairment loss	283,262,866	(94,744,205)	—	188,518,661
Accrued retirement benefits	181,175,218	80,997,940	74,835,243	337,008,401
Provision for rehabilitation and restoration costs	147,818,562	11,077,391	—	158,895,953
Revenue generated during testing period of BGI power plants	137,499,236	(6,532,939)	—	130,966,297
Unrealized foreign exchange losses	75,459,007	(14,711,202)	—	60,747,805
Provision for impairment of parts and supplies inventories	61,737,422	(7,094,677)	—	54,642,745
Differences in fair value versus cost of Tongonan and Palimpinon property, plant and equipment	39,750,433	(8,305,130)	—	31,445,303
Fair value changes on hedging transactions	5,166,247	—	26,222,607	31,388,854
Others	384,680,033	79,973,434	1,994,312	466,647,779
	1,935,277,806	41,230,650	103,052,162	2,079,560,618
Deferred income tax liabilities on:				
Differences between the carrying amount of nonmonetary assets and liabilities and the related tax base	(1,095,585,160)	21,945,136	—	(1,073,640,024)
Unrealized foreign exchange gains	(114,006,832)	(20,548,346)	—	(134,555,178)
Others	(137,261,466)	6,565,616	—	(130,695,850)
	(1,346,853,458)	7,962,406	—	(1,338,891,052)
	₱588,424,348	₱49,193,056	₱103,052,162	₱740,669,566



	2022			
	Beginning of Year	Charged to Income	Charged to OCI	End of Year
Deferred tax assets on:				
Impairment loss on property, plant and equipment	₱618,728,782	₱—	₱—	₱618,728,782
Allowance for impairment loss	283,984,488	(721,622)	—	283,262,866
Accrued retirement benefits	198,809,281	462,884	(18,096,947)	181,175,218
Provision for rehabilitation and restoration costs	144,670,519	3,148,043	—	147,818,562
Revenue generated during testing period of BGI power plants	144,032,175	(6,532,939)	—	137,499,236
Unrealized foreign exchange losses	179,827,534	(104,368,527)	—	75,459,007
Provision for impairment of parts and supplies inventories	59,749,353	1,988,069	—	61,737,422
Differences in fair value versus cost of Tongonan and Palinpinon property, plant and equipment	51,908,684	(12,158,251)	—	39,750,433
Fair value changes on hedging transactions	5,166,247	—	—	5,166,247
Others	268,275,058	107,867,739	8,537,236	384,680,033
	1,955,152,121	(10,314,604)	(9,559,711)	1,935,277,806
Deferred income tax liabilities on:				
Differences between the carrying amount of nonmonetary assets and liabilities and the related tax base	(977,586,363)	(117,998,797)	—	(1,095,585,160)
Unrealized foreign exchange gains	(96,929,348)	145,331,068	(162,408,552)	(114,006,832)
Others	(137,261,466)	—	—	(137,261,466)
	(1,211,777,177)	27,332,271	(162,408,552)	(1,346,853,458)
	₱743,374,944	₱17,017,667	(₱171,968,263)	₱588,424,348

Bayanihan to Recover as One Act (Bayanihan 2)

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4 of Bayanihan 2 which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As of December 31, 2023, the Group has incurred NOLCO in taxable years 2022 and 2023 which can be claimed as deduction against the regular taxable income for the next three (3) consecutive taxable years, as follows:

Year Incurred	Availment Period	Amount	Applied Previous Year/s	Expired	Applied Current Year	Unapplied
2022	2023-2025	₱3,159,646,109	₱—	₱—	₱455,144,441	₱2,704,501,668
2023	2024-2026	250,749,747	—	—	—	250,749,747
		₱3,410,395,856	₱—	₱—	₱455,144,441	₱2,955,251,415

As of December 31, 2023, the Group has NOLCO in taxable years 2020 and 2021 which can be claimed as deduction against the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover as One Act, as follows:

Year Incurred	Availment Period	Amount	Applied Previous Year/s	Expired	Applied Current Year	Unapplied
2020	2021-2025	₱1,133,931,407	₱223,817,136	₱—	₱—	₱910,114,271
2021	2022-2026	1,323,919,713	40,498	—	—	1,323,879,215
		₱2,457,851,120	₱223,857,634	₱—	₱—	₱2,233,993,486



Movements of the Group's NOLCO are as follows:

	2023	2022
Balances at January 1	₱5,393,639,595	₱3,113,818,020
Addition	250,749,747	3,159,646,109
Application	(455,144,441)	(223,857,634)
Expiration	–	(655,966,900)
Balances at December 31	₱5,189,244,901	₱5,393,639,595

As of December 31, 2023 and 2022, the Group did not recognize deferred income tax asset from its NOLCO amounting to ₱250.7 million and ₱3,159.6 million, respectively, which pertain to losses subject under 25% tax regime. This NOLCO with an unrecognized deferred income tax asset is part of the outstanding balances amounting to ₱5,189.2 million and ₱5,393.6 million as of December 31, 2023 and 2022, respectively.

As of December 31, 2023, the Group has incurred Minimum Corporate Income Tax (MCIT) in taxable year 2023 amounting to ₱1.2 million which can be claimed as deduction against the regular income tax due for the next three (3) consecutive taxable years.

As of December 31, 2021, no deferred income tax asset was recognized for fair value adjustments related to EBWPC's hedging activities amounting to ₱281.6 million, as management believes that there will be no sufficient future taxable income to allow all or part of the deductible temporary difference to be utilized. For 2023, deferred tax liability was recognized.

As of December 31, 2023 and 2022, the taxable temporary differences representing the excess of the carrying amount of the investments in subsidiaries over the tax base amounted to ₱27,387.5 million and ₱14,439.0 million, respectively. There is no corresponding deferred income tax liability recognized since these temporary differences pertain to investment in domestic companies and, accordingly, the reversals of these temporary differences are through regular dividend distribution not subject to income tax. The management intends to hold the investments in its subsidiaries.

Moreover, the related fair value loss of the investment in BGI and GCGI's preferred shares accounted for as financial asset at FVOCI amounted to ₱1,998 million and ₱1,055.7 million as of December 31, 2023 and 2022, respectively. There is no corresponding deferred income tax asset recognized since there were no capital gains to offset the said capital loss.

Furthermore, no deferred income tax asset was recognized on the provision for asset impairment in relation to the investment in Chile amounting to ₱26.1 million, investment in Peru amounting to ₱1,267.2 million, and investment in ULGEI amounting to ₱4,000.0 million since there are also no capital gains to offset the capital losses.

The 10% statutory rate applies to the relevant renewable energy operations covered by the RE Law, while the 25% applies, in general, to the other activities.



- b. A numerical reconciliation between provision for income tax and the product of accounting income multiplied by the tax rates of 10% or 25%, as applicable, follows:

	2023	2022	2021
Income before income tax	₱15,972,317,584	₱12,925,613,157	₱10,264,836,719
Income tax at statutory tax rates (10% or 25%)	1,057,710,336	924,934,037	941,088,933
Adjustments for:			
Non-deductible provisions/ (non-taxable recovery) - net	586,681,563	165,781,932	152,062,643
Interest income - net of final tax	(78,042,983)	(16,346,117)	(10,080,706)
Effect of change in tax rate	(77,396,685)	265,213,097	(49,057,302)
Net movement of unrecognized deferred tax asset on NOLCO	62,645,816	364,151,539	101,352,035
Non-deductible interest expense	13,437,281	3,693,000	2,925,644
Net movement of temporary differences reversing during income tax holiday	6,218,990	(22,379,707)	(7,564,616)
Loss (Benefit) from ITH incentive	4,927,433	(5,759,517)	(151,318,495)
Translation adjustment on nonmonetary assets and liabilities	4,553,445	113,826,407	77,101,814
Non-taxable/non-deductible foreign exchange gains on ROP bonds and others	24,531	(29,558)	(18,206,479)
Provision for income tax	₱1,580,759,727	₱1,793,085,113	₱1,038,303,471

- c. On February 14, 2013, BGI was granted with an income tax holiday (ITH) incentive by the Board of Investments (BOI) covering its 130 MW BMGPP complex. On February 17, 2015, BGI received a Legal and Compliance Service letter from BOI granting the upward amendment of registered capacity of the BMGPP complex from 130 MW to 140 MW effective for seven (7)-year period beginning in July 2013 or date of commissioning, whichever is earlier. Subject to certain conditions, BGI is entitled to income tax holiday for seven (7) years from July 2013 or date of commissioning of the power plants, whichever is earlier. BGI does not recognize deferred tax assets and deferred tax liabilities on temporary differences for its registered activities that are expected to reverse during the ITH period. In June 2020, the ITH entitlement for the 140 MW BMGPP expired.
- d. On February 12, 2014, the BOI approved the ITH registration of the Nasulo Power Plant under the Renewable Energy Act of 2008 (RA 9513) effective for seven (7)-year period beginning in January 2016 or date of commissioning, whichever is earlier. While the Nasulo power plant has a capacity of 49.4 MW, the ITH shall be limited only to the revenues derived from the sale of 30 MW. On July 20, 2021, such ITH entitlement expired.
- e. On June 29, 2011, the BOI approved the ITH registration of the 86 MW Burgos Wind Farm under the Renewable Energy Act of 2008 (RA 9513). On June 3, 2014, the Group received a legal service letter from BOI granting the upward amendment of registered capacity of the Burgos Wind Farm from 86 MW to 150 MW effective for seven (7)-year period beginning in December 2015 or date of commissioning, whichever is earlier. On November 10, 2021, the ITH entitlement for 150 MW project expired.



- f. On November 13, 2015, GCGI was granted with an ITH incentive by the BOI covering its 112.5 MW Tongonan Geothermal Power Plant, effective for seven (7)-year period beginning in April 2015. In May 2020, there was an upward amendment of the registered operating capacity from 112.5 MW to 123 MW, a 10.5 MW increase in registered operating capacity resulting from the additional investment for rehabilitation of three steam turbines. On April 9, 2022, the ITH entitlement for the original 112.5 MW approved operating capacity expired. Thus, until May 2027, the remaining ITH entitlement shall only apply to revenues derived from power generated in between 112.5 MW and 123 MW operating capacity and sold to the grid, other entities and/or communities.
- g. On June 16, 2015, the Parent Company was registered with the BOI covering its 4.16 MW Burgos Solar Plant – Phase 1, and was granted with an ITH incentive effective for seven (7)-year period beginning in June 16, 2015. On March 4, 2022, the ITH entitlement for the entire project expired.
- h. On December 3, 2015, the Parent Company was registered with the BOI covering its 2.66-MW Burgos Solar Plant - Phase 2, and was subsequently granted with an ITH incentive effective for seven (7)-year period beginning January 19, 2016. On January 18, 2023, the ITH entitlement for the entire project expired.
- i. On December 11, 2015, GCGI was granted with an ITH incentive by the BOI covering its 192.5 MW Palinpinon Geothermal Power Plant, effective for seven (7)-year period beginning in February 2014. Only revenues derived from power generated (i.e., 39.66 MW or the capacity in excess of the 152.84 MW, whichever is lower) and sold to the grid, other entities and/or communities shall be entitled to ITH. On February 3, 2021, the ITH entitlement for the entire project expired.
- j. FG Hydro is registered with the BOI under the Omnibus Investments Code of 1987 as the new operator of the 112 MW PAHEP/MAHEP on a pioneer status. As a registered enterprise, FG Hydro was entitled to certain tax and non-tax incentives which include, among others, ITH for six (6) years commencing on April 13, 2007. On October 2, 2013, the BOI approved FG Hydro's application for an ITH extension by granting it another year or until April 12, 2014. On February 22, 2017, the DOE approved FG Hydro's application for registration as an RE Developer and signed the RE Contract with FG Hydro for PAHEP. On February 27, 2017, the RE Contract for MAHEP was also signed by FG Hydro and the DOE. As a result, FG Hydro is now subject to 10% statutory income tax rate on its RE operations as a RE Developer in 2017.
- k. On February 8, 2019, EDC Siklab was granted with an ITH incentive by the BOI covering its 1.03 MW Gaisano La Paz Solar Rooftop Project in Iloilo, effective for seven (7)-year period beginning in March 26, 2017 until March 25, 2024.
- l. On June 24, 2021, the Parent Company was granted with an ITH incentive by the BOI covering its 3.6 MW Mindanao 3 (M3 Binary) Geothermal Project in North Cotabato, effective for a seven (7)-year period beginning in March 2022 until March 2029.
- m. The Organization for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting published the Pillar Two model rules designed to address the tax challenges arising from the digitalization of the global economy.

PAS 12 is amended to require that entities shall disclose separately its current tax expense/income related to Pillar Two income taxes, and the qualitative and quantitative information about its exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after 1 January 2023.



The Group has yet to implement BEPS 2.0 Pillar Two because the Group's entities are operating in jurisdiction/s (Philippines) which the legislation has not yet been enacted or substantially enacted as of December 31, 2023. However, the Group has a consolidated revenue exceeding the threshold amount of €750 million. With this, once the jurisdiction/s have enacted the legislation, the Group will implement Pillar Two model rules and perform a detailed impact assessment to disclose reasonably estimate information that helps users of financial statements to understand the Group's exposure to Pillar Two income taxes in the Group's annual consolidated financial statements.

30. Basic/Diluted Earnings Per Share

The basic/diluted earnings per share amounts were computed as follows:

	2023	2022	2021
Net income attributable to equity holders of the Parent Company	₱14,267,180,431	₱10,979,385,739	₱9,122,453,169
Less dividends on preferred shares (Note 19)	293,500,000	293,500,000	293,500,000
(a) Net income attributable to common shareholders of the Parent Company	₱13,973,680,431	₱10,685,885,739	₱8,828,953,169
(b) Weighted average number of common shares outstanding	17,041.57	17,041.62	17,045.82
Basic/diluted earnings per share (a/b)	₱819,975.99	₱627,046.44	₱517,954.00

The Parent Company does not have any dilutive potential common shares as at December 31, 2023, 2022 and 2021.

The weighted average number of common shares outstanding for the years ended December 31, 2023, 2022 and 2021, have retrospectively considered the effect of the reverse stock split approved by the SEC on December 29, 2023.

31. Financial Risk Management Objectives and Policies

The Group's financial instruments consist mainly of cash and cash equivalents, trade receivables, financial assets at FVPL and FVOCI, derivative asset and liability, trade payables, long-term debts, and lease liabilities. The main purpose of these financial instruments is to finance the Group's operations and accordingly manage its exposure to financial risks. The Group has various other financial assets and liabilities such as short-term investments, other receivables, other payables and due to/from related parties, which arise directly from operations.

Financial Risk Management Policy

The main financial risks arising from the Group's financial instruments are credit risk, foreign currency risk, interest rate risk, and liquidity risk. The Group's policies for managing the aforementioned risks are summarized hereinafter below.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.



Trade receivables

The Group's geothermal and power generation business trades with one key customer, TransCo, a government-owned-and-controlled corporation. Any failure on the part of TransCo to pay its obligations to the Group would significantly affect the Group's business operations. As a practice, the Group monitors closely its collections from TransCo and may charge interest on delayed payments following the provision of the REPA. Other customers include distribution utilities, electric cooperatives, industrial customers, and contestable customers. Credit risk is controlled by the application of credit approval limit and monitoring procedures. It is the Group's policy to enter into credit-worthy parties to mitigate any significant concentration of credit risk. Trade receivables balances are monitored on an ongoing basis to ensure that the Group's exposure to bad debts is not significant. The maximum exposure of trade receivable is equal to its carrying amount.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix for the years ended December 31, 2023 and 2022:

2023

	Trade receivables						Total
	Days past due					Credit Impaired	
	Current	<30 days	30-60 days	61-90 days	>90 days		
	(In Thousand Pesos)						
Expected credit loss rate	0.0%	0.0%	0.0%	0.0%	2.0%	100.0%	14.9%
Estimated total gross carrying amount at default (Note 7)	₱3,953,076	₱873,352	₱55,077	₱56,731	₱987,687	₱1,012,370	₱6,938,293
Expected credit loss	—	—	—	—	19,793	1,012,370	1,032,163

2022

	Trade receivables					Credit Impaired	Total
	Days past due						
	Current	<30 days	30-60 days	61-90 days	>90 days		
	(In Thousand Pesos)						
Expected credit loss rate	0.0%	0.0%	0.0%	0.0%	2.6%	100.0%	12.3%
Estimated total gross carrying amount at default (Note 7)	₱5,276,038	₱958,662	₱64,149	₱14,532	₱747,749	₱966,063	₱8,027,193
Expected credit loss	—	—	—	—	19,793	966,063	985,856

Financial instruments and cash deposits

With respect to the credit risk arising from other financial assets of the Group, which comprise of cash and cash equivalents excluding cash on hand, financial asset at FVPL, short-term investments, other receivables, financial assets at FVOCI, and due from related party, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Credit risk from these instruments is mitigated by the short-term and/or liquid nature of its cash investments mainly in bank deposits and placements, which are placed with financial institutions and entities of high credit standing.

Credit Quality of Financial Assets

Financial assets are classified as high grade if the counterparties are not expected to default in settling their obligations. Thus, the credit risk exposure is minimal. These counterparties normally include customers, banks and related parties who pay on or before due date. Financial assets are classified as a standard grade if the counterparties settle their obligation with the Group with tolerable delays. Low grade accounts are accounts, which have probability of impairment based on historical trend.



These accounts show propensity of default in payment despite regular follow-up actions and extended payment terms. As of December 31, 2023 and 2022, financial assets categorized as neither past due nor impaired are viewed by management as high grade, considering the collectibility of the receivables and the credit history of the counterparties. Meanwhile, past due but not impaired financial assets are classified as standard grade.

Concentration of Credit Risk

The Group's exposure to concentration of credit risk arises from the default of the counterparties, with a maximum exposure equal to the carrying amount of the receivables from TransCo.

The table below shows the risk exposure in respect to credit concentration of the Group as of December 31, 2023 and 2022:

	2023	2022
Trade receivables from TransCo (Notes 7 and 16)	₱4,100 million	₱3,938 million
Total receivables	8,432 million	9,508 million
Credit concentration percentage	49%	41%

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group's exposure to foreign currency risk is mainly from the financial assets and liabilities that are denominated in US dollar (US\$). This primarily arises from future payments of foreign currency-denominated loans and other commercial transactions and the Group's investment in ROP Bonds.

The Group's exposure to foreign currency risk to some degree is mitigated by some provisions in the Group's GRESCs, SSAs, PPAs and REPA. The service contracts allow full cost recovery while the sales contracts include billing adjustments covering the movements in Philippine peso and the US\$ rates, US Price and Consumer Indices, and other inflation factors.

To mitigate further the effects of foreign currency risk, the Group will prepay, refinance or hedge its foreign currency denominated loans, whenever deemed feasible. The Group also enters into derivative contracts to mitigate foreign currency risk.



The Group's foreign currency-denominated financial assets and liabilities (translated into Philippine peso) as of December 31, 2023 and 2022 are as follows:

2023														
	Original Currency													
	Indonesian Rupiah (IDR)	US\$	Japanese Yen (JPY)	Singapore Dollar (SGD)	Sweden Kroner (SEK)	New Zealand Dollar (NZD)	Euro	Hongkong Dollar (HKD)	British Pound (GBP)	Chilean Peso (CHP)	Peruvian Sol (PEN)	Canadian Dollar (CAD)	Australian Dollar (AUD)	Peso Equivalent¹
Financial Assets														
Loans and receivables	–	31,508,198	–	–	–	–	–	–	–	–	–	–	–	₱1,744,608,911
Cash equivalents	3,904,385,763	7,882,923	48,300,419	–	–	–	–	–	–	42,655,946	125,716	–	–	475,260,594
Cash on hand and in banks	–	4,836,613	–	–	–	–	–	–	–	–	–	–	–	267,803,283
Derivative assets	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total financial assets	3,904,385,763	44,227,734	48,300,419	–	–	–	–	–	–	42,655,946	125,716	–	–	₱2,487,672,788
Financial Liabilities														
Liabilities at amortized cost:														
Accounts payable	–	45,208,354	545,301,522	80,235	206,405	898,801	9,633,102	5,962	33,032	126,755	–	4,166	311,965	₱3,373,519,313
Long-term debt	–	144,732,345	–	–	–	–	–	–	–	–	–	–	–	8,013,829,923
Accrued interest on long-term debts	–	1,028,477	–	–	–	–	–	–	–	–	–	–	–	56,946,767
Total financial liabilities	–	190,969,176	545,301,522	80,235	206,405	898,801	9,633,102	5,962	33,032	126,755	–	4,166	311,965	₱11,444,296,003

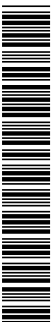
¹ US\$1 = ₱53,700, JP¥1 = ₱0,4174, SGD1 = ₱42,0898, SEK1 = ₱5,5636, NZD1 = ₱35,1739, CHF1 = ₱0,0630, PEN1 = ₱14,9487, Euro1 = ₱61,4738, IDR1 = ₱0,0036, HKD1 = ₱7,1121, GBP1 = ₱70,7590, CAD1 = ₱42,0039, AUD1 = ₱37,9467 as of December 31, 2023 (see Note 26)



	2022												
	Original Currency												
	Indonesian Rupiah (IDR)	US\$	Japanese Yen (JP¥)	Singapore Dollar (SGD)	Sweden Kroner (SEK)	New Zealand Dollar (NZD)	Euro	Hongkong Dollar (HKD)	British Pound (GBP)	Chilean Peso (CHP)	Peruvian Sol (PEN)	Australian Dollar (AUD)	Peso Equivalent ¹
Financial Assets													
Loans and receivables	–	33,131,869	–	–	–	–	–	–	–	–	–	–	P1,847,267,364
Cash equivalents	5,382,452,422	15,222,642	1,022,349,831	–	–	–	–	–	–	86,990,735	244,254	–	1,304,134,451
Cash on hand and in banks	–	6,648,301	–	–	–	–	–	–	–	–	–	–	370,676,037
Derivative assets	–	–	–	–	–	–	–	–	–	–	–	–	–
Total financial assets	5,382,452,422	55,002,812	1,022,349,831	–	–	–	–	–	–	86,990,735	244,254	–	P3,522,077,852
Financial Liabilities													
Liabilities at amortized cost:													
Accounts payable	–	32,279,076	397,631,642	318,076	206,405	652,299	1,156,746	5,962	25,032	–	–	468,644	P2,090,348,583
Long-term debt	–	156,823,637	–	–	–	–	–	–	–	–	–	–	8,743,701,871
Accrued interest on long-term debts	–	945,338	–	–	–	–	–	–	–	–	–	–	52,707,319
Total financial liabilities	–	190,048,051	397,631,642	318,076	206,405	652,299	1,156,746	5,962	25,032	–	–	468,644	P10,886,757,773

US\$1 = P35.7550, JP¥1 = P0.4174, SGD1 = P41.5796, SEK1 = P5.3556, NZD1 = P35.4061, CHP1 = P0.0656, PEN1 = P14.6608, Euro1 = P59.5545, IDR1 = P0.0036, HKD1 = P7.1996, GBP1 = P67.4394, AUD1 = P37.8024 as of December 31, 2022

¹ US\$ = P35,7350, JP¥ = P0,4174, SGD = P41,5796, SEK = P5,3556, NZD = P35,4061, CHP = P0,0656, PEN = P14,6608, Euro = P59,5545, IDR = P0,0036, HKD = P7,1996, GBP = P67,4394, AUD = P37,8024 as of December 31, 2022



The following tables demonstrate the sensitivity to a reasonably possible change in the foreign currency exchange rates applicable to the Group, with all other variables held constant, of the Group's income (loss) before income tax and equity for the years ended December 31, 2023 and 2022. The impact on the Group's income before income tax is due to revaluation of monetary assets and monetary liabilities.

2023			
	Foreign Currency Appreciates (Depreciates) By	Effect on Income Before Income Tax	Effect on Equity
USD	10% or ₱5.5370 (10% or ₱5.5370)	(₱839,287,688) 839,287,688	₱— —
Euro	10% or ₱6.14738 (10% or ₱6.14738)	(59,218,339) 59,218,339	— —
JPY	10% or ₱0.04174 (10% or ₱0.04174)	(20,744,826) 20,744,826	— —
NZD	10% or ₱3.51738 (10% or ₱3.51739)	(3,161,435) 3,161,435	— —
IDR	10% or ₱0.00036 (10% or ₱0.00036)	1,405,579 (1,405,579)	— —
AUD	10% or ₱3.79467 (10% or ₱3.79467)	(1,183,803) 1,183,803	— —
SGD	10% or ₱0.4.20898 (10% or ₱4.20898)	(337,706) 337,706	— —
CHP	10% or ₱0.00630 (10% or ₱0.00630)	267,950 (267,950)	— —
PEN	10% or ₱1.49487 (10% or ₱1.49487)	187,929 (187,929)	— —
GBP	10% or ₱0.55636 (10% or ₱0.55636)	(114,835) 114,835	— —
CAD	10% or ₱4.20039 (10% or ₱4.20039)	(17,500) 17,500	— —
HKD	10% or ₱0.71121 (10% or ₱0.71121)	(4,240) 4,240	— —

2022			
	Foreign Currency Appreciates (Depreciates) By	Effect on Income Before Income Tax	Effect on Equity
USD	10% or ₱5.57550 (10% or ₱5.57550)	(₱790,012,332) 790,012,332	₱— —
JPY	10% or ₱0.04174 (10% or ₱0.04174)	26,075,737 (26,075,737)	— —
EUR	10% or ₱5.95545 (10% or ₱5.95545)	(6,888,943) 6,888,943	— —
NZD	10% or ₱3.54061 (10% or ₱3.54061)	(2,309,537) 2,309,537	— —
IDR	10% or ₱0.00036 (10% or ₱0.00036)	1,937,683 (1,937,683)	— —
SGD	10% or ₱4.15796 (10% or ₱4.15796)	(1,322,547) 1,322,547	— —
CHP	10% or ₱0.00656 (10% or ₱0.00656)	570,944 (570,944)	— —
AUD	10% or ₱3.78024 (10% or ₱3.78024)	(1,771,587) 1,771,587	— —

(Forward)



2022			
	Foreign Currency Appreciates (Depreciates) By	Effect on Income Before Income Tax	Effect on Equity
PEN	10% or ₱1.46608 (10% or ₱1.46608)	₱358,096 (358,096)	₱— —
GBP	10% or ₱6.74394 (10% or ₱6.74394)	(168,818) 168,818	— —
SEK	10% or ₱0.53556 (10% or ₱0.53556)	(110,542) 110,542	— —
HKD	10% or ₱0.71996 (10% or ₱0.71996)	(4,293) 4,293	— —

Interest Rate Risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates, derivative assets, derivative liabilities and debt instruments at FVOCI. The interest rates of some of the Group's long-term borrowings and debt instruments at FVOCI are fixed at the inception of the loan agreement.

The Group regularly evaluates its interest rate risk by taking into account the cost of qualified borrowings being charged by its creditors. Prepayment, refinancing or hedging the risks are undertaken when deemed feasible and advantageous to the Group.

Interest Rate Risk Table

The following tables provide for the effective interest rates and interest payments by period of maturity of the Group's long-term debts:

2023						
	Interest Rates	Within 1 Year	More than 1 Year up to 4 years	More than 4 Years up to 5 Years	More than 5 Years	Total
<i>(In Thousand Pesos)</i>						
Floating Rate						
Commercial Debt Facility US\$37.5 Million	2% margin plus LIBOR	32,248	66,906	11,102	4,416	114,672
ECA Debt Facility US\$150 Million	2.35% margin plus LIBOR	141,222	293,745	48,740	19,390	503,097
Commercial Debt Facility Commercial Debt Facility ₱5.6 Billion	2% + PDST-F rate	203,802	178,795	365,516	60,646	808,759
US\$50 Million Mizuho Loan	1.10% margin plus Term SOFR	184,941	275,807	—	—	460,748
2022						
	Interest Rates	Within 1 Year	More than 1 Year up to 4 years	More than 4 Years up to 5 Years	More than 5 Years	Total
<i>(In Thousand Pesos)</i>						
Floating Rate						
Commercial Debt Facility US\$37.5 Million	2% margin plus LIBOR	37,461	83,077	16,957	15,580	153,075
ECA Debt Facility US\$150 Million	2.35% margin plus LIBOR	164,930	365,763	74,658	68,592	673,943
Commercial Debt Facility Commercial Debt Facility ₱5.6 Billion	2% + PDST-F rate	203,802	452,004	92,264	84,773	832,843
US\$50 Million Mizuho Loan	1.10% margin plus Term SOFR	143,452	323,997	35,693	—	503,142

The other financial instruments of the Group that are not included in the preceding table are not subject to interest rate repricing and are therefore not subject to interest rate volatility.



The following tables demonstrate the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's income before income tax and equity as of December 31, 2023 and 2022. The impact on the Group's equity is due to changes in the fair value of debt instruments at FVOCI, and interest rate swaps designated as cash flow hedges.

2023			
Increase/Decrease in Basis Points	Effect on Income Before Income Tax	Effect on Equity	
		Change in Fair Value of FVOCI	Fair value adjustments on hedging transactions
+100	(P109,995,088)	(P6,398,925)	P162,823,172
-100	109,995,088	6,175,145	(162,823,172)
2022			
Increase/Decrease in Basis Points	Effect on Income Before Income Tax	Effect on Equity	
		Change in Fair Value of FVOCI	Fair value adjustments on hedging transactions
+100	(P121,518,281)	(P4,977,553)	P213,261,724
-100	121,518,281	6,956,791	(213,261,724)

The effect of changes in interest rates in equity pertains to the fair valuation of debt instruments at FVOCI and derivatives designated as cash flow hedges, and is exclusive of the impact of the changes affecting the Group's profit or loss.

Liquidity Risk

The Group's objective is to maintain a balance between continuity of funding and sourcing flexibility through the use of available financial instruments. The Group manages its liquidity profile to meet its working and capital expenditure requirements and service debt obligations. As part of the liquidity risk management program, the Group regularly evaluates and considers the maturity of both its financial investments and financial assets (i.e., trade receivables, other financial assets) and resorts to short-term borrowings whenever its available cash or matured placements is not enough to meet its daily working capital requirements. To ensure immediate availability of short-term borrowings, the Group maintains credit lines with banks on a continuing basis.

Liquidity risk arises primarily when the Group has difficulty collecting its receivables from its one key customer, TransCo. Other instances that contribute to its exposure to liquidity risk are when the Group finances long-term projects with internal cash generation and when there is credit crunch especially at times when the Group has temporary funding gaps.

The tables below show the maturity profile as of December 31, 2023 and 2022 of the Group's financial assets used for liquidity purposes based on contractual undiscounted cash flows, and financial liabilities based on contractual undiscounted payments:

	2023						
	On Demand	Less than 3 Months	3 to 6 Months	>6 to 12 Months	>1 to 5 Years	More than 5 Years	Total
	(In Thousand Pesos)						
Amortized cost:							
Cash and cash equivalents	₱5,727,422	₱11,693,591	₱—	₱—	₱—	₱—	₱17,421,013
Trade receivables	2,985,217	3,953,076	—	—	—	—	6,938,293
Due from related parties	41,709	—	—	—	—	—	41,709
Financial assets at FVPL	17,746	—	—	—	—	—	17,746
Derivative assets designated as cash flow hedges	—	—	15,941	18,393	233,469	—	267,803
Total	₱8,772,094	₱15,646,667	₱15,941	₱18,393	₱233,469	₱—	₱24,686,564

(Forward)



	2023						Total
	On Demand	Less than 3 Months	3 to 6 Months	>6 to 12 Months	>1 to 5 Years	More than 5 Years	
Liabilities at amortized cost:							
Accounts payable*	P-	P16,415,650	P-	P-	P-	P-	P16,415,650
Accrued interest on long-term debts	-	423,506	201,304	-	-	-	624,810
Other payables**	-	781,695	-	-	-	-	781,695
Due to related parties	1,668	-	-	-	-	-	1,668
Long-term debts	-	2,208,884	4,399,716	3,892,360	32,622,385	16,046,509	59,169,854
Lease liabilities	-	77,210	28,699	59,891	146,862	-	312,662
Total	P1,668	P19,906,945	P4,629,719	P3,952,251	P32,769,247	P16,046,509	P77,306,339

*Excluding statutory liabilities to the government.

**Excluding non-financial liabilities.

	2022						
	On Demand	Less than 3 Months	3 to 6 Months	>6 to 12 Months	>1 to 5 Years	More than 5 Years	Total
(In Thousand Pesos)							
Amortized cost:							
Cash and cash equivalents	₱8,226,587	₱9,371,203	₱—	₱—	₱—	₱—	₱17,597,790
Trade receivables	2,751,155	5,276,038	—	—	—	—	8,027,193
Due from related parties	30,837	—	—	—	—	—	30,837
Financial assets at FVPL	12,729	—	—	—	—	—	12,729
Derivative assets designated as cash flow hedges	—	—	20,593	23,761	326,322	—	370,676
Total	₱11,021,308	₱14,647,241	₱20,593	₱23,761	₱326,322	₱—	₱26,039,225
Liabilities at amortized cost:							
Accounts payable*	₱—	₱11,510,865	₱—	₱—	₱—	₱—	₱11,510,865
Accrued interest on long-term debts	—	268,667	309,888	—	—	—	578,555
Other payables**	—	1,059,627	—	—	—	—	1,059,627
Due to related parties	2,049	—	—	—	—	—	2,049
Long-term debts	—	1,090,377	6,835,282	3,796,593	36,808,976	16,895,389	65,426,617
Lease liabilities	—	77,334	26,829	56,372	258,507	—	419,042
Total	₱2,049	₱14,006,870	₱7,171,999	₱3,852,965	₱37,067,483	₱16,895,389	₱78,996,755

*Excluding statutory liabilities to the government.

**Excluding non-financial liabilities.

Financial Assets and Financial Liabilities

Set out below is a comparison of carrying amounts and fair values of the Group's financial instruments as of December 31, 2023 and 2022 other than those with carrying amounts that are reasonable approximations of fair values.

	2023		2022	
	Carrying Amounts	Fair Values	Carrying Amounts	Fair Values
Financial Assets				
Amortized cost:				
Long-term receivables	P1,675,144,611	P1,496,571,218	P1,497,117,960	P1,337,598,381
Deposits and special funds	322,595,577	320,267,648	351,390,539	349,375,236
	P1,997,740,188	P1,816,838,866	P1,848,508,499	P1,686,973,617
Financial Liabilities:				
Financial liabilities at amortized cost:				
Long-term debts	P55,734,420,269	P57,301,469,168	P53,301,611,618	P54,724,452,101
Lease liabilities	323,895,002	229,833,244	401,840,188	270,042,667
Customer deposits	154,621,477	138,138,552	209,808,053	187,452,773
	P56,212,936,748	P57,669,440,964	P53,913,259,859	P55,181,947,541

Due to their relatively short maturity, which ranging range from one to three months, the carrying amounts approximate the fair values for cash and cash equivalents, trade and other receivables, short-term investments, amounts due to related parties and trade and other payables.



The methods and assumptions used by the Group in estimating the fair value of financial instruments are:

Long-term Receivables and Deposits and Special Funds

The fair value of long-term receivables was computed by discounting the expected cash flow using the applicable rate of 5.80% as of December 31, 2023 and 2022.

Financial Assets at FVOCI

Fair values of quoted debt and equity securities are based on quoted market prices and other observable data.

Financial Assets at Fair Value Through Profit or Loss

The fair values of financial assets at fair value through profit or loss are based on quotations provided by the investment manager.

Derivatives Designated as Cash Flow Hedges

The fair values of derivative instruments designated as cash flow hedges are based on quotations provided by the counterparty banks.

Long-term Debts

The fair values for the Group's long-term debts are estimated using the discounted cash flow methodology with the applicable rates ranging from 4.10% to 6.06% as of December 31, 2023 and 2.03% to 7.80% as of December 31, 2022.

Lease Liabilities

The fair values for the Group's lease liabilities are estimated using the discounted cash flow methodology with the applicable rates ranging from 6.50% to 6.99% and 6.05% to 7.78% as of December 31, 2023 and 2022, respectively.

The following tables show the fair value information of financial instruments classified under loans and receivables, financial assets at FVPL, financial assets at FVOCI, long-term debts, lease liabilities and derivatives designated as cash flow hedges and analyzed by sources of inputs on fair valuation as follows:

- Quoted prices in active markets for identical assets or liabilities (Level 1);
- Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	2023			
	Total	Level 1	Level 2	Level 3
Financial Assets				
Loans and receivables:				
Long-term receivables	₱1,496,571,218	₱—	₱—	₱1,496,571,218
Deposits and special funds	320,267,648	—	—	320,267,648
Financial assets at FVPL	17,745,812	17,745,812	—	—
Financial assets at FVOCI:				
Debt investments	187,172,510	187,172,510	—	—
Equity investments	101,812,572	6,062,572	95,750,000	—
Derivative assets designated as cash flow hedges	267,803,283	—	267,803,283	—
Financial Liabilities				
Financial liabilities at amortized cost:				
Long-term debts	57,301,469,168	4,882,043,402	—	52,419,425,766
Lease liabilities	229,833,244	—	—	229,833,244
Customer deposits	138,138,552	—	—	138,138,552



	2022			
	Total	Level 1	Level 2	Level 3
Financial Assets				
Loans and receivables:				
Long-term receivables	₱1,337,598,381	₱—	₱—	₱1,337,598,381
Deposits and special funds	349,375,236	—	—	349,375,236
Financial assets at FVPL	12,728,592	12,728,592	—	—
Financial assets at FVOCI:				
Debt investments	210,265,075	210,265,075	—	—
Equity investments	84,762,302	6,042,302	78,720,000	—
Derivative assets designated as cash flow hedges	370,676,037	—	370,676,037	—
Financial Liabilities				
Financial liabilities at amortized cost:				
Long-term debts	54,724,452,101	4,809,804,688	—	49,914,647,413
Lease liabilities	270,042,667	—	—	270,042,667
Customer deposits	187,452,773	—	—	187,452,773

For the years ended December 31, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements.

The Group classifies its financial instruments in the following categories.

	2023				
	Amortized Cost	Financial Assets at FVOCI	Financial Assets at FVPL	Derivatives Designated as Cash Flow Hedges	Total
	<i>(In Thousand Pesos)</i>				
Financial Assets					
Cash and cash equivalents	₱17,421,013	₱—	₱—	₱—	₱17,421,013
Trade receivables	5,906,130	—	—	—	5,906,130
Non-trade receivables	891,745	—	—	—	891,745
Deposits and special funds ¹	322,596	—	—	—	322,596
Loans and notes receivables	45,346	—	—	—	45,346
Advances to employees	43,339	—	—	—	43,339
Due from related parties	41,709	—	—	—	41,709
Short term investments	3,360,111	—	—	—	3,360,111
Long-term receivables	1,675,145	—	—	—	1,675,145
Financial assets at FVOCI:					
Debt investments	—	187,173	—	—	187,173
Equity investments	—	101,812	—	—	101,812
Financial assets at FVPL	—	—	17,746	—	17,746
Derivative assets	—	—	—	267,803	267,803
Total financial assets	₱29,707,134	₱288,985	₱17,746	₱267,803	₱30,281,668
Financial Liabilities					
Accounts payable ²	₱16,415,651	₱—	₱—	₱—	₱16,415,651
Accrued interest on					
long-term debts	624,810	—	—	—	624,810
Other payables ³	781,695	—	—	—	781,695
Due to related parties	1,668	—	—	—	1,668
Long-term debts	55,734,420	—	—	—	55,734,420
Lease liabilities	323,895	—	—	—	323,895
Customer deposits	154,621	—	—	—	154,621
Total financial liabilities	₱74,036,760	₱—	₱—	₱—	₱74,036,760

¹Includes current and non-current portion

²Excluding statutory liabilities to the Government

³Excluding non-financial liabilities



2022					
	Amortized Cost	Financial Assets at FVOCI	Financial Assets at FVPL	Derivatives Designated as Cash Flow Hedges	Total
<i>(In Thousand Pesos)</i>					
Financial Assets					
Cash and cash equivalents	P17,597,790	P—	P—	P—	P17,597,790
Trade receivables	7,041,337	—	—	—	7,041,337
Non-trade receivables	400,544	—	—	—	400,544
Deposits and special funds ¹	351,391	—	—	—	351,391
Loans and notes receivables	43,597	—	—	—	43,597
Advances to employees	33,319	—	—	—	33,319
Due from related parties	30,837	—	—	—	30,837
Long-term receivables	1,497,118	—	—	—	1,497,118
Financial assets at FVOCI:					
Debt investments	—	210,265	—	—	210,265
Equity investments	—	84,762	—	—	84,762
Financial assets at FVPL	—	—	12,729	—	12,729
Derivative assets	—	—	—	370,676	370,676
Total financial assets	P26,995,933	P295,027	P12,729	P370,676	P27,674,365
Financial Liabilities					
Accounts payable ²	P11,510,865	P—	P—	P—	P11,510,865
Accrued interest on					
long-term debts	578,555	—	—	—	578,555
Other payables ³	1,059,627	—	—	—	1,059,627
Due to related parties	2,049	—	—	—	2,049
Long-term debts	53,301,612	—	—	—	53,301,612
Lease liabilities	401,840	—	—	—	401,840
Customer deposits	209,808	—	—	—	209,808
Total financial liabilities	P67,064,356	P—	P—	P—	P67,064,356

¹Includes current and non-current portion

²Excluding statutory liabilities to the Government

³Excluding non-financial liabilities

The table below demonstrates the income, expense, gains or losses of the Group's financial instruments for the years ended December 31, 2023, 2022 and 2021:

	2023		2022		2021	
	Effect on Profit or Loss Increase (Decrease)	Effect on Equity Increase (Decrease)	Effect on Profit or Loss Increase (Decrease)	Effect on Equity Increase (Decrease)	Effect on Profit or Loss Increase (Decrease)	Effect on Equity Increase (Decrease)
Amortized cost						
Interest income on:						
Cash and cash equivalents and other short-term investments (Notes 6, 11 and 25)	P775,261,668	P—	P200,610,545	P—	P93,685,925	P—
Provision for expected credit losses (Note 7)	(1,204,788)	—	(17,213,302)	—	(86,772,862)	—
	P774,056,880	P—	P183,397,243	P—	P6,913,063	P—
Financial assets at FVOCI						
Equity investments:						
Net income (loss) recognized	P—	(P17,592,308)	P—	(P17,592,308)	P—	P40,230,248
Debt investments:						
Net loss recognized in equity	—	11,907,435	—	20,899,368	—	13,515,621
	P—	(P5,684,873)	P—	P3,307,060	P—	P53,745,869
Financial assets at FVPL						
Gain on financial asset at FVPL	P1,017,221	P—	P23,570,489	P—	P3,004,779	P—
Derivatives designated as cash flow hedges						
Fair value adjustments on hedging transactions	P—	(P75,733,000)	P—	P660,623,158	P—	P225,324,450
Financial liabilities at amortized cost						
Interest expense on: (Note 25):						
Long-term debts, including amortization of						
transaction costs	(P3,062,758,645)	P—	(P2,707,977,090)	P—	(P2,864,905,052)	P—
Lease liabilities	(12,126,255)	—	(16,758,684)	—	(14,004,741)	—
	(P3,074,884,900)	P—	(P2,724,735,774)	P—	(P2,878,909,793)	P—



Derivative Financial Instruments

The Group engages in derivative transactions, particularly foreign currency swaps, cross currency swaps, interest rate swaps and call spread swaps to manage its foreign currency risk and/or interest rate risk arising from its foreign-currency denominated loans. These derivatives are accounted for either as derivatives designated as accounting hedges or derivatives not designated as accounting hedges.

The table below shows the derivative financial instruments of the Group:

	2023		2022	
	Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities
Derivatives designated as accounting hedges				
Interest rate swaps	₱267,803,283	₱—	₱370,676,037	₱—
Total derivatives	₱267,803,283	₱—	₱370,676,037	₱—
Presented as:				
Current	₱34,333,755	₱—	₱44,354,398	₱—
Noncurrent	233,469,528	—	326,321,639	—
Total derivatives	₱267,803,283	₱—	₱370,676,037	₱—

Derivatives Designated as Accounting Hedges

Hedge Effectiveness Results

As of December 31, 2023 and 2022, the fair value of the outstanding NDCCS amounted to nil. Since the critical terms of the Hedged Loan and NDCCS match, the Group recognized the aggregate fair value changes on these NDCCS under “Fair Value Adjustment on Hedging Transaction” account in the consolidated statements of financial position.

A. Interest Rate Swap Contracts

In the last quarter of 2014, EBWPC entered into four (4) interest rate swaps (IRS) with aggregate notional amount of US\$150 million. This is to partially hedge the interest rate risks on its ECA and Commercial Debt Facility (Foreign Facility) that is benchmarked against US LIBOR and with flexible interest reset feature that allows EBWPC to select what interest reset frequency to apply (i.e., monthly, quarterly or semi-annually) [see Note 17]. As it is EBWPC’s intention to reprice the interest rate on the Foreign facility semi-annually, EBWPC utilizes IRS with semi-annual interest payments and receipts. In the first quarter of 2016, EBWPC entered into three (3) IRS with aggregate notional amount of US\$30 million.

Under the IRS agreement, EBWPC will receive semi-annual interest of six (6)-month USD-LIBOR and will pay fixed interest. EBWPC designated the IRS as hedging instruments in cash flow hedge against the interest rate risks arising from the Foreign Facility.

Pertinent details of the IRS are as follows:

Notional amount (in million)	Trade Date	Effective Date	Maturity Date	Fixed rate	Variable rate
US\$36.3	10/20/14	12/15/14	10/23/29	2.635%	6-month LIBOR
23.4	10/20/14	12/15/14	10/23/29	2.635%	6-month LIBOR
22.8	10/20/14	12/15/14	10/23/29	2.635%	6-month LIBOR
11.0	02/12/16	06/15/16	10/23/29	1.825%	6-month LIBOR
5.3	12/11/14	12/15/14	10/23/29	2.508%	6-month LIBOR
3.6	02/12/16	06/15/16	10/23/29	1.825%	6-month LIBOR
3.6	02/12/16	06/15/16	10/23/29	1.825%	6-month LIBOR



The maturity date of the seven (7) IRS coincides with the maturity date of the Foreign Facility. As of December 31, 2023 and 2022, the outstanding aggregate notional amount of EBWPC's IRS amounted to US\$106.0 million. The aggregate fair value gains on these IRS amounted to ₱3.6 million and losses of ₱72.1 million as of December 31, 2023 and 2022, respectively.

Hedge Effectiveness Results

As of December 31, 2023 and 2022, the fair value of the outstanding IRS amounted to ₱267.8 million and ₱370.7 million, respectively. Since the critical terms of the Foreign Facility and IRS match, EBWPC recognized the aggregate fair value changes on these IRS under "Fair Value Adjustment on Hedging Transactions" account in the consolidated statements of financial position.

A. Call Spread Swap Contracts

In April 2020, the Parent Company entered into five (5) CSS with an aggregate notional amount of US\$50.0 million. These derivative contracts were designated to hedge possible foreign exchange loss of US\$50.0 million loan with Mizuho bank which matured on March 24, 2022.

The corresponding CSS was settled in April 2022.

The aggregate fair value change of these call spread contracts amounted to nil as of December 31, 2023 and 2022, respectively.

Hedge Effectiveness Results

As of December 31, 2023, the fair value of the outstanding CSS amounted to nil. Since the critical terms of the CSS match, EDC recognized the aggregate fair value changes on these under "Derivative gains (losses)" account in the consolidated statements of income.

The net movement of fair value changes made to "Fair value adjustments on hedging transactions" account for the Group's cash flow hedges is as follows:

	2023	2022
Balances at beginning of year	₱72,138,661	(₱588,484,497)
Changes in fair value	117,824,574	577,851,523
	189,963,235	(10,632,974)
<i>Transferred to consolidated statements of income</i>		
Interest expense	(168,479,285)	53,776,390
Balances before tax	21,483,950	43,143,416
Tax	(25,078,289)	28,995,245
Balances at end of year	(₱3,594,339)	₱72,138,661

Fair Value Changes of Derivatives

The table below summarizes the net movement in fair values of the Group's derivatives as of December 31, 2023 and 2022.

	2023	2022
Balances at beginning of year	₱370,676,037	(₱240,685,863)
Net changes in fair value of derivatives		
designated as accounting hedges	65,606,531	557,585,510
Fair value of settled instruments		
designated as accounting hedges	(168,479,285)	53,776,390
Balances at end of year	₱267,803,283	₱370,676,037
Presented as:		
Derivative assets	₱267,803,283	₱370,676,037
Derivative liabilities	—	—
	₱267,803,283	₱370,676,037



Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to comply with its financial loan covenants and support its business operations. Core capital includes long-term debt and equity.

The Group manages and makes adjustment to its capital structure as it deems necessary. To maintain or adjust its capital structure, the Group may increase the levels of capital contributions from its creditors and owners/shareholders through debt and new shares issuance, respectively. No significant changes have been made in the objectives, policies and processes of the Group in 2023, 2022 and 2021.

The Group monitors capital using the debt ratio, which is long-term debt divided by long-term debt plus equity. The Group's policy is to keep the debt ratio at not more than 70%. The Group's long-term debt include both the current and long-term portions of long-term debts. Equity includes all items presented in the equity section of the consolidated statements of financial position.

The table below shows the total capital considered by the Group and its debt ratio as of December 31, 2023 and 2022.

	2023	2022
Long-term debts	₱55,734,420,269	₱53,301,611,618
Total equity	83,372,816,935	75,577,494,076
Total	₱139,107,237,204	₱128,879,105,694
Debt ratio	40.07%	41.36%

As of December 31, 2023 and 2022, the Group was able to meet its capital management objectives.

32. Commitments and Contingencies

Stored Energy

In 1996 and 1997, the Parent Company entered into Addendum Agreements to the PPA related to the Unified Leyte power plants where any excess generation above the nominated energy or take-or-pay volume will be credited against payments made by NPC for the periods it was not able to accept electricity delivered by EDC (see Note 21).

Group as a Lessee

The Group has lease contracts for office, parking spaces and warehouses.

On December 23, 2015, the Group entered into an agreement for the lease of office space with Rockwell Land Corporation for a period of five (5) years effective from July 1, 2015 to June 30, 2020. The contract was extended for another five (5) years expiring on June 30, 2025.

On February 14, 2020, the Group entered into an agreement for the lease of office space with Rockwell Land Corporation for a period of six (6) years effective from February 14, 2020 to June 30, 2026.

On August 2, 2016, the Group entered into an agreement for the lease of office space with Rockwell Land Corporation for a period of five (5) years effective from August 2, 2016 to June 30, 2020. The contract was extended for another five (5) years expiring on June 30, 2025.



On March 5, 2022, the Group entered into an agreement for the lease of office space with Rockwell Land Corporation for a period of five (5) years effective from March 5, 2022 to June 30, 2027.

On March 1, 2023, the Group entered into an agreement for the lease of parking space with Rockwell Land Corporation for a period of four (4) years effective from March 1, 2023 to June 30, 2027.

On February 14, 2020, the Group entered into an agreement for the lease of parking space with Rockwell Land Corporation for a period of six (6) years effective from February 14, 2020 to June 30, 2026.

On December 19, 2016, the Group renewed its lease agreement with Amberland Corporation for the lease of office and parking spaces for a period of five (5) years from December 1, 2016 to November 30, 2021. This was not renewed as of December 31, 2021.

The Group also has certain leases of assets with lease term of 12 months or less and leases of low value assets. The Group applies the short-term lease and lease of low value assets recognition exemption for these leases.

Set out below are the carrying amounts and movements of lease liabilities:

	2023	2022
As at January 1	₱401,840,188	₱297,174,921
Additions (Note 12)	29,340,646	167,529,682
Interest on lease liability (Notes 25 and 31)	12,126,255	16,758,684
Adjustments	24,235,224	(206,242)
Payments	(143,647,311)	(79,416,857)
As at December 31	323,895,002	401,840,188
Current	166,254,090	160,772,239
Noncurrent	₱157,640,912	₱241,067,949

The maturity analysis of lease liabilities is discussed in Note 31.

The following amounts are recognized in profit or loss:

	2023	2022
Depreciation expense for right-of-use assets (Note 12)	₱116,725,245	₱118,955,291
Expense relating to short-term leases and low value assets	174,955,903	222,137,776
Variable lease payments	34,548,185	43,216,782
Interest on lease liability (Note 25)	12,126,255	16,758,684
Total amount recognized in profit or loss	₱338,355,588	₱401,068,533

The Group had total cash outflows for leases of office, parking spaces and warehouses amounting to ₱97.2 million and ₱79.4 million in 2023 and 2022, respectively.

Purchase Commitments

Total purchase commitments as of December 31, 2023 and 2022 amounted to ₱2,618.9 million and ₱1,799.0 million, respectively. These are expected to be settled in the succeeding financial years.



Income from Insurance Claims

Property damages

In 2023, 2022 and 2021, the Group recognized income from insurance claims totaling to ₱0.3 million, ₱11.4 million, and ₱169.4 million, respectively, relating to property damages caused by calamities such as the Leyte earthquake, and numerous typhoons which include but are not limited to Typhoon Urduja, and property floater claim due to damaged digital level (see Note 27).

Business interruptions and other claims

In 2023, 2022 and 2021, the Group recognized income from insurance claims totaling to ₱747.3 million, ₱183.5 million and ₱881.0 million, respectively, relating to business interruptions and other claims caused by calamities and various events, which include but are not limited to Leyte earthquake, Typhoon Yolanda and machinery breakdowns of Mahanagdong Geothermal and Upper Mahiao power plants (see Note 27).

As of December 31, 2023 and 2022, outstanding insurance receivable amounted to ₱587.8 million and ₱158.7 million, respectively, which is included in “Non-trade accounts receivable” under “Trade and other receivables” (see Note 7).

Income from insurance claims are presented under “Miscellaneous income - net” in profit or loss.

Legal Claims

The Group is contingently liable for lawsuits or claims filed by third parties, including labor-related cases, which are pending decision by the courts, the outcomes of which are not presently determinable. In the opinion of management and its legal counsel, the eventual total liability from these lawsuits or claims, if any, will not have a material effect on the consolidated financial statements (see Notes 3 and 18).

33. Geothermal Service Concession Contracts

Geothermal Service Contracts

Under P.D. 1442, all geothermal resources in public and/or private lands in the Philippines, whether found in, on or under the surface of dry lands, creeks, rivers, lakes, or other submerged lands within the waters of the Philippines, belong to the State, inalienable and imprescriptible, and their exploration, development and exploitation. Furthermore, the Government may enter into service contracts for the exploration, development and exploitation of geothermal resources in the Philippines.

Pursuant to P.D. 1442, the Parent Company had entered into the following Geothermal Service Contracts (GSCs) with the Government of the Republic of the Philippines (represented by the DOE) for the exploration, development and production of geothermal fluid for commercial utilization:

- a. Tongonan, Leyte, dated May 14, 1981
- b. Southern Negros, dated October 16, 1981
- c. Bac-Man, Sorsogon, dated October 16, 1981
- d. Mt. Apo, Kidapawan, Cotabato, dated March 24, 1992
- e. Northern Negros, dated March 24, 1994

The exploration period under the service contracts shall be five (5) years from the effective date, renewable for another two (2) years if the Parent Company has not been in default in its exploration, financial and other work commitments and obligations and has provided a work program for the extension period acceptable to the Government. Where geothermal resource in commercial quantity is discovered during the exploration period, the service contracts shall remain in force for the



remainder of the exploration period or any extension thereof and for an additional period of 25 years thereafter, provided that, if the Parent Company has not been in default in its obligations under the contracts, the Government may grant an additional extension of 15 to 20 years.

Under P.D. 1442, the right granted by the Government to the Parent Company to explore, develop, and utilize the country's geothermal resource is subject to sharing of net proceeds with the Government. The net proceeds is what remains after deducting from the gross proceeds the allowable recoverable costs, which include development, production and operating costs. The allowable recoverable costs shall not exceed 90% of the gross proceeds. The Parent Company pays 60% of the net proceeds as government share and retains the remaining 40%. The 60% government share is comprised of government share and income taxes. The government share is split between the DOE (60%) and the LGUs (40%) where the project is located.

Geothermal Renewable Energy Service Contracts and Geothermal Operating Contracts

R.A. 9513, otherwise known as the Renewable Energy Act of 2008 (RE Law) and which became effective in January 2009, mandates the conversion of existing GSCs under P.D. 1442 into Geothermal Renewable Energy Service Contracts (GRESCs) so companies may avail of the incentives under the RE Law. Aside from the tax incentives, the significant terms of the service concessions under the GRESCs are similar to the GSCs except that the Parent Company has control over any significant residual interest over the steam fields, power plants and related facilities throughout the concession period and even after the concession period.

On September 10, 2009, the Parent Company was granted the Provisional Certificate of Registration as an RE Developer for the following existing projects: (1) GSC No. 01 - Tongonan, Leyte, (2) GSC No. 02 - Palinpinon, Negros Oriental, (3) GSC No. 03 - Bacon-Manito, Sorsogon/Albay, (4) GSC No. 04 - Mt. Apo, North Cotabato, and (5) GSC No. 06 - Northern Negros. With the receipt of the certificates of provisional registration as geothermal RE Developer, the fiscal incentives of the RE Law were availed of by the Parent Company retroactive from the effective date of such law on January 30, 2009. Fiscal incentives include, among others, change in the applicable corporate tax rate from 25% to 10% for RE-registered activities.

The GSCs were fully converted to GRESCs upon signing of the parties on October 23, 2009, thereby the Parent Company is now the holder of five (5) GRESCs and the corresponding DOE Certificate Registration as an RE Developer for the following geothermal projects:

1. GRESA 2009-10-001 for Tongonan Geothermal Project
2. GRESA 2009-10-002 for Southern Negros Geothermal Project
3. GRESA 2009-10-003 for Bacon-Manito Geothermal Project
4. GRESA 2009-10-004 for Mt. Apo Geothermal Project
5. GRESA 2009-10-005 for Northern Negros Geothermal Project

EDC also holds geothermal resource service contracts for the following prospect areas:

1. Mt. Zion 2 Geothermal Project (currently in the process of conversion to the new RE contract template per DOE Department Circular No. DC2019-10-0013, 25-year contract period expiring in 2040, renewable for another 25 years)
2. Amacan Geothermal Project (with a five-year pre-development period expired in 2023 and under the process of renewal, 25-year contract period expiring in 2041, renewable for another 25 years)
3. Mainit-Sadanga Geothermal Project (with a seven-year pre-development period expiring in October 22, 2028, 25-year contract period expiring in 2047, renewable for another 25 years)
4. Mt. Sembrano Geothermal Power Project (with pre-development period expiring in 2030, 25-year contract period expiring in 2048, renewable for another 25 years)



5. Buguias-Tinoc Geothermal Power Project (with pre-development period expiring in 2030, 25-year contract period expiring in 2048, renewable for another 25 years)

Under the GRESCs, the Parent Company pays the government share equivalent to 1.5% of the gross income from the sale of geothermal steam produced and such other income incidental to and arising from generation, transmission, and sale of electric power generated from geothermal energy within the contract areas. Under the GRESCs, gross income derived from business is an amount equal to gross sales less sales returns, discounts and allowances, and cost of goods sold. Cost of goods sold includes all business expenses directly incurred to produce the steam used to generate power under a GRESC.

The RE Law also provides that the exclusive right to operate geothermal power plants shall be granted through a Renewable Energy Operating Contract with the Philippine Government through the DOE. On May 8, 2012, EDC, through its subsidiaries GCGI and BGI secured three (3) Geothermal Operating Contracts (GOCs), each with a 25-year contract period expiring in 2037 and renewable for another 25 years, covering the following power plant operations:

- 1) Tongonan Geothermal Power Plant under DOE Certificate of Registration
No. GOC 2012-04-038
- 2) Palinpinon Geothermal Power Plant under DOE Certificate of Registration
No. GOC 2012-04-037
- 3) Bacon-Manito Geothermal Power Plant under DOE Certificate of Registration
No. GOC 2012-04-039

Total outstanding government share and the related expense are shown in Notes 16 and 22 to the consolidated financial statements, respectively.

34. Wind Energy Service Contracts and Solar Energy Service Contracts

Wind Energy Service Contracts

On September 14, 2009, the Parent Company entered into WESC 2009-09-004 with the DOE granting the Parent Company the right to explore and develop the Burgos Wind Project for a period of 25 years from the effective date. The pre-development stage under the WESC shall be two (2) years extendible for another year if the Parent Company has not been in default in its exploration or work commitments and has provided a work program for the extension period upon confirmation by the DOE. Within the pre-development stage, the Parent Company shall undertake exploration, assessment and other studies of wind resources in the contract area. Upon declaration of commerciality, as confirmed by the DOE, the WESC shall remain in force for the balance of the 25-year period for the development/commercial stage.

The DOE shall approve the extension of the WESC for another 25 years under the same terms and conditions, provided the Parent Company is not in default of any material obligations under the contract and has submitted a written notice to the DOE for the extension of the contract not later than one (1) year prior to the expiration of the original 25-year period. Further, the WESC provides that all materials, equipment, plant and other installations erected or placed on the contract area by the Parent Company shall remain the property of the Parent Company throughout the term of the contract and after its termination.



On May 26, 2010, the Board of EDC approved the assignment and transfer to EBWPC of all the contracts, assets, permits and licenses relating to the establishment and operation of the Burgos Wind Power Project under DOE Certificate of Registration No. WESC 2009-09-004. On May 16, 2013, EBWPC was granted a Certificate of Confirmation of Commerciality by the DOE.

As of December 31, 2023, the Group holds 15 Wind Energy Service Contracts (“WESC”) with the DOE, each with a 25-year contract period. The WESCs cover the following:

Projects	DOE Certificates of Registration
1) 150 MW Wind Project in Burgos, Ilocos Norte	WESC 2009-09-004 (expiring in 2034)
2) 84 MW Wind Project in Pagudpud, Ilocos Norte	WESC 2010-02-040 (expiring in 2035)
3) Burgos 1 Wind Project in Burgos, Ilocos Norte	WESC 2013-12-063 (expiring in 2038)
4) Burgos 2 Wind Project in Burgos, Ilocos Norte	WESC 2013-12-064 (expiring in 2038)
5) Iloilo 1 Wind Project in Batad and San Dionisio, Iloilo	WESC 2014-07-078 (expiring in 2039)
6) Burgos 3 Wind Project in Burgos and Pasuquin, Ilocos Norte	WESC 2015-09-085 (expiring in 2040)
7) Burgos 4 Wind Project in Burgos, Ilocos Norte	WESC 2015-09-086 (expiring in 2040)
8) Ilocos Norte Wind Power Project in Burgos and Pasuquin, Ilocos Norte	WESC 2021-01-147 (expiring in 2046)
9) Pasuquin Wind Power Project in Pasuquin Ilocos Norte	WESC 2021-01-148 (expiring in 2046)
10) Guimaras Onshore Wind Project	WESC 2022-03-199 (expiring in 2047)
11) Guimaras 1 Offshore Wind Project	WESC 2022-05-202 (expiring in 2047)
12) Iloilo-Guimaras Offshore Wind Project	WESC 2022-05-203 (expiring in 2047)
13) Guimaras-Negros Occidental Offshore Wind Project	WESC 2022-05-204 (expiring in 2047)
14) Laguna 1 Onshore Wind Project	WESC 2022-10-224 (expiring in 2047)
15) Negros Occidental Offshore Wind Project	WESC 2022-10-225 (expiring in 2047)

Solar Energy Service Contracts

As of December 31, 2023, the Parent Company holds two (2) SESCOs with the DOE with a 25-year contract period. The SESCOs cover the following:

Projects	DOE Certificates of Registration
1) 6.82 MW Burgos Solar Project in Burgos, Ilocos Norte	SESC No. 2014-07-088 [expiring in 2039 and renewable for another twenty five (25) years]
2) Gaisano Iloilo, Iloilo City Solar Rooftop Project*	SESC No. 2016-11-352 [expiring in 2042 and renewable for another twenty five (25) years]

* SESC assigned to EDC Siklab Power Corporation

35. FG Hydro’s Contracts and Agreements

Operation and Maintenance Agreement (O&M Agreement)

The FG Hydro has an O&M Agreement with NIA, with the conformity of NPC. Under the O&M Agreement, NIA will manage, operate, maintain and rehabilitate the Non-Power Components of the PAHEP/MAHEP in consideration for a service fee based on actual cubic meter of water used by the FG Hydro for power generation.

The O&M Agreement is effective for a period of 25 years commencing on November 18, 2006 and renewable for another 25 years under the terms and conditions as may be mutually agreed upon by both parties.

Total service fees incurred amounted to ₱117.8 million and ₱115.9 million in 2023 and 2022, respectively, and are included under the “Power plant operations and maintenance” account in the consolidated statements of income.



Memorandum of Agreement with Protected Area Management Board (MOA with PAMB)

PSALM entered into a MOA with PAMB on July 17, 2006. Under the MOA, PAMB granted the FG Hydro the right to use the Masiway land, where the MAHEP power plant is situated in consideration for an annual user's fee. The MOA will be effective for 25 years and renewable for a similar period subject to terms and conditions as may be mutually agreed upon by both parties.

By virtue of R.A. 7586 or the National Integrated Protected Areas System (NIPAS) Act of 1992 and as amended by RA 11038 or the Expanded NIPAS Act of 2018, Department of Environment and Natural Resources issued its implementing rules and regulations (IRR) under DENR Administrative Order 2019-05 dated May 30, 2019. The said IRR details the mandate for any existing agreements for a protected area, including the MOA for the Masiway land, to be converted to a Special Use Agreement in Protected Areas (SAPA). As of December 31, 2022, FG Hydro is coordinating with its local PAMB for the transition of its existing MOA to the prescribed SAPA.

The FG Hydro incurred annual user's fee amounting to ₱0.1 million in 2023 and 2022. The user's fee is included under the "Taxes and licenses" account in the statements of income.

Memorandum of Agreement with NGCP (MOA with NGCP)

FG Hydro entered into a MOA with NGCP on August 31, 2011 for the performance of services on the operation of the PAHEP 230 kV switchyard and its related appurtenances (Switchyard).

The MOA is effective for a period of five (5) years and renewable for another three (3) years under such terms as maybe agreed by both parties. The MOA with NGCP expired on August 31, 2016 after which the FG Hydro continued to perform services on the operation of the Switchyard until the signing of a new contract.

A new MOA, effective for a period of five (5) years upon signing by the parties, was signed with NGCP on January 20, 2020. The MOA is renewable for another three (3) years under such terms and conditions as may be agreed by the parties.

36. Vestas Operation and Maintenance Agreement

In March 2013, the Group entered into an agreement with Vestas Wind Systems (Vestas) for the construction of its 87 MW Burgos Wind Project (Phase 1), located in the Municipality of Burgos, Ilocos Norte. The project comprises three components: (i) the establishment of a wind farm facility; (ii) a 115kV transmission line; and (iii) a substation adjacent to the wind farm. On April 30, 2014, the Group and Vestas have entered into another contract for the construction and installation of an additional 21 wind turbines (Phase 2) increasing the total generating capacity from 87 MW to 150 MW.

EBWPC will operate and maintain the wind farm under a 10-year operations and maintenance agreement with Vestas. The Vestas O&M contract is a service and energy-based availability agreement based on Vestas' Active Output Management 5000 product. The agreement is a full-scope maintenance contract covering both scheduled and unscheduled maintenance with an energy-based availability on the wind turbines. The agreement covers the wind turbines, wind farm electrical balance-of-plant systems, the wind turbine yaw back-up generators and the Burgos Substation as opposed to a traditional O&M contract that provides a guarantee that the turbines in a wind power plant are operational for a defined period of time on an annual basis (referred to as time-based availability), the AOM 5000 model provides an energy-based guarantee, which encourages the contractor to ensure that the turbines are fully operational when the wind is blowing.



37. Renewable Energy Payment Agreement

Under Section 2.2 of the ERC Resolution No. 24, Series of 2013, *A Resolution Adopting the Guidelines on the Collection of the FIT Allowance (FIT-All) and the Disbursement of the FIT-All Fund* (the FIT-All Guidelines), all eligible renewable energy (RE) plant shall enter into a Renewable Energy Payment Agreement (REPA) with TransCo for the payment of the FIT.

Pursuant to the FIT-All Guidelines, EBWPC entered into a REPA with TransCo for its Burgos Wind Power Plants. The REPA became effective after all the documents enumerated in Section 3.1 of the REPA have been submitted to and certified complete by TransCo. Included in those required documents is the FIT COC issued by the ERC on April 13, 2015.

The ERC granted on April 13, 2015 the FIT COC for the Burgos Wind Project - Phase I and II, which specifies that the project is entitled to the FIT rate of ₱8.53 per kilowatt-hour (kWh), subject to adjustments as may be approved by the ERC, from November 11, 2014 to November 10, 2034.

Similarly, on April 24, 2015, the Parent Company entered into a REPA for its 4.16 MW Solar Power Plants with TransCo.

In accordance with the REPA, all actual RE generation from the commercial operations date (COD) until the effective date of the REPA (effective date) were billed to and collected from the Philippine Electricity Market Corporation (PEMC) at market price.

After the effective date of the REPA, billings for all actual RE generation have been submitted directly to and collected from TransCo at the applicable FIT rates as approved by the ERC. In addition, the actual FIT differential from the COD until the effective date were also billed to TransCo over the number of months which lapsed during that period.

FIT rate adjustments

On May 26, 2020, the ERC approved Resolution No. 06, Series of 2020 which approves and adopts FIT rate adjustments, for the years 2016, 2017, 2018, 2019 and 2020 using 2014 as the base year for the consumer price index and foreign exchange. The said resolution was published in a newspaper of general circulation on November 17, 2020 and became effective 15 days after. Accordingly, in 2020, the Group recognized additional revenue and long-term receivables computed on the FIT rate increment which will be recovered for a period of five years starting January 1, 2021.

From 2021 to 2023, while waiting for the approval of the adjusted FIT rates, management has assessed that the lower between the ERC approved 2020 FIT rates and the TransCo forecasted FIT rates represent the best estimate of the transaction price the Group will be entitled to in exchange of the delivered energy.

Total FIT revenue adjustment recognized by the Group amounted to ₱358.6 million, ₱265.5 million and ₱450.8 million, in 2023, 2022 and 2021, respectively.

As of December 31, 2023 and 2022, the noncurrent portion of the receivable from TransCo included in “Long-term Receivables” under “Other Noncurrent Assets” amounted to ₱1,374.5 million and ₱1,290.8 million, respectively, while the current portion amounting to ₱79.4 million and ₱57.5 million, respectively, is included under “Trade and Other Receivables” (see Notes 7 and 15). Interest accretion on receivable from TransCo amounted to ₱37.2 million, ₱36.9 million and ₱38.6 million in 2023, 2022 and 2021, respectively (see Note 25).



38. Changes in Liabilities Arising from Financing Activities

	January 1, 2023	Cash flows	Foreign exchange movements	Others	December 31, 2023
Current and noncurrent portion of long-term debts (Note 17)	₱53,301,611,618	₱2,335,203,618	₱245,551,301	(₱147,946,267)	₱55,734,420,270
Accrued interest on long-term debts	578,554,834	(2,920,280,324)	—	2,966,535,528	624,810,038
Lease liability	401,840,188	(143,647,311)	—	65,702,126	323,895,003
Dividends paid (Note 19)	11,813,526	(5,792,589,831)	—	5,791,681,017	10,904,712
Total liabilities from financing activities	₱54,293,820,166	(₱6,521,313,848)	₱245,551,301	₱8,675,972,404	₱56,694,030,023

	January 1, 2022	Cash flows	Foreign exchange movements	Others	December 31, 2022
Current and noncurrent portion of long-term debts (Note 17)	₱53,119,086,195	(₱706,932,585)	₱1,024,756,357	(₱135,298,349)	₱53,301,611,618
Accrued interest on long-term debts	449,573,490	(2,667,275,303)	—	2,796,256,647	578,554,834
Lease liability	297,174,920	(79,416,857)	—	184,082,125	401,840,188
Acquisition of treasury stock (Notes 1 and 19)	—	(1,702,920)	—	1,702,920	—
Dividends paid (Note 19)	10,054,640	(5,293,500,000)	—	5,295,258,886	11,813,526
Total liabilities from financing activities	₱53,875,889,245	(₱8,748,827,665)	₱1,024,756,357	₱8,142,002,229	₱54,293,820,166

Other includes effect of reclassification of noncurrent portion of long-term debts, amortization of debt issuance costs, declaration of dividends on preferred stocks that were not yet paid at the end of financial reporting date, and effect of accrued but not yet paid interest on long-term debts.

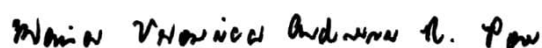


INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

Stockholders and The Board of Directors
Energy Development Corporation
Rockwell Business Center Tower 3
Ortigas Avenue, Pasig City, Philippines

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Energy Development Corporation (a subsidiary of Red Vulcan Holdings Corporation) and its subsidiaries (collectively referred to as the Group) as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, included in this Form 17-A and have issued our report thereon dated March 1, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Maria Veronica Andresa R. Pore

Partner

CPA Certificate No. 90349

Tax Identification No. 164-533-282

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

BIR Accreditation No. 08-001998-071-2023, October 23, 2023, valid until October 22, 2026

PTR No. 10079992, January 6, 2024, Makati City

March 1, 2024

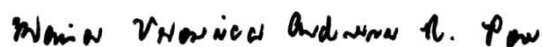


INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

Stockholders and The Board of Directors
Energy Development Corporation
Rockwell Business Center Tower 3
Ortigas Avenue, Pasig City, Philippines

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Energy Development Corporation (a subsidiary of Red Vulcan Holdings Corporation) and its subsidiaries (collectively referred to as the Group) as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated March 1, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Maria Veronica Andresa R. Pore

Partner

CPA Certificate No. 90349

Tax Identification No. 164-533-282

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

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PTR No. 10079992, January 6, 2024, Makati City

March 1, 2024



ENERGY DEVELOPMENT CORPORATION
(A Subsidiary of Red Vulcan Holdings Corporation)
AND SUBSIDIARIES

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2023

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E	Indebtedness to Related Parties
F	Guarantees of Securities of Other Issuers
G	Capital Stock

ENERGY DEVELOPMENT CORPORATION
(A Subsidiary of Red Vulcan Holdings Corporation)

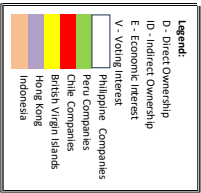
SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2023

Unappropriated Retained Earnings, beginning of reporting period		₱7,812,675,364
Add: Category A: Items that are directly credited to		
Unappropriated Retained Earnings		
Reversal of Retained Earnings Appropriation/s	8,465,919,674	
Effect of restatements or prior-period adjustments	—	
Others: Transfer of Net accumulated unrealized loss on financial assets at FVOCI	815,000	8,466,734,674
Less: Category B: Items that are directly debited to		
Unappropriated Retained Earnings		
Dividend declaration during the reporting period	5,792,589,831	
Retained Earnings appropriated during the reporting period	15,000,000,000	
Effect of restatements or prior-period adjustments	—	
Others: Remeasurements of retirement and other other post-employment benefits	630,177,057	21,422,766,888
Unappropriated Retained Earnings, as adjusted		(5,143,356,850)
Add/Less: Net income (loss) for the current year		9,060,118,335
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	—	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	70,451,192	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—	
Unrealized fair value gain of Investment Property	—	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	—	
Sub-total		70,451,192
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	31,069,275	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—	
Realized fair value gain of Investment Property	—	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	—	
Sub-total		31,069,275

(Forward)

Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)	
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	P—
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—
Reversal of previously recorded fair value gain of Investment Property	—
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)	—
Sub-total	P—
Adjusted Net Income/Loss	3,877,379,568
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)	
Depreciation on revaluation increment (after tax)	—
Sub-total	—
Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP (see Footnote 3)	
Amortization of the effect of reporting relief	—
Total amount of reporting relief granted during the year	—
Others (describe nature)	—
Sub-total	—
Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution	
Net movement of treasury shares (except for reacquisition of redeemable shares)	—
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(25,055,357)
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set up of service concession asset and concession payable	—
Adjustment due to deviation from PFRS/GAAP - gain (loss)	—
Others (describe nature) / Misc G/L - MktChg (RES/GEOP)	—
Sub-total	(25,055,357)
Total Retained Earnings, end of the reporting period available for dividend	P3,852,324,211

(As of December 31, 2023)





*15.68%

FIRST PHILIPPINE HOLDINGS CORP. AND SUBSIDIARIES CORPORATE STRUCTURE December 31, 2023



FPH
A Lopez Group Company
POWERED BY GOOD

55.55%
First Philippine Holdings

Power Generation

67.84%
First Gen
Corporation



Real Estate



86.58%
ROCKWELL LAND
100%

Rockwell Integrated Property
Services, Inc.

100%

Rockwell Primaries Development
Corporation
100%
Rockwell Primaries South
100% Development Corp.

Stonewell Property
Development Corporation
100%

Rockwell Performing Arts Theater Corp.
100%

Rockwell Leisure Club, Inc.
74.67%
100%

Rockwell Hotels and Leisure
Management Corp. 50%

100%
Rockwell IPI
Retailscapes, Inc. Development Corp.
80%

Rockwell M&A Corp. 60%
70.0%
Rockwell GMC
Development Corp.

Rockwell Carmelray 38.49%
Development Corp. Rockwell Nepo
Development Corp
70.00%

First Philippine
Industrial Park
100%

First Philippine
Industrial Park
100%

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Industrial Park
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First Philippine
Industrial Park
100%

Energy Solutions



100%
First Philec

First Philippine
Electric Corporation
99.15%



Philec
Philippine Electric
Corporation



100%
First Philec, Inc.
First Philec Inc.



100%
First Philippine
Power Systems
First Philippine
Power Systems



100%
First Philec Manufacturing
Technologies Corporation
89.04%



100.00%
First Philec Solar
Corporation
100.00%



100%
First Philec Energy
Solutions, Inc.
100%



100%
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100%

Construction

100%
First Balfour, Inc.

100%
ThermaPrime
Drilling
Corporation

100%
Therma One
Transport
Corporation

100%
Torreverde
Corp.

100%
First Balfour
Management
Services, Inc.

100%
ThermaPrime
Transport
Corporation

100%
ThermaPrime
Transport
Corporation

100%
ThermaPrime
Towage, Inc.

Other Businesses

30.00%
Panay Electric
Company

66.92%
InfoPro Business
Solutions Inc.

100%
First Philippine
Industrial
Corporation

100%
First Philippine
Realty Corporation

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Realty Corporation

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FPHC Realty and
Development
Corporation

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Utilities
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FPH Capital
Resources Inc.

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FPH pi Ventures

100%
FGHC International

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FPH Fund

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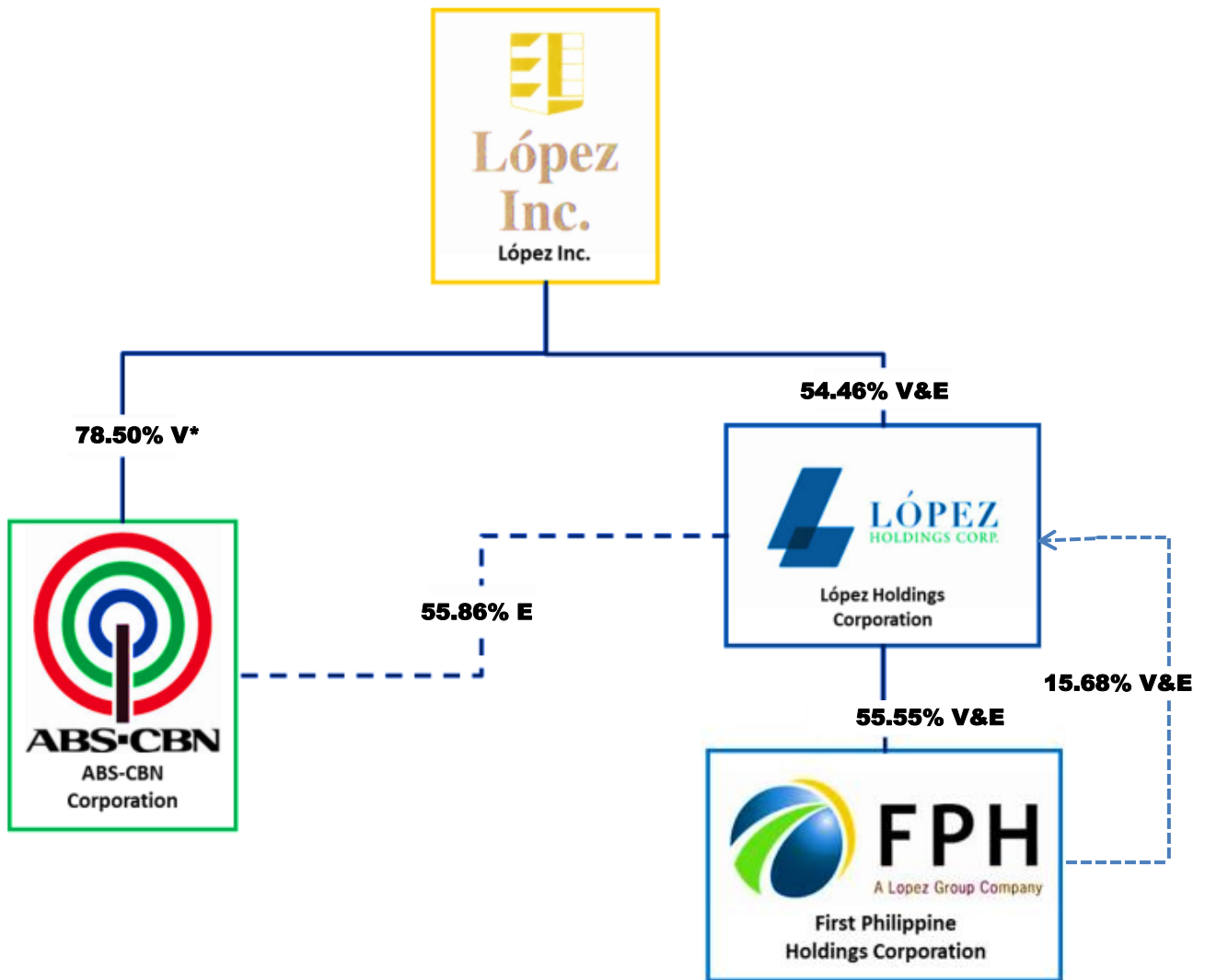
100%
FPH Fund

100%
FPH Fund

100%
FPH Fund

100%
FPH Fund

**LOPEZ HOLDINGS CORPORATION AND SUBSIDIARIES
MAP OF RELATIONSHIP OF THE COMPANIES WITHIN THE GROUP
DECEMBER 31, 2023**



* voting rights include preferred shares



MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

March 10, 2023

Securities and Exchange Commission
7907 Makati Avenue, Salcedo Village,
Bel-Air, Makati City

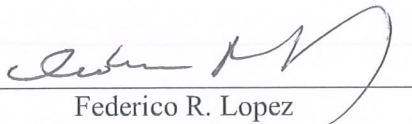
The management of Energy Development Corporation and Subsidiaries (the Company) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2022 and December 31, 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

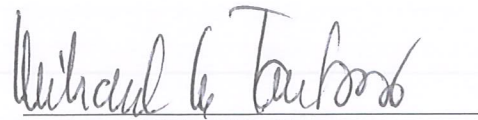
The Board of Directors is responsible for overseeing the Company's financial reporting process.

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

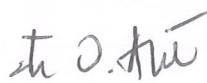
SyCip, Gorres, Velayo & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.



Federico R. Lopez
Chairman / CEO



Richard B. Tantoco
President / COO



Erwin O. Avante
Senior Vice-President / CFO / Treasurer

SUBSCRIBED AND SWORN to before me this MAR 24 2023 2023 at MANDALUYONG CITY affiants exhibiting to me their respective valid government issued IDs, as follows:

Name	ID NO.	Date/Place of Issue
Federico R. Lopez	PP No. P8922683B	February 11, 2022 / Manila
Richard B. Tantoco	PP No. P7724443B	September 29, 2021 / Manila
Erwin O. Avante	PP No. P5645446A	January 17, 2018 / NCR East

Doc. No.: 12/
Page No.: 26
Book No.: 1
Series of 2023.




ATTY. SELINA ALESSANDRA M. MIRANDA
Notary Public for Mandaluyong City
Appointment No. 0638-23 (until December 2024)
33rd Floor, The Podium West Tower
12 ADB Avenue, Ortigas Center, Mandaluyong City 1550
Roll of Attorneys No. 83210
PTR No. 3123938/01.04.2023/Mandaluyong City
IBP No. 230554/06.08.2022/Quezon City

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

						6	6	3	8	1

COMPANY NAME

E	N	E	R	G	Y		D	E	V	E	L	O	P	M	E	N	T		C	O	R	P	O	R	A	T	I	O	N	
	(	A		S	u	b	s	i	d	i	a	r	y		o	f		R	e	d		V	u	l	c	a	n		H	
	o	l	d	i	n	g	s		C	o	r	p	o	r	a	t	i	o	n	)		A	N	D		S	U	B	S	I
D	I	A	R	I	E	S																								

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

R	o	c	k	w	e	l	l		B	u	s	i	n	e	s	s		C	e	n	t	e	r		T	o	w	e	r
3	,		O	r	t	i	g	a	s		A	v	e	n	u	e	,		P	a	s	i	g		C	i	t	y	,
P	h	i	l	i	p	p	i	n	e	s																			

Form Type

A	C	F	S

Department requiring the report

C	F	D	

Secondary License Type, If Applicable

COMPANY INFORMATION

Company's Email Address

EDC_CS@energy.com.ph

Company's Telephone Number

7755-2332

Mobile Number

09178060835

No. of Stockholders

994

Annual Meeting (Month / Day)

First Tuesday of May

Fiscal Year (Month / Day)

12/31

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Maribel A. Manlapaz

Email Address

manlapaz.ma@energy.com.ph

Telephone Number/s

7755-2332

Mobile Number

09178060835

CONTACT PERSON's ADDRESS

Rockwell Business Center Tower 3, Ortigas Avenue, Pasig City, Philippines

NOTE 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.



INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Energy Development Corporation
Rockwell Business Center Tower 3
Ortigas Avenue, Pasig City, Philippines

Opinion

We have audited the consolidated financial statements of Energy Development Corporation (a subsidiary of Red Vulcan Holdings Corporation) and its subsidiaries (collectively referred to as the Company), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2022 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.



We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Recoverability of Goodwill

Under PFRSs, the Company is required to annually test the recoverability of goodwill. As at December 31, 2022, the Company has goodwill amounting to ₱2,623.0 million, of which ₱2,241.7 million resulted from Green Core Geothermal, Inc.'s acquisition of the Palinpinon and Tongonan geothermal power plants. This annual recoverability test of goodwill is significant to our audit because the amount of goodwill is material to the consolidated financial statements. In addition, management's assessment process requires significant judgment and is based on assumptions which are subject to uncertainty on the estimation process, including budgeted gross margin, growth rate and discount rate.

The related disclosures on the Company's goodwill are included in Notes 3 and 13 to the consolidated financial statements.

Audit Response

We evaluated the assumptions and methodology used. We compared the forecasted cash flow assumptions used in the recoverability testing such as budgeted gross margin against the historical performance of the Company. We also compared the estimated volume and price of electricity to be sold to the contracted customers and to the spot market with historical information. In addition, we compared the long-term growth rate used with those reflected in the published economic forecast, as well as relevant industry outlook. Likewise, we evaluated the discount rate used and assessed whether this is consistent with market participant assumptions for similar assets. We also reviewed the Company's disclosures about those assumptions to which the outcome of the recoverability test is most sensitive, specifically those that have the most significant effect on the determination of the recoverable amount of goodwill.

Recoverability of Exploration and Evaluation Assets

As at December 31, 2022, the carrying value of the Company's exploration and evaluation assets amounted to ₱2,039.3 million. Under PFRS 6, *Exploration for and Evaluation of Mineral Resources*, these exploration and evaluation assets shall be assessed for impairment when facts and circumstances suggest that the carrying amounts exceed the recoverable amounts. The ability of the Company to recover its exploration and evaluation assets depends on the commercial viability of its geothermal reserves. This matter is important to our audit because of the substantial amount of exploration and evaluation assets and the significant management judgment required in assessing whether there is any indication that these may not be recoverable.

The related disclosures on the Company's exploration and evaluation assets are included in Notes 3 and 14 to the consolidated financial statements.



Audit Response

We obtained management's assessment on whether there is any indication that the exploration and evaluation assets may not be recoverable. We obtained the status of each exploration project as of December 31, 2022, as certified by the Company's technical group head, and compared it with the disclosures submitted to the regulatory agency. We reviewed the terms of contracts and budget for exploration costs. We inspected the licenses and permits of each exploration project to determine that the period for which the Company has the right to explore in the specific area has not expired or is not expiring in the near future. We also inquired of management about the project areas that are expected to be abandoned or any exploration activities that are planned to be discontinued in those areas.

Other Information

Management is responsible for the other information. The other information comprises the SEC Form 17-A for the year ended December 31, 2022 but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the SEC Form 20-IS (Definitive Information Statement) and Annual Report for the year ended December 31, 2022, which are expected to be made available to us after that date.

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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



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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

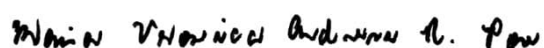
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

The engagement partner on the audit resulting in this independent auditor's report is
Maria Veronica Andresa R. Pore.

SYCIP GORRES VELAYO & CO.



Maria Veronica Andresa R. Pore

Partner

CPA Certificate No. 90349

Tax Identification No. 164-533-282

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 90349-SEC (Group A)

Valid to cover audit of 2022 to 2026 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-071-2020, December 3, 2020, valid until December 2, 2023

PTR No. 9564679, January 3, 2023, Makati City

March 10, 2023



ENERGY DEVELOPMENT CORPORATION
(A Subsidiary of Red Vulcan Holdings Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6 and 31)	₱17,597,790,076	₱14,015,021,534
Financial assets at fair value through profit or loss (Notes 8 and 31)	12,728,592	853,132,173
Trade and other receivables (Notes 3, 7, 20, 31, 32 and 37)	7,518,797,890	6,054,475,863
Due from related parties (Notes 20 and 31)	30,837,428	16,351,785
Parts and supplies inventories (Notes 3 and 10)	7,875,130,356	6,537,659,419
Derivative assets (Note 31)	44,354,398	40,876,487
Other current assets (Note 11)	1,682,744,270	1,800,262,160
Total Current Assets	34,762,383,010	29,317,779,421
Noncurrent Assets		
Property, plant and equipment (Notes 3 and 12)	100,928,941,565	96,218,489,654
Goodwill and intangible assets (Notes 3 and 13)	3,632,115,032	3,782,168,520
Exploration and evaluation assets (Notes 3 and 14)	2,039,273,991	1,974,832,245
Deferred tax assets - net (Notes 3 and 29)	754,381,502	743,374,944
Derivative assets - net of current portion (Note 31)	326,321,639	–
Financial assets at fair value through other comprehensive income (Notes 9 and 31)	295,027,377	225,813,559
Other noncurrent assets (Notes 3, 15 and 31)	7,258,105,646	6,976,289,234
Total Noncurrent Assets	115,234,166,752	109,920,968,156
TOTAL ASSETS	₱149,996,549,762	₱139,238,747,577

LIABILITIES AND EQUITY

Current Liabilities

Trade and other payables (Notes 3, 16, 20 and 31)	₱15,461,906,425	₱13,036,362,897
Due to related parties (Notes 20 and 31)	2,048,799	3,170,129
Income tax payable	298,171,346	120,909,242
Current portion of:		
Long-term debts (Notes 17 and 31)	8,881,483,933	13,104,746,816
Lease liability (Notes 3, 20, 31 and 32)	160,772,239	92,906,116
Derivative liabilities (Note 31)	–	29,127,140
Total Current Liabilities	24,804,382,742	26,387,222,340

(Forward)



	December 31	
	2022	2021
Noncurrent Liabilities		
Long-term debts - net of current portion (Notes 17 and 31)	₱44,420,127,685	₱40,014,339,379
Long-term lease liability - net of current portion (Notes 3, 20, 31 and 32)	241,067,949	204,268,805
Net retirement and other post-employment benefits (Notes 3 and 28)	1,759,719,829	1,845,016,838
Derivative liabilities - net of current portion (Note 31)	—	252,435,210
Deferred tax liabilities - net (Notes 3 and 29)	165,957,154	—
Provisions and other long-term liabilities (Notes 3, 18 and 32)	3,027,800,327	2,590,831,831
Total Noncurrent Liabilities	49,614,672,944	44,906,892,063
Total Liabilities	74,419,055,686	71,294,114,403
Equity		
Equity attributable to equity holders of the Parent Company:		
Preferred stock (Note 19)	93,750,000	93,750,000
Common stock (Note 19)	19,076,250,000	19,076,250,000
Treasury stock (Note 19)	(14,730,745,981)	(14,729,043,061)
Additional paid-in capital (Note 19)	8,715,108,001	8,715,108,001
Equity reserve (Note 19)	(3,706,430,769)	(3,706,430,769)
Net accumulated unrealized gain on financial assets at fair value through other comprehensive income (Note 9)	70,143,690	73,346,630
Fair value adjustments on hedging transactions (Note 31)	72,138,661	(588,484,497)
Cumulative translation adjustments (Note 19)	1,678,432,949	709,699,911
Retained earnings (Notes 2 and 19):		
Unappropriated	24,774,924,243	42,290,651,190
Appropriated	37,261,489,718	13,894,154,283
	73,305,060,512	65,829,001,688
Non-controlling interests (Note 19)	2,272,433,564	2,115,631,486
Total Equity	75,577,494,076	67,944,633,174
TOTAL LIABILITIES AND EQUITY	₱149,996,549,762	₱139,238,747,577

See accompanying Notes to Consolidated Financial Statements.



ENERGY DEVELOPMENT CORPORATION
(A Subsidiary of Red Vulcan Holdings Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31		
	2022	2021	2020
REVENUE FROM SALE OF ELECTRICITY (Notes 3, 5, 20, 21, 35 and 37)	₱48,700,352,764	₱42,368,368,769	₱37,616,779,662
COSTS OF SALE OF ELECTRICITY (Notes 10, 12, 13, 20, 22, 24, 28, 33, 35 and 36)	(26,587,499,563)	(24,644,155,221)	(17,418,329,056)
GENERAL AND ADMINISTRATIVE EXPENSES (Notes 10, 12, 13, 15, 23, 24 and 28)	(6,402,577,580)	(5,676,032,237)	(5,421,340,207)
FINANCIAL INCOME (EXPENSE)			
Interest income (Notes 6, 11, 25 and 31)	258,131,186	143,651,319	246,288,135
Interest expense (Notes 17, 18, 25, 31 and 32)	(2,872,574,735)	(2,946,174,558)	(3,622,746,689)
	(2,614,443,549)	(2,802,523,239)	(3,376,458,554)
OTHER INCOME (CHARGES)			
Foreign exchange gains (losses) (Notes 26 and 31)	(43,860,848)	109,445,793	240,378,453
Miscellaneous income (charges) - net (Notes 17, 27 and 35)	(126,358,067)	909,732,854	1,656,593,603
	(170,218,915)	1,019,178,647	1,896,972,056
INCOME BEFORE INCOME TAX	12,925,613,157	10,264,836,719	13,297,623,901
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 29)			
Current	1,810,102,780	920,731,806	1,703,056,342
Deferred	(17,017,667)	117,571,665	57,577,041
	1,793,085,113	1,038,303,471	1,760,633,383
NET INCOME	₱11,132,528,044	₱9,226,533,248	₱11,536,990,518
Net income attributable to:			
Equity holders of the Parent Company	₱10,979,385,739	₱9,122,453,169	₱11,494,601,441
Non-controlling interests	153,142,305	104,080,079	42,389,077
	₱11,132,528,044	₱9,226,533,248	₱11,536,990,518
Basic/Diluted Earnings Per Share for Net Income			
Attributable to Equity Holders of the Parent Company (Note 30)	₱0.627	₱0.518	₱0.657

See accompanying Notes to Consolidated Financial Statements.



ENERGY DEVELOPMENT CORPORATION
(A Subsidiary of Red Vulcan Holdings Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2022	2021	2020
NET INCOME	₱11,132,528,044	₱9,226,533,248	₱11,536,990,518
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:</i>			
Cumulative translation adjustments on foreign subsidiaries (Note 19)	968,733,038	330,503,658	(298,034,741)
Fair value adjustments on hedging transactions, net of tax effect amounting to ₱28,995,245 in 2022, ₱39,538,239 in 2021 and ₱24,135,525 in 2020 (Note 31)	660,623,158	225,324,450	(366,922,402)
Changes in fair value of debt instruments at fair value through other comprehensive income (Note 9)	(20,899,368)	(13,515,621)	12,811,375
NET OTHER COMPREHENSIVE INCOME (LOSS) TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS	1,608,456,828	542,312,487	(652,145,768)
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:</i>			
Remeasurements of retirement and other post-employment benefits, net of tax effect amounting to ₱18,096,947 in 2022, ₱24,650,110 in 2021 and ₱20,832,526 in 2020 (Note 28)	162,872,522	221,850,987	(187,492,732)
Changes in fair value of equity instruments designated at fair value through other comprehensive income (Note 9)	24,206,428	67,261,490	52,829,725
NET OTHER COMPREHENSIVE INCOME (LOSS) NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS	187,078,950	289,112,477	(134,663,007)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	1,795,535,778	831,424,964	(786,808,775)
TOTAL COMPREHENSIVE INCOME, NET OF TAX	₱12,928,063,822	₱10,057,958,212	₱10,750,181,743
Total comprehensive income attributable to:			
Equity holders of the Parent Company	₱12,771,261,744	₱9,950,405,156	₱10,708,233,179
Non-controlling interests	156,802,078	107,553,056	41,948,564
	₱12,928,063,822	₱10,057,958,212	₱10,750,181,743

See accompanying Notes to Consolidated Financial Statements.



ENERGY DEVELOPMENT CORPORATION
(A Subsidiary of Red Vulcan Holdings Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

	Preferred Stock (Note 19)	Common Stock (Note 19)	Treasury Stock (Note 19)	Additional Paid-in Capital (Note 19)	Equity Reserve (Note 19)	Net Accumulated Unrealized Gain on Financial Assets at FVOCI (Note 19)	Fair Value Adjustments on Hedging Transactions (Note 19)	Cumulative Translation Adjustments (Note 19)	Unappropriated Retained Earnings (Note 19)	Appropriated Retained Earnings (Note 19)	Subtotal	Non-controlling Interests (Note 19)	Total Equity
Balances, January 1, 2022	₱93,750,000	₱19,076,250,000	(₱14,729,043,061)	₱8,715,108,001	(₱3,706,430,769)	₱73,346,630	(₱588,484,497)	₱709,699,911	₱42,290,651,190	₱13,894,154,283	₱65,829,001,688	₱2,115,631,486	₱67,944,633,174
Total comprehensive income													
Net income	—	—	—	—	—	—	—	—	10,979,385,739	—	10,979,385,739	153,142,305	11,132,528,044
Fair value adjustments on hedging transactions (Note 31)	—	—	—	—	—	—	660,623,158	—	—	—	660,623,158	—	660,623,158
Cumulative translation adjustments on foreign subsidiaries (Note 19)	—	—	—	—	—	—	—	968,733,038	—	—	968,733,038	—	968,733,038
Changes in fair value of equity instruments at FVOCI recognized in equity (Note 9)	—	—	—	—	—	24,206,428	—	—	—	—	24,206,428	—	24,206,428
Transfer of net accumulated unrealized gain on financial assets at FVOCI to retained earnings (Note 9)	—	—	—	—	—	(6,510,000)	—	—	6,510,000	—	—	—	—
Remeasurements of retirement and other post-employment benefits (Note 28)	—	—	—	—	—	—	—	—	159,212,749	—	159,212,749	3,659,773	162,872,522
Changes in fair value of debt instruments designated at FVOCI recognized in equity (Note 9)	—	—	—	—	—	(20,899,368)	—	—	—	—	(20,899,368)	—	(20,899,368)
Total other comprehensive income	—	—	—	—	—	(3,202,940)	660,623,158	968,733,038	165,722,749	—	1,791,876,005	3,659,773	1,795,535,778
	—	—	—	—	—	(3,202,940)	660,623,158	968,733,038	11,145,108,488	—	12,771,261,744	156,802,078	12,928,063,822
Cash dividend (Note 19)	—	—	—	—	—	—	—	—	(5,293,500,000)	—	(5,293,500,000)	—	(5,293,500,000)
Appropriation of retained earning (Note 19)	—	—	—	—	—	—	—	—	(30,000,000,000)	30,000,000,000	—	—	—
Reversal of appropriation of retained earnings (Note 19)	—	—	—	—	—	—	—	—	6,632,664,565	(6,632,664,565)	—	—	—
Acquisition of treasury stock (Note 19)	—	—	(1,702,920)	—	—	—	—	—	—	—	(1,702,920)	—	(1,702,920)
Balances, December 31, 2022	₱93,750,000	₱19,076,250,000	(₱14,730,745,981)	₱8,715,108,001	(₱3,706,430,769)	₱70,143,690	₱72,138,661	₱1,678,432,949	₱24,774,924,243	₱37,261,489,718	₱73,305,060,512	₱2,272,433,564	₱75,577,494,076

(Forward)



	Preferred Stock (Note 19)	Common Stock (Note 19)	Treasury Stock (Note 19)	Additional Paid-in Capital (Note 19)	Equity Reserve (Note 19)	Net Accumulated Unrealized Gain on Financial Assets at FVOCI (Note 9)	Fair Value Adjustments on Hedging Transactions (Note 31)	Cumulative Translation Adjustments (Note 19)	Unappropriated Retained Earnings (Note 19)	Appropriated Retained Earnings (Note 19)	Subtotal	Non-controlling Interests (Note 19)	Total Equity
Balances, January 1, 2021	₱93,750,000	₱19,076,250,000	(₱14,679,307,342)	₱8,715,108,001	(₱3,706,430,769)	₱220,361,062	(₱813,808,947)	₱379,196,253	₱28,498,576,259	₱23,437,184,520	₱61,220,879,037	₱2,008,078,430	₱63,228,957,467
Total comprehensive income													
Net income	—	—	—	—	—	—	—	—	9,122,453,169	—	9,122,453,169	104,080,079	9,226,533,248
Fair value adjustments on hedging transactions (Note 31)	—	—	—	—	—	—	225,324,450	—	—	—	225,324,450	—	225,324,450
Cumulative translation adjustments on foreign subsidiaries (Note 19)	—	—	—	—	—	—	—	330,503,658	—	—	330,503,658	—	330,503,658
Changes in fair value of equity instruments at FVOCI recognized in equity (Note 9)	—	—	—	—	—	67,261,490	—	—	—	—	67,261,490	—	67,261,490
Transfer of net accumulated unrealized gain on financial assets at FVOCI to retained earnings (Note 9)	—	—	—	—	—	(200,760,301)	—	—	200,760,301	—	—	—	—
Remeasurements of retirement and other post-employment benefits (Note 28)	—	—	—	—	—	—	—	—	218,378,010	—	218,378,010	3,472,977	221,850,987
Changes in fair value of debt instruments designated at FVOCI recognized in equity (Note 9)	—	—	—	—	—	(13,515,621)	—	—	—	—	(13,515,621)	—	(13,515,621)
Total other comprehensive income	—	—	—	—	—	(147,014,432)	225,324,450	330,503,658	419,138,311	—	827,951,987	3,472,977	831,424,964
Cash dividends (Note 19)	—	—	—	—	—	—	—	—	(5,292,546,786)	—	(5,292,546,786)	—	(5,292,546,786)
Reversal of appropriation of retained earnings (Note 19)	—	—	—	—	—	—	—	—	9,543,030,237	(9,543,030,237)	—	—	—
Acquisition of treasury stock (Note 19)	—	—	(49,735,719)	—	—	—	—	—	—	—	(49,735,719)	—	(49,735,719)
Balances, December 31, 2021	₱93,750,000	₱19,076,250,000	(₱14,729,043,061)	₱8,715,108,001	(₱3,706,430,769)	₱73,346,630	(₱588,484,497)	₱709,699,911	₱42,290,651,190	₱13,894,154,283	₱65,829,001,688	₱2,115,631,486	₱67,944,633,174

(Forward)



	Preferred Stock (Note 19)	Common Stock (Note 19)	Treasury Stock (Note 19)	Additional Paid-in Capital (Note 19)	Equity Reserve (Note 19)	Net Accumulated Unrealized Gain on Financial Assets at FVOCI (Note 9)	Fair Value Adjustments on Hedging Transactions (Note 31)	Cumulative Translation Adjustments (Note 19)	Unappropriated Retained Earnings (Note 19)	Appropriated Retained Earnings (Note 19)	Subtotal	Non-controlling Interests (Note 19)	Total Equity
Balances, January 1, 2020	P93,750,000	P19,076,250,000	(P14,646,566,916)	P8,715,108,001	(P3,706,430,769)	P159,427,712	(P446,886,545)	P677,230,994	P21,217,149,607	P26,699,854,200	P57,838,886,284	P1,966,129,866	P59,805,016,150
Total comprehensive income													
Net income	—	—	—	—	—	—	—	—	11,494,601,441	—	11,494,601,441	42,389,077	11,536,990,518
Cumulative translation adjustments on foreign subsidiaries (Note 19)	—	—	—	—	—	—	—	(298,034,741)	—	—	(298,034,741)	—	(298,034,741)
Fair value adjustments on hedging transactions (Note 31)	—	—	—	—	—	—	(366,922,402)	—	—	—	(366,922,402)	—	(366,922,402)
Changes in fair value of equity instruments at FVOCI recognized in equity (Note 9)	—	—	—	—	—	52,829,725	—	—	—	—	52,829,725	—	52,829,725
Changes in fair value of debt instruments designated at FVOCI recognized in equity (Note 9)	—	—	—	—	—	12,811,375	—	—	—	—	12,811,375	—	12,811,375
Transfer of net accumulated unrealized gain on financial assets at FVOCI to retained earnings (Note 9)	—	—	—	—	—	(4,707,750)	—	—	4,707,750	—	—	—	—
Remeasurements of retirement and other post-employment benefits (Note 28)	—	—	—	—	—	—	—	—	(187,052,219)	—	(187,052,219)	(440,513)	(187,492,732)
Total other comprehensive loss	—	—	—	—	—	60,933,350	(366,922,402)	(298,034,741)	(182,344,469)	—	(786,368,262)	(440,513)	(786,808,775)
	—	—	—	—	—	60,933,350	(366,922,402)	(298,034,741)	11,312,256,972	—	10,708,233,179	41,948,564	10,750,181,743
Appropriations of retained earnings (Note 19)	—	—	—	—	—	—	—	—	(2,405,100,000)	2,405,100,000	—	—	—
Reversal of appropriation of retained earnings (Note 19)	—	—	—	—	—	—	—	—	5,667,769,680	(5,667,769,680)	—	—	—
Cash dividends (Note 19)	—	—	—	—	—	—	—	—	(7,293,500,000)	—	(7,293,500,000)	—	(7,293,500,000)
Acquisition of treasury stock (Note 19)	—	—	(32,740,426)	—	—	—	—	—	—	—	(32,740,426)	—	(32,740,426)
Balances, December 31, 2020	P93,750,000	P19,076,250,000	(P14,679,307,342)	P8,715,108,001	(P3,706,430,769)	P220,361,062	(P813,808,947)	P379,196,253	P28,498,576,259	P23,437,184,520	P61,220,879,037	P2,008,078,430	P63,228,957,467

See accompanying Notes to Consolidated Financial Statements.



ENERGY DEVELOPMENT CORPORATION
(A Subsidiary of Red Vulcan Holdings Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱12,925,613,157	₱10,264,836,719	₱13,297,623,901
Adjustments for:			
Depreciation and amortization (Notes 12, 13, 22 and 23)	6,807,096,972	6,605,115,758	6,547,264,747
Interest expense (Note 25)	2,872,574,735	2,946,174,558	3,622,746,689
Interest income (Notes 6, 11, 25 and 31)	(258,131,186)	(143,651,319)	(246,288,135)
Provisions for impairment of trade and other receivables, prepaid taxes, and others (Notes 7, 15 and 23)	688,464,769	277,104,307	253,265,909
Unrealized foreign exchange losses (gains) - net (Note 26)	108,245,605	(40,383,130)	(382,920,084)
Change in net retirement and other post-employment benefits	95,672,460	67,278,123	263,121,458
Realized income from redemption of financial assets at fair value through profit or loss (Notes 8 and 27)	(31,259,850)	(2,794,617)	(130,361)
Provision for impairment of parts and supplies inventories (Notes 10 and 23)	20,721,752	69,281,245	79,960,616
Loss on direct write-off of input VAT claims (Notes 15 and 27)	10,560,486	77,519,398	36,292,033
Mark-to-market losses (gains) on financial assets at fair value through profit or loss (Notes 8 and 27)	7,689,361	(210,162)	(9,069,461)
Loss (gain) on disposal and retirement of property, plant and equipment (Notes 12, 20 and 27)	(5,165,656)	(5,460,423)	1,985,806
Unrealized derivative losses (Note 27)	—	—	90,379,946
Provision for impairment of exploration and evaluation assets and goodwill (Notes 13, 14 and 27)	—	—	54,165,823
Realized loss from sale of financial assets at fair value through comprehensive income (Note 9)	—	—	200,000
Operating income before working capital changes	23,242,082,605	20,114,810,457	23,608,598,887
Decrease (increase) in:			
Trade and other receivables	(1,471,877,502)	821,650,975	1,282,909,504
Parts and supplies inventories	(1,358,192,689)	(645,745,554)	(1,740,722,636)
Due from related parties	(14,485,643)	7,151,778	8,609,354
Other current assets	333,257,136	3,610,577,151	(4,561,667,030)
Increase (decrease) in:			
Trade and other payables	2,420,806,302	816,784,062	1,362,620,902
Due to related parties	29,921,480	(1,673,420)	2,200,678
Provisions and other long-term liabilities	475,583,889	113,683,691	47,946,792
Cash generated from operations	23,657,095,578	24,837,239,140	20,010,496,451
Income tax paid, including creditable withholding tax	(1,848,579,922)	(1,290,344,960)	(1,351,191,812)
Net cash flows from operating activities	21,808,515,656	23,546,894,180	18,659,304,639

(Forward)



	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property, plant and equipment (Note 12)	(₹9,862,105,021)	(₹10,867,063,374)	(₹6,162,329,495)
Financial assets at FVPL (Note 8)	(2,512,500,000)	(3,205,000,000)	(710,000,000)
Financial assets at FVOCI (Note 9)	(99,856,758)	—	—
Exploration and evaluation assets (Note 14)	(72,159,209)	(17,554,441)	(4,886,819)
Intangible assets (Note 13)	(53,448,138)	(90,261,931)	(81,089,129)
Additions to other noncurrent assets	(500,085,160)	(800,024,352)	(1,790,835,213)
Decrease in:			
Debt service reserve account (Notes 11 and 17)	—	—	661,239,713
Tax credit certificates	—	693,822,645	430,882,869
Interest received	248,630,153	154,444,303	253,864,929
Proceeds from:			
Redemption of financial assets at FVPL (Note 8)	3,376,474,070	3,277,704,392	1,153,573,943
Disposal of financial assets at FVOCI (Note 9)	33,950,000	405,228,606	6,500,000
Sale of property, plant and equipment (Notes 12, 20 and 27)	5,544,224	7,448,803	25,406,504
Net cash flows used in investing activities	(9,435,555,839)	(10,441,255,349)	(6,217,672,698)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Long term debts (Notes 17 and 38)	(14,288,395,546)	(14,485,248,494)	(7,699,266,359)
Dividends (Notes 19 and 38)	(5,293,500,000)	(10,292,546,786)	(6,493,216,395)
Interest and other financial charges (Note 38)	(2,667,275,303)	(3,014,017,902)	(3,385,447,911)
Lease liability (Notes 31, 32 and 38)	(79,416,857)	(126,217,394)	(160,448,287)
Acquisition of treasury stock (Notes 1, 19 and 38)	(1,702,920)	(49,735,720)	(32,740,426)
Proceeds from availment of long-term debts - net of transaction cost (Note 17)	13,581,462,961	6,917,182,188	12,933,440,019
Net cash flows used in financing activities	(8,748,827,665)	(21,050,584,108)	(4,837,679,359)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,624,132,152	(7,944,945,277)	7,603,952,582
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(41,363,610)	204,529,445	(102,635,947)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	14,015,021,534	21,755,437,366	14,254,120,731
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	₹17,597,790,076	₹14,015,021,534	₹21,755,437,366

See accompanying Notes to Consolidated Financial Statements.



ENERGY DEVELOPMENT CORPORATION
(A Subsidiary of Red Vulcan Holdings Corporation)
AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information and Authorization for Issuance of the Consolidated Financial Statements

General

Energy Development Corporation (the “Parent Company” or “EDC”) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on March 5, 1976.

The Parent Company and its subsidiaries (collectively referred to as the “Company”) are primarily engaged in the business of exploring, developing and operating geothermal energy and other indigenous renewable energy projects in the Philippines.

Red Vulcan is the parent company of EDC, while Lopez, Inc. is the ultimate parent company.

Red Vulcan and Lopez, Inc. are both incorporated in the Philippines.

As of December 31, 2022 and 2021, Red Vulcan holds the controlling voting interest with 63.9% ownership of EDC’s outstanding voting shares while Philippines Renewable Energy Holdings Corp. (PREHC) owns 34.9%.

Geothermal and Other Renewable Energy Projects

EDC’s geothermal power projects consist of two (2) principal activities: (i) the production of geothermal steam for use at EDC’s and its subsidiaries’ geothermal power plants, and (ii) the generation and sale of electricity through those geothermal power plants pursuant to “take-or-pay and take-and-pay offtake arrangements”. EDC’s steam and electricity sales are supported by medium-term to long-term offtake agreements in various forms. EDC’s steam sales are backed by long-term offtake agreements with its wholly owned subsidiaries: (i) Geothermal Resource Sales Contracts (GRSCs) with Green Core Geothermal Inc. (GCGI); and (ii) Steam Sales Agreement (SSA) with Bac-Man Geothermal Inc. (BGI). EDC’s 25-year Power Purchase Agreements (PPAs) with National Power Corporation (NPC) covering EDC’s Unified Leyte (Leyte A and Leyte B) and Mindanao Geothermal Power Projects (Mindanao I and Mindanao II) expired in July 2021, July 2022 and February 2022, respectively. The PPA for Mindanao II will expire in June 2024 (see Notes 3 and 21).

EDC holds service contracts with the DOE. It has ten (10) geothermal contract areas, each granting EDC exclusive rights to explore, develop, and utilize the corresponding resources in the relevant contract area (see Note 33). EDC conducts commercial operations in four (4) of its ten (10) geothermal contract areas as follows:

- Tongonan, Kananga, Leyte - EDC operates geothermal steamfield projects in Leyte, which deliver steam to the Tongonan geothermal power plant, owned by EDC’s subsidiary GCGI, and the EDC-owned Unified Leyte geothermal power plants.



- Southern Negros, Valencia, Negros Oriental - EDC operates one (1) geothermal steamfield project in Southern Negros, which delivers steam to the two (2) GCGI-owned Palinpinon geothermal power plants, and EDC-owned Nasulo geothermal power plant.
- Bacon-Manito, Albay and Sorsogon - EDC operates one (1) geothermal steamfield project, which deliver steam to two (2) geothermal power plants in Albay and Sorsogon, owned by BGI.
- Mt. Apo, Kidapawan, Cotabato - EDC operates one (1) geothermal steamfield project, which delivers steam to three (3) EDC-owned geothermal power plants in Mt. Apo.

The Company also operates hydroelectric power plant through First Gen Hydro Power Corporation (FG Hydro), a 60%-owned subsidiary of EDC. FG Hydro generates revenue from the sale of electricity generated by its 132-Megawatt (MW) Pantabangan-Masiway hydroelectric plants (PAHEP/MAHEP) located in Nueva Ecija.

EDC Burgos Wind Power Corporation (EBWPC), a wholly owned subsidiary of EDC, operates the 150 MW Burgos Wind Energy Project.

EDC also operates the 6.82 MW Burgos Solar Project (Phases 1 and 2).

The Burgos Wind and Solar Projects, which are both located in Ilocos Norte, were granted a Feed-In-Tariff (FIT) Certificate of Compliance (FIT COC) by the Energy Regulatory Commission (ERC) that entitles them to an applicable FIT rate, subject to adjustments as may be approved by the ERC, for the entire duration of their FIT eligibility periods.

EDC Siklab Power Corporation (EDC Siklab), a wholly owned subsidiary of EDC, operates solar rooftop systems in various Gaisano Capital Malls located in the provinces of Iloilo, Aklan, Leyte, Southern Leyte and Sorsogon.

Power Supply Agreements (PSAs)

The Parent Company and its subsidiaries, namely GCGI, BGI, FG Hydro and Unified Leyte Geothermal Inc. (ULGEI), hold offtake agreements in the form of PSAs with various customers, particularly electric cooperatives and retail electricity suppliers (see Note 21).

Retail Supply Contracts (RSCs)

On February 14, 2017, the ERC approved BGI's application for a Retail Electricity Supplier (RES) license. The RES license grants BGI to engage in the supply of electricity to end-users in the contestable market through retail supply contracts (RSC). Generated electricity in excess of contracted levels is sold to the Wholesale Electricity Spot Market ("WESM").

On August 3, 2022, the RES license of BGI was extended by the ERC for a period of one (1) year from August 14, 2022 until August 13, 2023, pending final evaluation of its application for the renewal of its RES license.

In June 2020, the ERC approved GCGI's application for RES license effective for a period of five (5) years from June 2020 to June 2025.



Green Energy Option Program Supply Contracts (GEOPSC)

In May 2021 and October 2020, the Department of Energy (DOE) approved the application for an Operating Permit as Renewable Energy (RE) Supplier under the Green Energy Option Program (GEOP) valid for a period of five (5) years from the date of issuance for GCGI and BGI, respectively.

Ancillary Services Procurement Agreements (ASPAs)

EDC, GCGI and FG Hydro sell electricity through ancillary service to the National Grid Corporation of the Philippines (NGCP) under ASPAs. The ASPAs of EDC and GCGI expired last September 2022 while the ASPA of FG Hydro is set to expire on March 25, 2023.

Generated electricity in excess of contracted levels is sold to the Wholesale Electricity Spot Market (WESM).

Subsidiaries

The Parent Company and its subsidiaries were separately incorporated and registered with the Philippine SEC, except for its foreign subsidiaries. Below are the Parent Company's voting interests in its subsidiaries:

	December 31, 2022 and 2021	
	Direct	Indirect
EDC Geothermal Corp. (EGC) ²	100.00	—
Green Core Geothermal Inc. (GCGI)	—	100.00
Bac-Man Geothermal Inc. (BGI)	—	100.00
Unified Leyte Geothermal Energy Inc. (ULGEI)	—	100.00
Bac-Man Energy Development Corporation (BEDC) ¹	—	100.00
EDC Chile Limitada ¹	99.99	0.01
EDC Holdings International Limited (EHIL) ²	100.00	—
Energy Development Corporation Hong Kong Limited (EDC HKL) ²	—	100.00
Energy Development Corporation Hong Kong International Investments Limited (EDC HKIIL) ²	—	100.00
EDC Chile Holdings SPA ²	—	100.00
EDC Geotermica SPA (Chile) ¹	—	100.00
EDC Peru Holdings S.A.C. ²	—	100.00
EDC Geotermica S.A.C. (Peru) ¹	—	100.00
Energy Development Corporation Peru S.A.C. ¹	—	100.00
EDC Geotermica Del Sur S.A.C. ¹	—	100.00
EDC Energía Azul S.A.C. ¹	—	100.00
Geotermica Crucero Peru S.A.C. ¹	—	70.00
EDC Energía Perú S.A.C. ¹	—	100.00
Geotermica Tutupaca Norte Peru S.A.C. ¹	—	70.00
EDC Energía Geotermica S.A.C. ¹	—	100.00
EDC Progreso Geotermica Perú S.A.C. ¹	—	100.00
Geotermica Loriscota Peru S.A.C. ¹	—	70.00
EDC Energía Renovable Perú S.A.C. ¹	—	100.00
EDC Soluciones Sostenibles Ltd ²	—	100.00
EDC Energía Verde Chile SpA ¹	—	100.00
EDC Energía de la Tierra SpA ¹	—	100.00
EDC Desarrollo Sostenible Ltd ²	—	100.00
EDC Energía Verde Peru S.A.C. ¹	—	100.00

(Forward)



	December 31, 2022 and 2021	
	Direct	Indirect
PT EDC Indonesia ¹	—	95.00
PT EDC Panas Bumi Indonesia ¹	—	95.00
EDC Wind Energy Holdings, Inc. (EWEHI) ²	100.00	—
EDC Burgos Wind Power Corporation (EBWPC)	—	100.00
EDC Pagudpud Wind Power Corporation (EPWPC) ¹	—	100.00
EDC Bayog Burgos Wind Power Corporation (EBBWPC) ¹	—	100.00
EDC Pagali Burgos Wind Power Corporation (EPBWPC) ¹	—	100.00
Iloilo 1 Renewable Energy Corporation (I1REC) ¹	—	100.00
EDC Bright Solar Energy Holdings, Inc. (EBSEHI) ²	100.00	—
EDC Siklab Power Corporation (EDC Siklab)	—	100.00
EDC Sinag Power Corporation (EDC Sinag) ¹	—	100.00
EDC Wind Energy Holdings 2 Inc. (EWEHI2) ²	100.00	—
First Gen Hydro Power Corporation (FG Hydro)	60.00	—

¹Has not started commercial operations as of December 31, 2022

²Serves as an investment holding company

EGC

EGC was incorporated on April 9, 2008 to participate in the bid for a local power plant. The bid was won by and awarded to another local entity not within the Company. Thereafter, EGC became an investment holding company of its wholly owned subsidiaries, namely GCGI, BGI, ULGEI and BEDC. EGC also has a 0.01% stake in EDC Chile Limitada.

Further details on EGC's wholly owned subsidiaries follow:

- GCGI was incorporated on June 22, 2009 with primary activities on power generation, transmission, distribution and other energy-related businesses. GCGI is currently operating the 172.5 MW Palinpinon and 123.0 MW Tongonan 1 geothermal power plants in Negros Oriental and Leyte, respectively, following its successful acquisition from the Power Sector Assets and Liabilities Management Corporation (PSALM) in 2009.

On June 8, 2020, the ERC approved GCGI's application for a RES license. The RES license allows GCGI to engage in the supply of electricity to end-users in the contestable market.

On May 31, 2021, the ERC approved GCGI's application for GEOP operating permit. The GEOP is an initiative of the Department of Energy (DOE) that allows consumers with at least 100 kWh of electricity to choose renewable energy as a power source for their business.

- BGI was incorporated on April 7, 2010 primarily to carry on the general business of generating, transmitting, and/or distributing energy. BGI is currently operating the then 150 MW Bac-Man Geothermal Power Plants (BMGPP) in Bicol, following its successful acquisition from PSALM in May 2010. Prior to the acquisition of BGI of the BMGPP, the Parent Company supplied and sold steam to NPC under the SSA. Details are as follows:

a. Bacon-Manito I

The SSA for the Bac-Man 110 MW geothermal resources entered into on November 1988 provides, among others, that NPC shall pay the Parent Company a base price per kilowatt-hour of gross generation, subject to inflation adjustments and based on a guaranteed



take-or-pay rate at 75% plant factor. The SSA is for a period of 25 years, which commenced in May 1993 and expired in May 2018.

On June 1, 2018, the Parent Company and BGI entered an interim arrangement for the supply of steam for Bac-Man I Geothermal Power Plants effective from the date of expiration of the SSA until the new SSA takes effect or December 25, 2020, whichever is earlier. On December 24, 2020, the term of such interim agreement was extended for another three (3) years, or until December 25, 2023.

b. Bacon-Manito II

Bac-Man II's SSA with NPC was signed in June 1996 for its two (2) 20 MW capacity modular plants - Cawayan and Botong. The terms and conditions under the contract contain, among others, NPC's commitment to pay the Parent Company a base price per kilowatt-hour of gross generation, subject to inflation adjustments and based on a guaranteed take-or-pay rate, commencing from the established commercial operation period, using the following plant factors: 50% for the first year, 65% for the second year and 75% for the third and subsequent years. The SSA is for a period of 25 years, which commenced in March 1994 for Cawayan and December 1997 for Botong. The SSA for Cawayan and Botong plants expired in March 2019 and December 2022, respectively.

On April 30, 2019, the Parent Company and BGI entered an interim arrangement for the supply of steam for Bac-Man II's Cawayan Unit effective from the date of expiration of the SSA until the new SSA takes effect or December 25, 2020, whichever is earlier. On December 24, 2020, the term of such interim agreement was extended for another three (3) years, or until December 25, 2023.

Following the commercial operations of the Bac-Man Units 1, 2 and 3 on October 1, 2013, January 28, 2014, and June 3, 2014, respectively, PSALM/NPC, EDC and BGI have agreed to allow EDC to bill BGI directly, on behalf of PSALM/NPC.

On February 14, 2017, the ERC approved BGI's application for a Retail Electricity Supplier (RES) license. The RES license allows BGI to engage in the supply of electricity to end-users in the contestable market.

On October 2020, the ERC approved BGI's application for GEOP operating permit.

In December 2020, BGI awarded the engineering, procurement and construction (EPC) contract for the 29 MW Palayan Binary Balance of Plant (BOP) work package to First Balfour Inc. BGI has also awarded a contract for the supply of the plant to Turboden S.p.A. and Mitsubishi Power Ltd. for the binary cycle power generation equipment to be installed at Bacman geothermal power plant in Manito, Albay. The 29 MW Palayan Binary Plant Project is expected to be completed by September 2023.

On December 7, 2020, the Parent Company issued the Notice of Award to First Balfour for the construction of the Fluid Collection and Recycling System (FCRS) and interconnection works for the Palayan Binary Power Project.

On February 22, 2021, MUFG Bank, Ltd., issued an irrevocable standby letter of credit in favor of Turboden S.P.A (the "Beneficiary") for the supply contract entered into BGI. The final expiration date of the instrument will be on January 23, 2023 and the beneficiary is entitled to the aggregate maximum amount of US\$34.6 million.



- ULGEI was incorporated on June 23, 2010. ULGEI, a wholly owned subsidiary of EDC, had been declared as one (1) of the seven (7) Highest Ranking Bidders for the maximum allowable 40 MW per bidder in the Selection and Appointment of the Independent Power Producer Administrators (IPPA) for the Strips of Energy of the Unified Leyte Geothermal Power Plants (ULGPPs), and thereafter, as the Highest Ranking Bidder to administer the Bulk Energy of the ULGPPs, which is the capacity in excess of the 240 MW allotted for the Strips of Energy. The bidding was conducted by the PSALM on November 7, 2013, a day before Super Typhoon Yolanda made landfall and severely affected the facilities of EDC, the NGCP, and various distribution utilities in Central Visayas. Consequently, ULGEI has written to PSALM that it cannot accept the award of the winning bids as the physical and economic conditions underlying the bidding process and the IPPA Administration Agreements required to be executed pursuant thereto have been dramatically altered by the severe and widespread destruction caused by Super Typhoon Yolanda in the Eastern and Western Visayas regions.

In February 2014, PSALM has written ULGEI informing it of the following:

1. ULGEI has been selected as the Winning Bidder for 40 MW Strips of Energy of the ULGPP at the bidden rate/price; and,
2. PSALM accepts ULGEI's decision not to accept the award as Winning Bidder for the Bulk Energy of the ULGPP, subject to subsequent determination/evaluation of the forfeiture of ULGEI's Bid Security and ULGEI's qualification to participate further in the rebidding process for said Bulk Energy.

In December 2014, the IPPA Contract for the strips of energy was turned over to ULGEI. In 2021, the IPPA Contract with PSALM expired.

- SNGI and BEDC were incorporated on February 4, 2011 and September 22, 2011, respectively. These companies were incorporated to carry on the general business of generating, transmitting, and/or distributing energy derived from any and all forms, types and kinds of energy sources for lighting and power purposes and whole-selling the electric power to power corporations, public electric utilities and electric cooperatives.

On August 30, 2019, the Philippine SEC approved the Amended Articles of Incorporation of SNGI shortening its corporate existence up to February 4, 2021, thereby dissolving the corporation.

As of December 31, 2022, BEDC remained non-operating.

EDC Chile Limitada

EDC Chile Limitada is a limited liability company incorporated on February 11, 2010 in Santiago, Chile with the purpose of exploring, evaluating and extracting any mineral or substance to generate geothermal energy. As of December 31, 2022, EDC Chile Limitada remained non-operating.



EHIL and EDC HKL

EHIL was incorporated on August 17, 2011 in British Virgin Islands and serves as an investment holding company of EDC's international subsidiaries. EHIL owns 100% interest in EDC HKL, a company incorporated on November 22, 2011, in Hong Kong. The following entities are the subsidiaries under EDC HKL:

- EDC HKIIL is a wholly owned subsidiary of EDC HKL, a company incorporated on November 18, 2016 in the British Virgin Island.
- EDC Chile Holdings SpA, which was incorporated on January 13, 2012 in Santiago, Chile, is a wholly owned subsidiary of EDC HKL and is the holding company of EDC Geotermica SPA (Chile) which was also incorporated on January 13, 2012 in Santiago, Chile. Their main purpose is to carry on the general business of generating, transmitting, and/or distributing energy derived from any and all forms, types and kinds of energy sources for lighting and power purposes and whole-selling the electric power to power corporations, public electric utilities and electric cooperatives.
- EDC Peru Holdings S.A.C., incorporated on January 19, 2012 in Lima, Peru, is a 99.9%-owned subsidiary of EDC HKL. EDC Peru Holdings S.A.C. holds 99.9% stake in EDC Geotermica S.A.C. (Peru), which was also incorporated on January 19, 2012 in Lima, Peru. EHIL owns the remaining 0.1% stake in EDC Peru Holdings S.A.C. and EDC Geotermica Peru S.A.C. Their main purpose is to carry on the general business of generating, transmitting, and/or distributing energy derived from any and all forms, types and kinds of energy sources for lighting and power purposes and whole-selling the electric power to power corporations, public electric utilities and electric cooperatives.

On July 17, 2012, Energy Development Corporation Peru S.A.C. was incorporated in Lima, Peru as a 70%-owned subsidiary of EDC Geotermica Peru S.A.C. Its main purpose is to carry on the general business of generating, transmitting, and/or distributing energy derived from any and all forms, types and kinds of energy sources for lighting and power purposes and whole-selling the electric power to power corporations, public electric utilities and electric cooperatives. On January 3, 2014, Energy Development Corporation Peru S.A.C. became 100% indirectly owned subsidiary by the Parent Company through acquisition of Hot Rock Entities.

- On February 27, 2013, EDC Geotermica Del Sur S.A.C., EDC Energía Azul S.A.C., EDC Energía Perú S.A.C., EDC Energía Geotérmica S.A.C., EDC Progreso Geotérmico Perú S.A.C., EDC Energía Renovable Perú S.A.C., were incorporated in Lima, Peru as 99.9%-owned by EDC HKL and 0.1%-owned by EDC Peru Holdings S.A.C. Their main purpose is to carry on the general business of generating, transmitting, and/or distributing energy derived from any and all forms, types and kinds of energy sources for lighting and power purposes and whole-selling the electric power to power corporations, public electric utilities and electric cooperatives.

On July 5, 2013, three (3) entities were incorporated in Lima, Peru. These entities are Geotermica Crucero Peru S.A.C., as 70%-owned by EDC Energia Azul S.A.C; Geotermica Tutupaca Norte Peru S.A.C. as 70%-owned by EDC Energia Peru S.A.C.; and Geotermica Loriscota Peru S.A.C., as 70%-owned by EDC Progreso Geotermico S.A.C. Their main purpose is to carry on the general business of generating, transmitting, and/or distributing energy derived from any and all forms, types and kinds of energy sources for lighting and power purposes and whole-selling the electric power to power corporations, public electric utilities and electric cooperatives.



- On January 3, 2014, EDC HKL purchased 100% interest in EDC Soluciones Sostenibles Ltd and EDC Desarrollo Sostenible Ltd located in British Virgin Islands (BVI) with a total offer price of US\$3.0 million. This effectively gave EDC HKL a 100% indirect interest to acquirees' subsidiaries EDC Energia Verde Chile SpA, EDC Energia de la Tierra SpA and EDC Energia Verde Peru S.A.C. (see Note 3).

In February 2020, the Internal Revenue Services authorized the closure of EDC Energia Verde Chile SpA and EDC Energia de la Tierra SpA.

- On July 9, 2012, PT EDC Indonesia and PT EDC Panas Bumi Indonesia were incorporated in Jakarta Pusat, Indonesia as 95%-owned subsidiaries of EDC HKL.

As of December 31, 2022, all subsidiaries of EDC HKL remained non-operating.

EWEHI

EWEHI is a holding company incorporated on April 15, 2010. The following entities are the wholly owned subsidiaries of EWEHI:

- EBWPC was incorporated on April 13, 2010 to carry on the general business of generating, transmitting, and/or distributing energy. EBWPC operates the 150 MW Burgos Wind Project located in the Municipality of Burgos, Ilocos Norte.
- EPWPC was incorporated on February 29, 2012 to carry on the general business of generating, transmitting, and/or distributing energy. As of December 31, 2022, EPWPC remained non-operating.
- EBBWPC and EPBWPC were both incorporated on May 22, 2014 to carry on the general business of generating, transmitting, and/or distributing energy. As of December 31, 2022, EBBWPC and EPBWPC remained non-operating.
- M1REC, M2REC, M3REC and I1REC were all incorporated on February 9, 2016, while N1REC was incorporated on March 16, 2016 to carry on the general business of generating, transmitting, and/or distributing energy.

On August 23, 2019, the Philippine SEC approved the Amended Articles of Incorporation shortening the corporate existence of M1REC, M2REC and M3REC up to February 9, 2021, and N1REC up to March 16, 2021, thereby dissolving these companies.

As of December 31, 2022, I1REC remained non-operating.

EBSEHI

EBSEHI is a holding company incorporated on May 23, 2014. The following entities are the wholly owned subsidiaries of EBSEHI:

- EDC Siklab was incorporated on May 22, 2014 to carry on the general business of generating, transmitting, and/or distributing energy.
- EDC Sinag was incorporated on November 19, 2014 to carry on the general business of generating, transmitting, and/or distributing energy. As of December 31, 2022, EDC Sinag remained non-operating.



- Sinag Iloilo, Siklab Iloilo and ECSVPC were incorporated on February 4, 2011, September 28, 2011 and June 25, 2014, respectively. These companies were incorporated to carry on the general business of generating, transmitting, and/or distributing energy derived from any and all forms, types and kinds of energy sources for lighting and power purposes and whole-selling the electric power to power corporations, public electric utilities and electric cooperatives.

On August 23, 2019, September 10, 2019 and March 20, 2020, the Philippine SEC approved the Amended Articles of Incorporation shortening the corporate existence of Sinag Iloilo up to February 4, 2021, Siklab Iloilo up to September 28, 2021, and ECSVPC up to June 25, 2021, respectively, thereby dissolving these companies.

EWEHI2

EWEHI2 is a holding company incorporated on January 5, 2017. EWEHI2 has 100% ownership over CREC, BREC4 and BREC3. CREC and BREC4 were incorporated on January 27, 2017 while BREC3 was incorporated on January 25, 2017, to carry on the general business of generating, transmitting, and/or distributing energy.

On August 30, 2019, the Philippine SEC approved the Amended Articles of Incorporation shortening the corporate existence of CREC and BREC4 up to January 27, 2021, and BREC3 up to January 25, 2021, thereby dissolving these companies.

FG Hydro

FG Hydro was incorporated on March 13, 2006 with primary activities on power generation, transmission, distribution and other energy-related businesses. FG Hydro operates the 132 MW PAHEP/MAHEP located in Nueva Ecija, Philippines. FG Hydro buys from and sells electricity to the WESM and to various privately-owned DUs under the PSAs and PSCs, and to NGCP through ancillary services under the ASPA.

Principal Office Address

The registered principal office address of the Parent Company is Rockwell Business Center Tower 3, Ortigas Avenue, Pasig City, Philippines.

Authorization for Issuance of the Consolidated Financial Statements

The consolidated financial statements were reviewed and recommended for approval by the Audit and Governance Committee to the Board of Directors (BOD) on March 8, 2023. The same consolidated financial statements were approved and authorized for issuance by the BOD on March 10, 2023.

2. Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for derivative instruments, financial assets at fair value through profit or loss (FVPL) and financial assets at fair value through other comprehensive income (FVOCI) that are measured at fair value. The consolidated financial statements are presented in Philippine peso (₱), which is the Parent Company's functional currency. All values are rounded to the nearest ₱, except when otherwise indicated.

Statement of Compliance

The consolidated financial statements of the Company are prepared in accordance with Philippine Financial Reporting Standards (PFRSs).



New Standards, Interpretations and Amendments

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2022. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The adoption of these new standards did not have an impact on the consolidated financial statements of the Company.

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

- Amendments to PAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*

The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- Amendments to PAS 37, *Onerous Contracts - Costs of Fulfilling a Contract*

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

- *Annual Improvements to PFRSs 2018-2020 Cycle*

- Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported in the parent’s consolidated financial statements, based on the parent’s date of transition to PFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.



- Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities in future periods.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Determination of Functional Currency

Each entity within the Company determines its own functional currency. The respective functional currency of EDC and its subsidiaries is the currency of the primary economic environment in which each entity operates. It is the currency that mainly influences the sale of services and the costs of providing services.

The presentation currency of the Company is the Philippine Peso, which is the Parent Company's functional currency. The functional currency of each of the Company's subsidiaries, as disclosed in Note 4 to the consolidated financial statements, is determined based on the economic substance of the underlying circumstances relevant to each subsidiary.

Applicability of Philippine Interpretation IFRIC-12, Service Concession Arrangements on the Geothermal Renewable Energy Service Contract, Wind Energy Service Contract and Solar Energy Service Contract

An arrangement would fall under Philippine Interpretation IFRIC-12 if the two (2) conditions below are met:

- a) the grantor controls or regulates the services that the operator must provide using the infrastructure, to whom it must provide them, and at what price; and
- b) the grantor controls any significant residual interest in the property at the end of the concession term through ownership, beneficial entitlement or otherwise.



Based on management's judgment, the Geothermal Renewable Energy Service Contracts (GRESs), Wind Energy Service Contracts (WESs) and Solar Energy Service Contracts (SESs) entered into by the Company are outside the scope of Philippine Interpretation IFRIC-12 since the Company controls the significant residual interest in the properties (i.e., the estimated useful lives of the assets exceed the service concession periods) at the end of the concession term through ownership.

Joint Venture Agreement between the Company and Alterra Power Corporation on Mariposa Geothermal Project

On May 20, 2013, EDC and Alterra Power Corporation (Alterra, a publicly-traded company and listed at the Toronto Stock Exchange) executed a joint venture agreement (JVA) for the exploration and development of the Mariposa geothermal project in Chile (Mariposa Project). Following the execution of such JVA, EDC, Alterra and their relevant subsidiaries have executed Shareholders' Agreement and other related agreements all with effect on June 17, 2013 for the implementation of the terms of the JVA. Under the Shareholders' Agreement, EDC (through EDC Geotermica SpA, its wholly owned subsidiary in Chile) will subscribe to a 70% interest in Compañía De Energia (Enerco), an Alterra subsidiary in Chile that owns the Mariposa Project. On June 17, 2013, EDC subscribed to a 70% interest in Enerco through a Subscription Deed with Alterra.

While EDC Geotermica owns 70% interest in Enerco, it does not have the sole ability to direct the relevant activities which most significantly affect the returns of Enerco as the key operating and financial decisions of Enerco require the unanimous vote and consent of the parties sharing control. Accordingly, the investment in Enerco has been determined by management to be a joint arrangement to be accounted for as joint venture (see Note 15).

Stored Energy Commitments

Under its addendum agreements with NPC, the Parent Company has a commitment to NPC with respect to certain volume of stored energy that NPC may lift for a specified period, provided that the Parent Company is able to generate such energy over and above the nominated energy for each given year in accordance with the related PPAs. The Company has made a judgment based on historical information that future liftings by NPC from the stored energy is not probable and accordingly, has not deferred any portion of the collected revenues. The stored energy commitments are, however, disclosed in Note 32 to the consolidated financial statements.

Applicability of PFRS 16, Leases on the Parent Company's PPAs

The Parent Company has three (3) 25-year PPA with NPC covering Unified Leyte and Mindanao Geothermal Power Projects (Mindanao I and Mindanao II). The Parent Company evaluated its PPAs with NPC by applying the requirements of PFRS 16. Based on management's judgment, the PPAs with NPC, do not contain a lease as the arrangements did not convey to the customer the right to control the use of the identified asset.

Revenue Recognition

The Company applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers:

a) Identifying Performance Obligations

The Company identifies performance obligations by considering whether the promised goods or services in the contract are distinct goods or services. A good or service is distinct when the customer can benefit from the good or service on its own or together with other resources that are readily available to the customer and the Company's promise to transfer the good or service to the customer is separately identifiable from the other promises in the contract.



The Company assesses performance obligations as a series of distinct goods and services that are substantially the same and have the same pattern of transfer if:

1. each distinct good or services in the series are transferred over time; and
2. the same method of progress will be used (i.e., units of delivery) to measure the entity's progress towards complete satisfaction of the performance obligation.

For revenue contracts under PPAs, PSAs, ASPAs including spot market sales to WESM and sale of electricity covered by the FIT scheme in which capacity and energy dispatched are separately identified, these are combined and considered as one (1) performance obligation since these are not distinct within the context of the contract as the customer cannot benefit from the contracted capacity without the corresponding energy and the customer cannot obtain energy without contracting a capacity.

Retail electricity and GEOP supply also qualifies as a series of distinct goods or services which is accounted for as one performance obligation since the delivery of energy every month is a distinct service which is recognized over time and have the same measure of progress.

b) Revenue Recognition

The Company recognizes revenue when it satisfies an identified performance obligation by transferring a promised good or service to a customer. A good or service is considered to be transferred when the customer obtains control. The Company determines, at contract inception, whether it will transfer control of a promised good or service over time. If the Company does not satisfy a performance obligation over time, the performance obligation is satisfied at a point in time.

The Company concluded that revenue from sale of electricity from contracts with customers are to be recognized over time, since customers simultaneously receive and consume the benefits as the Company supplies power.

Determination of Transaction Price from Sale of Electricity

The adjustment of the FIT rate for the delivered energy is a variable consideration which shall be accounted for in the period in which the transaction price changed. In 2020, the Company recognized additional revenue and long-term receivables computed on the FIT rate increment which will be recovered for a period of five years starting January 1, 2021. In 2022 and 2021, while waiting for the approval of the 2022 and 2021 FIT rates, management has assessed that the lower between the ERC approved 2020 FIT rates and the TransCo forecasted FIT rates for 2022 and 2021, represent the best estimate of the transaction price the Company will be entitled to in exchange of the delivered energy (see Note 37).

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at ssfinancial reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.



Measurement of Expected Credit Losses

ECLs are derived from unbiased and probability-weighted estimates of expected loss. Financial assets that are not credit-impaired at the balance sheet date are measured as the present value of all cash shortfalls over the expected life of the financial asset discounted by the effective interest rate. The cash shortfall is the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive.

The Company leverages existing risk management indicators (e.g., internal credit risk classification and restructuring triggers), credit risk rating changes and reasonable and supportable information which allows the Company to identify whether the credit risk of financial assets has significantly increased.

The information about the ECLs on the Company's trade and other receivables are disclosed in Note 7.

Inputs, Assumptions and Estimation Techniques

General approach for cash in banks and other financial assets measured at amortized cost

The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the probability of default (PD), loss given default (LGD) and exposure at default (EAD), defined as follows:

- *PD*

The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months, or over the remaining life of the obligation. PD estimates are estimates at a certain date, which are calculated based on available market data using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates. The 12-month and lifetime PD represent the expected point-in-time probability of a default over the next 12 months and remaining lifetime of the financial instrument, respectively, based on conditions existing at reporting date and future economic conditions that affect credit risk.

- *LGD*

Loss Given Default represents the Company's expectation of the extent of loss on a defaulted exposure, taking into account the mitigating effect of collateral, its expected value when realized and the time value of money. LGD varies by type of counterparty, type of seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of EAD.

- *EAD*

EAD is based on the amounts the Company expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.



The ECL is determined by projecting the PD, LGD, and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e., the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the balance sheet date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by counterparty.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. LGDs are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGD's are influenced by collection strategies.

The assumptions underlying the ECL calculation such as how the maturity profile of the PDs change are monitored and reviewed on a quarterly basis.

Simplified approach for trade receivables

The Company uses a provision matrix to calculate ECLs for certain trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrices to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., inflation rate, gross domestic product (GDP), foreign exchange rate) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Incorporation of Forward-Looking Information

The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

The Company has identified and documented key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.



Predicted relationship between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past (5) years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

The Company has not identified any uncertain event that it has assessed to be relevant to the risk of default occurring but where it is not able to estimate the impact on ECL due to lack of reasonable and supportable information.

Estimating Net Realizable Value of Parts and Supplies Inventories

The Company measures its parts and supplies inventories at net realizable value when such value is lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes. The carrying amounts of parts and supplies inventories as of December 31, 2022 and 2021 amounted to ₱7,875.1 million and ₱6,537.7 million, respectively (see Note 10). Provision for impairment of parts and supplies inventories amounted to ₱20.7 million, ₱69.3 million and ₱80.0 million in 2022, 2021 and 2020, respectively (see Notes 10 and 23).

Estimating Useful Lives of Property, Plant and Equipment (excluding Land and Construction in Progress), Water Rights and Other Intangible Assets

The Company estimates the useful lives of property, plant and equipment (excluding land and construction in progress), water rights and other intangible assets based on the period over which each asset is expected to be available for use and on the collective assessment of industry practices, internal evaluation and experience with similar arrangements.

The estimated useful life is revisited at the end of each financial reporting period and updated if expectations differ materially from previous estimates.

No impairment loss on property, plant and equipment, water rights, and other intangible assets was recognized in 2022, 2021 and 2020. The carrying amount of the property, plant and equipment (excluding land and construction in progress) amounted to ₱82,247.6 million and ₱80,179.4 million as of December 31, 2022 and 2021, respectively (see Note 12). The carrying amount of water rights and other intangible assets amounted to ₱1,009.1 million and ₱1,171.2 million as of December 31, 2022 and 2021, respectively (see Note 13).

Impairment of Non-financial Assets other than Goodwill and Exploration and Evaluation Assets

The Company assesses whether there are any indicators of impairment for all non-financial assets other than goodwill at each balance sheet date. These non-financial assets other than goodwill are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

The factors that the Company considers important which could trigger an impairment review include the following:

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



The Company recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is computed using the value in use (VIU) approach. Recoverable amount is estimated for an individual asset or, if it is not possible, for the cash-generating unit (CGU) to which the asset belongs.

In the case of prepaid taxes, where the collection of tax claims is uncertain, the Company provides allowance for impairment of prepaid taxes based on the assessment of management and the Company's legal counsel.

The Company recorded a provision for impairment of prepaid taxes amounting to ₱152.2 million, ₱190.4 million and ₱250.1 million in 2022, 2021 and 2020, respectively (see Notes 15 and 23). The carrying amount of prepaid taxes amounted to ₱3,974.6 million and ₱3,605.0 million as of December 31, 2022 and 2021, respectively (see Note 15).

Loss on direct write-off of input VAT claims amounting to ₱10.6 million, ₱77.5 million and ₱36.3 million in 2022, 2021 and 2020, respectively, are included in "Miscellaneous income - net" in the consolidated statements of income (see Notes 15 and 27).

For property, plant and equipment and intangible assets, when VIU calculations are undertaken, management estimates the expected future cash flows from the asset or CGU and discounts such cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset to calculate the present value as of the financial reporting date.

Management also makes an assessment whether previously recognized impairment loss should be reversed. Reversal of an impairment loss is recognized when there is an increase in the estimated service potential of an asset, either from use or from sale, since the date when the Company last recognized an impairment loss for that asset.

The carrying amount of property, plant and equipment as of December 31, 2022 and 2021 amounted to ₱100,928.9 million and ₱96,218.5 million, respectively (see Note 12). The carrying amount of water rights as of December 31, 2022 and 2021 amounted to ₱853.7 million and ₱949.9 million, respectively (see Note 13). The carrying amount of other intangible assets as of December 31, 2022 and 2021 amounted to ₱155.4 million and ₱221.4 million, respectively (see Note 13).

Recoverability of Goodwill

As of December 31, 2022 and 2021, the Company's goodwill is allocated to the following CGUs:

Entity	CGU	2022	2021
GCGI	Palinpinon power plant complex	₱2,107.5 million	₱2,107.5 million
GCGI	Tongonan power plant complex	134.2 million	134.2 million
FG Hydro	Pantabangan-Masiway hydroelectric plants	293.3 million	293.3 million
EDC HKL*	Hot Rock entities	88.0 million	75.9 million
		₱2,623.0 million	₱2,610.9 million

**Changes in the carrying amounts in 2022 and 2021 are due to foreign exchange adjustments*

Goodwill is tested for recoverability annually as at September 30 for GCGI and December 31 for FG Hydro and Hot Rock or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.



This requires an estimation of the VIU of the CGUs to which goodwill is allocated. Estimating VIU requires the Company to estimate the expected future cash flows from the CGUs and discount such cash flows using the weighted average cost of capital to calculate the present value of those future cash flows.

The recoverable amounts have been determined based on VIU calculation using cash flow projections based on financial budgets approved by senior management covering a five-year period. The pre-tax discount rate applied to cash flow projections in 2022 ranges from 10.28% to 10.42%; while in 2021, the pre-tax discount rate applied ranges from 8.94% to 9.75%. The cash flows beyond the remaining term of the existing agreements are extrapolated using the growth rate of 5.6% in both 2022 and 2021.

Following are the key assumptions used:

- *Budgeted Gross Margin*

Budgeted gross margin is the average gross margin achieved in the year immediately before the budgeted year, increased for expected efficiency improvements.

- *Discount Rate*

Discount rate reflects the current market assessment of the risk specific to each CGU. The discount rate is based on the average percentage of EDC's weighted average cost of capital. This rate is further adjusted to reflect the market assessment of any risk specific to the CGU for which future estimates of cash flows have not been adjusted.

- *Growth Rate*

Cash flows beyond the five-year period are extrapolated using a determined constant growth rate to arrive at the terminal value of each CGU.

In 2020, the Company recognized impairment loss amounting to US\$1.1 million (P\$4.2 million) on the goodwill arising from the acquisition of Hot Rock entities. No similar impairment loss was recognized in 2022 and 2021 (see Notes 13 and 27).

Recoverability of Exploration and Evaluation Assets

Exploration and evaluation costs are recognized as assets in accordance with PFRS 6, *Exploration for and Evaluation of Mineral Resources*. Capitalization of these costs is based, to a certain extent, on management's judgment of the degree to which the expenditure may be associated with finding specific geothermal reserve.

The application of the Company's accounting policy for exploration and evaluation assets requires judgment and estimates in determining whether it is likely that the future economic benefits are certain, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available.

The Company reviews the carrying values of its exploration and evaluation assets whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts. An impairment loss is recognized when the carrying values of these assets are not recoverable and exceeds their fair value.



The factors that the Company considers important which could trigger an impairment review of exploration and evaluation assets include the following:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of geothermal reserve in the specific area is neither budgeted nor planned;
- exploration for and evaluation of geothermal reserve in the specific area have not led to the discovery of commercially viable geothermal reserve and the Company decided to discontinue such activities in the specific area; and,
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

The Company determines impairment of projects based on the technical assessment of its resident scientists in various disciplines or based on management's decision not to pursue any further commercial development of its exploration projects.

No provision for impairment of exploration and evaluation costs was recognized in 2022, 2021 and 2020.

In 2020, following the DOE's approval of the surrender of the energy service contracts for Ampiro, Lakewood and Balingasag, the exploration and evaluation costs incurred for these projects totaling to ₱9.0 million and the related allowance for impairment losses were written off.

As of December 31, 2022 and 2021, the carrying amount of exploration and evaluation assets amounted to ₱2,039.3 million and ₱1,974.8 million, respectively (see Notes 14 and 33).

Retirement and Other Post-employment Benefits

The cost of defined benefits retirement plan and other post-employment medical and life insurance benefits are determined using the projected unit credit method of actuarial valuations. An actuarial valuation involves making assumptions about discount rates, future salary increases, medical trend rate, mortality and disability rates and employee turnover rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The assumed discount rates were determined using the market yields on Philippine government bonds with terms consistent with the expected employee benefit payout as at financial reporting date. The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates in the Philippines.

As of December 31, 2022 and 2021, the net retirement and other post-employment benefits liability amounted to ₱1,759.7 million and ₱1,845.0 million, respectively (see Note 28). The detailed information with respect to the Company's net retirement and other post-employment benefits is presented in Note 28 to the consolidated financial statements.



Provision for Rehabilitation and Restoration Costs

In 2009, with the conversion of its Geothermal Service Contracts (GSCs) to GRESCs, the Company has made a judgment that the GRESCs are subject to the provision for restoration costs. Similarly, under the WESC, the Company has made a judgment that it is responsible for the removal and the disposal of all materials, equipment and facilities installed in the contract area used for the wind energy project. In determining the amount of provisions for rehabilitation and restoration costs, assumptions and estimates are required in relation to the expected cost to rehabilitate and restore sites and infrastructure when such obligation exists.

As of December 31, 2022 and 2021, the Company adjusted its provision for rehabilitation and restoration costs to ₱1,422.1 million and ₱1,480.7 million, respectively, presented under “Provisions and other long-term liabilities” account in the consolidated statements of financial position (see Note 18). The revisions in estimate were mainly attributable to changes in discount rates.

Provision for Liabilities on Regulatory Assessments and Other Contingencies

The Company has pending assessments from various regulatory agencies and outstanding legal cases. The Company’s estimate of the probable costs for the resolution of these assessments and legal cases has been developed in consultation with in-house and external legal counsels handling the defense of these cases, and is based upon the thorough analysis of the potential outcomes. Management, in consultation with its in-house and external legal counsels, believe that the Company’s positions on these assessments are consistent with the relevant laws, and these assessments would not have a material adverse effect on the Company’s consolidated financial position and results of operations.

It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of strategies relating to these proceedings. As of December 31, 2022 and 2021, provisions for these liabilities amounting to ₱465.8 million and ₱458.0 million, respectively, are recorded and recognized as part of “Others” under “Provisions and other long-term liabilities” (see Note 18). Interest on liability from litigation amounted to ₱7.8 million in 2022, 2021 and 2020 (see Notes 18 and 25).

Estimation of Liability from Shortfall Generation

The Parent Company’s Unified Leyte PPA with NPC requires the annual nomination of capacity that EDC shall deliver to NPC. On a monthly basis, EDC bills a uniform capacity to NPC based on the nominated energy. At the end of the contract year, EDC’s fulfillment of the nominated capacity and the parties’ responsibilities for any shortfall shall be determined. On the other hand, the PPAs for Mindanao I and II provide a minimum offtake energy, which the Parent Company shall meet each contract year. The contract year for the Unified Leyte PPA is for fiscal period ending July 25 while the contract year for the Mindanao I and Mindanao II PPAs is for fiscal period ending December 25 (see Note 21). Assessment is made at every reporting date whether the nominated capacity or minimum offtake energy would be met based on management’s projection of electricity generation covering the entire contract year. If the occurrence of shortfall generation is determined to be probable, the amount of estimated reimbursement to NPC is accounted for as a reduction to revenue for the period and a corresponding liability to NPC is recognized. As of December 31, 2022 and 2021, the Company’s estimated liability arising from such shortfall generation amounted to ₱1,311.7 million and ₱1,424.4 million, respectively, shown under “Trade and other payables” account specifically under “Other payables” (see Note 16).

Moreover, the amount of estimations relating to the shortfall generation under the PPAs may be subsequently adjusted or reported depending on the subsequent reconciliation by the Technical or Steering Committee established in accordance with the PPAs, in view of the parties’ responsibilities in connection with the consequences of typhoons and similar events. As of March 10, 2023, the reconciliation with NPC for certain contract years is still ongoing.



Recognition of Deferred Income Tax Assets

Deferred income tax assets are recognized to the extent that it is probable that sufficient future taxable profits will be available against which the assets can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized. This includes the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of recognized deferred tax assets amounted to ₱1,935.3 million and ₱1,955.2 million as of December 31, 2022 and 2021, respectively (see Note 29). The Company's deductible temporary differences pertaining to carryforward benefits of unused NOLCO, fair value adjustments related to EBWPC's hedging activities and the fair value loss related to the investment in BGI's preferred shares for which no deferred income tax asset was recognized as of December 31, 2022 and 2021 are disclosed in Note 29.

4. Summary of Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at December 31, 2022, 2021 and 2020.

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investees and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if, and only if, the Company has:

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

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Company gains control until the date the Parent Company ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Company and to the NCI, even if this results in the NCI having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Company's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.



If the Company loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any NCI in the acquiree. For each business combination, the Company elects whether to measure the NCI of the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in "General and Administrative Expenses" in the consolidated statement of income.

The Company determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs.

The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organized workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Company acquires a business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PFRS 9, *Financial Instruments*, is measured at fair value with changes in fair value recognized either in profit or loss in accordance with PFRS 9. Other contingent consideration that is not within the scope of PFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.



Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

Joint Venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining joint control is similar to those necessary to determine control over subsidiaries. The Company's investment in joint venture is accounted for using the equity method (see Note 3).

Under the equity method, the investment in a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Company's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of income reflects the Company's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Company's OCI. In addition, when there has been a change recognized directly in the equity of the joint venture, the Company recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Company and the joint venture is eliminated to the extent of the interest in the joint venture.

The aggregate of the Company's share of profit or loss of a joint venture is shown on the consolidated statement of income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

The financial statements of the joint venture is prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

After application of the equity method, the Company determines whether it is necessary to recognize an impairment loss on its investment on joint venture. At each reporting date, the Company determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognizes the loss within profit or loss.

Upon loss of joint control over the joint venture, the Company measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.



Current versus Noncurrent Classification

The Company presents assets and liabilities in the consolidated statement of financial position based on current/noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
- The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as noncurrent. Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

Foreign Currencies

The Company's consolidated financial statements are presented in Philippine Peso, which is also the Parent Company's functional currency. Each entity within the Company determines its own functional currency and measures items included in their financial statements using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company's entities in the respective functional currency spot rates prevailing at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange prevailing at financial reporting date. All differences are taken to the profit or loss as part of "Foreign exchange gains (losses)" account.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially



recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of advance consideration.

The functional currency of the Company's subsidiaries is Philippine Peso, except for the following subsidiaries:

Subsidiary	Functional Currency
EDC Burgos Wind Power Corporation	US dollar
EDC EHIL	- do -
EDC HKL	- do -
EDC HKIIL	- do -
EDC Soluciones Sostenibles Ltd	- do -
EDC Desarrollo Sostenible Ltd	- do -
EDC Chile Holdings SPA	Chilean peso
EDC Geotermica Chile	- do -
EDC Chile Limitada	- do -
EDC Energia Verde Chile SpA	- do -
EDC Energia de la Tierra SpA	- do -
EDC Peru Holdings S.A.C.	Peruvian nuevo sol
EDC Geotermica Peru S.A.C.	- do -
EDC Peru S.A.C.	- do -
EDC Geotermica Del Sur S.A.C.	- do -
EDC Energia Azul S.A.C.	- do -
Geotermica Crucero Peru S.A.C.	- do -
EDC Energia Perú S.A.C.	- do -
Geotermica Tutupaca Norte Peru S.A.C.	- do -
EDC Energia Geotermica S.A.C.	- do -
EDC Progreso Geotermico Perú S.A.C.	- do -
Geotermica Loriscota Peru S.A.C.	- do -
EDC Energia Renovable Perú S.A.C.	- do -
EDC Energia Verde Peru SAC	- do -
PT EDC Indonesia	Indonesian rupiah
PT EDC Panas Bumi Indonesia	- do -

Translation

On consolidation, for subsidiaries whose functional currency is different from the presentation currency, the Company translates the results of their operations and financial position into the presentation currency. As at the financial reporting date, the assets and liabilities presented (including comparatives) are translated into the presentation currency at the closing rate of exchange prevailing at the financial reporting date while the capital stock and other equity balances are translated at historical rates of exchange. The income and expenses for the profit or loss presented (including comparatives) are translated at the exchange rates at the dates of the transactions, where determinable, or at the weighted average rate of exchange during the reporting period. The exchange differences arising on the translation to the presentation currency are recognized as a separate component of equity under the "Cumulative translation adjustments" account in the consolidated statement of financial position.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amount of assets and liabilities arising on the acquisition date are treated as assets and liabilities of the foreign operation and translated at the closing rate of exchange of financial reporting date.



Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand and in banks, and short-term deposits with original maturities of three (3) months or less from dates of acquisition and that are subject to insignificant risk of changes in value. Money market securities with maturity of more than three (3) months but less than 12 months are presented as “Short-term investments” under “Other Current Assets”.

Parts and Supplies Inventories

Parts and supplies inventories are valued at the lower of cost and net realizable value. Cost includes the invoice amount, net of trade and cash discounts. Cost is calculated using the moving average method. Net realizable value represents the current replacement cost.

Prepaid Expenses

Prepayments are expenses paid in advance and recorded as asset before these are utilized. This account comprises prepaid expenses, creditable withholding taxes, tax credit certificates and advances to contractors. The prepaid expenses are apportioned over the period covered by the payment and charged to the appropriate accounts in the profit or loss when incurred; creditable withholding taxes are deducted from income tax payable on the same year the revenue was recognized; and the advances to contractors are reclassified to the proper asset or expense account and deducted from the contractor’s billings as specified on the provision of the contract. Prepayments that are expected to be realized for a period of no more than 12 months after the financial reporting period are classified as other current assets; otherwise, these are classified as other noncurrent assets.

Property, Plant and Equipment

Property, plant and equipment, except land, is stated at cost less accumulated depreciation, amortization and impairment in value, if any. The initial cost of property, plant and equipment consist of the purchase price including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and other costs directly attributable to bringing the assets to its working condition and location for its intended use. Cost also includes the cost of replacing part of the property, plant and equipment, and the borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives, depreciation and amortization. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are recognized in the profit or loss as incurred. Property, plant and equipment also include the estimated rehabilitation and restoration costs of the Company’s steam fields and power plants contract areas for which the Company is legally and constructively liable. These costs are included under “Fluid Collection and Recycling System (FCRS) and Production Wells” and “Power Plants” (see Notes 12 and 18).

Land is carried at cost less accumulated impairment losses, if any.

The income generated wholly and necessarily as a result of the process of bringing the asset into the location and condition for its intended use (i.e., net proceeds from selling any items produced while testing whether the asset is functioning properly) is recognized in profit or loss.



Depreciation and amortization are calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	Number of years
Power plants	15-30
FCRS and production wells	10-25
Buildings, improvements and other structures	5-35
Exploration, machinery and equipment	2-25
Transportation equipment	5-10
Furniture, fixtures and equipment	3-10
Laboratory equipment	5-10

Depreciation and amortization of an item of property, plant and equipment begin when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation and amortization cease at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*, and the date the asset is derecognized. Leasehold improvements are amortized over the lease term or the economic life of the related asset, whichever is shorter.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

An item of property, plant and equipment, and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

The useful lives of property, plant and equipment are reviewed at each financial year-end and adjusted, prospectively, if appropriate.

Construction in progress represents structures under construction and is stated at cost, net of accumulated impairment losses, if any. This includes costs of construction and other direct costs. Costs also include interest on borrowed funds and amortization of deferred financing costs on these borrowed funds incurred during the construction period. Construction in progress is not depreciated until such time that the assets are put into operational use.

Liquidated damages received arising from breach of contract are deducted from the cost of the asset unless these can be directly linked to the amount of lost revenue. Liquidated damages are recognized only when receipt is virtually certain.

The Company's policy to classify right-of-use (ROU) assets as part of property, plant and equipment. The Company recognizes ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.



The initial cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized ROU assets are depreciated on a straight-line basis over the shorter of their estimated useful life and lease term of 1.3 to 8.2 years as of December 31, 2022 and 2021. ROU assets are subject to impairment (refer to Impairment of Non-Financial Assets policy).

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment loss, if any. Internally-generated intangible assets, if any, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and amortization method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds, if any, and the carrying amount of the asset, and are recognized in profit or loss when the asset is derecognized.

Water Rights

The cost of water rights of FG Hydro is measured on initial recognition at cost.

Following initial recognition of the water rights, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses, if any. Water rights are amortized using the straight-line method over 25 years, which is the term of the agreement with the National Irrigation Administration (NIA).

Computer Software and Licenses

The costs of acquisition of computer software and licenses are capitalized as intangible asset if such costs are not integral part of the related hardware.



These intangible assets are initially measured at cost. Subsequently, these are measured at cost less accumulated amortization and allowance for impairment losses, if any. Amortization of computer software is computed using the straight-line method over its estimated useful life of five (5) years.

Exploration and Evaluation Assets

The Company follows the full cost method of accounting for its exploration costs determined on the basis of each service contract area. Under this method, all exploration costs relating to each service contract are accumulated and deferred under the “Exploration and evaluation assets” account in the consolidated statement of financial position pending the determination of whether the wells have proved reserves. Capitalized expenditures include costs of license acquisition, technical services and studies, exploration drilling and testing, and appropriate technical and administrative expenses. General overhead or costs incurred prior to having obtained the legal rights to explore an area are recognized as expense in profit or loss when incurred. Once the legal right to explore has been acquired, costs directly associated with an exploration well are capitalized as exploration and evaluation assets until the drilling of the well is complete and the results have been evaluated. Capitalized exploration and evaluation expenditures are considered to be intangible assets until the commencement of drilling of exploratory wells.

If tests conducted on the drilled exploratory wells reveal that these wells cannot produce proved reserves, the capitalized costs are charged to expense except when management decides to use the unproductive wells, for recycling or waste disposal.

Once the technical feasibility and commercial viability of the project to produce proved reserves are established, the exploration and evaluation assets are reclassified to property, plant and equipment.

Exploration and evaluation assets also include the estimated rehabilitation and restoration costs of the Company that are incurred as a consequence of having undertaken the exploration for and evaluation of geothermal resources.

Impairment of Non-financial Assets

For non-financial assets such as property, plant and equipment, intangible assets, exploration and evaluation assets, and prepaid taxes for refund/tax credits, the Company assesses at each financial reporting date whether there is an indication that a non-financial asset may be impaired. If any such indication exists, the Company estimates the asset’s recoverable amount.

The recoverable amount is the higher of an asset’s or CGU’s fair value less costs to sell and its VIU and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In determining VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses are recognized in profit or loss in the expense categories consistent with the function of the impaired asset.



For non-financial assets excluding goodwill, an assessment is made at each financial reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of the recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In such instance, the carrying amount of the asset is increased to its recoverable amount. However, that increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss.

Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the CGU or group of CGUs to which the goodwill relates. When the recoverable amount of the CGU or group of CGUs is less than the carrying amount of the CGU or group of CGUs to which goodwill has been allocated, an impairment loss is recognized immediately in profit or loss. Impairment loss relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial Recognition and Measurement

Financial instruments on initial recognition and, where allowed and appropriate, re-evaluates this designation of each financial reporting date.

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under PFRS 15 (refer to Revenue Recognition policy).

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.



Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent Measurement

Purposes of subsequent measurement, financial assets are classified in four (4) categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVPL

Financial Assets at Amortized Cost (Debt Instruments)

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost includes cash and cash equivalents, trade and other receivables, short-term investments and long-term receivables.

Financial Assets at FVOCI (Debt Instruments)

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Company's debt instruments at FVOCI includes in government securities, government bonds and notes, and corporate bonds.

Financial Assets Designated at FVOCI (Equity Instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of income when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Company elected to classify irrevocably its quoted equity investments under this category.

Financial Assets at FVPL

Financial assets at FVPL are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of income.



This category includes derivative instruments, financial asset at FVPL and unquoted equity investments which the Company had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are also recognized as other income in the consolidated statement of income when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

Disclosures for significant assumptions	Note 3
Debt instruments at fair value through OCI	Note 9
Trade receivables	Note 7

The Company recognizes an allowance for ECLs for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.



ECLs are recognized in two (2) stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For cash and cash equivalents, the Company applies the low credit risk simplification. The investments are considered to be low credit risk investments as the counterparties have investment grade ratings. It is the Company's policy to measure ECLs on such instruments on a 12-month basis based on available probabilities of defaults and loss given defaults. The Company uses the ratings published by a reputable rating agency to determine if the counterparty has investment grade rating. If there are no available ratings, the Company determines the ratings by reference to a comparable bank.

For debt instruments at FVOCI, the Company also applies the low credit risk simplification. The Company's debt instruments at FVOCI comprise solely of quoted bonds that are graded in the top investment category (Very Good and Good) by credit rating agencies such as Moody's Corporation (Moody's) and/or Standard & Poor's Financial Services LLC (S&P), and, therefore, are considered to be low credit risk investments.

For all debt financial assets other than trade receivables, ECLs are recognized using general approach wherein the Company tracks changes in credit risk and recognizes a loss allowance based on either a 12-month or lifetime ECLs at each reporting date.

Loss allowances are recognized based on 12-month ECL for debt investment securities that are assessed to have low credit risk at the reporting date. A financial asset is considered to have low credit risk if:

- the financial instrument has a low risk of default
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

At each reporting date, the Company assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Company considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis. An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent



period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-months ECL.

Write-offs

A financial asset together with the associated allowance is written off either partially or in their entirety when there is no realistic prospect of future recovery.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, and payables, net of directly attributable transaction costs.

The Company's financial liabilities which include trade and other payables, due to related parties, lease liability and long-term debts are classified as loans and borrowings.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortized cost (loans and borrowings)

Financial liabilities at FVPL

Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of income.

Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Company has not designated any financial liability as at FVPL.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of income.



This category is applied for those issued financial liabilities or their components where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares, which are not designated as financial liabilities at FVPL.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of income.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position, if and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Fair Value of Financial Instruments

The Company measures financial instruments, such as derivatives, financial assets at FVPL, and financial assets at FVOCI, at fair value at each reporting date.

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

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

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

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

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

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

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



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

“Day 1” Differences

Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a “Day 1” difference) in profit or loss unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the “Day 1” difference amount.

Derivative Financial Instruments and Hedge Accounting

Initial recognition and subsequent measurement

The Company uses derivative financial instruments such as cross-currency swaps, interest rate swaps and forwards to manage its interest rate and foreign currency risk exposures in its US dollar-denominated loans. Accrual of interest on the received and pay legs of the interest rate swaps are recorded as adjustments to the interest expense on the related foreign currency-denominated loans. Accrual of interest on the pay legs of the various currency swaps are recognized in the consolidated statement of income as “Interest expense”.

Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

For the purpose of hedge accounting, derivatives can be designated as cash flow hedges or fair value hedges, depending on the type of risk exposure.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is ‘an economic relationship’ between the hedged item and the hedging instrument.
- The effect of credit risk does not ‘dominate the value changes’ that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.



Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Fair Value Hedges

The change in the fair value of a hedging instrument is recognized in profit or loss as other expense. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the consolidated statement of income as other expense.

For fair value hedges relating to items carried at amortized cost, any adjustment to carrying value is amortized through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortization may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognized, the unamortized fair value is recognized immediately in profit or loss.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in profit or loss.

Cash Flow Hedges

The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the consolidated statement of income. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

In 2014, EBWPC designated its interest rate swaps as cash flow hedges for its exposure on interest rate risks on portions of its floating rate US\$150 million ECA and US\$37.5 million Commercial Debt Facilities that is benchmarked against US LIBOR (see Notes 17 and 31). In 2020, the Parent Company designated its call spread swaps as cash flow hedges for its exposures on its \$50.0 million term loan that is benchmarked against US LIBOR (see Notes 17 and 31).

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognized in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.



Embedded Derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. The Company assesses whether embedded derivatives are required to be separated from the host contracts when the Company first becomes party to the contract. An embedded derivative is separated from the hybrid or combined contract if all the following conditions are met:

- (a) the economic characteristics and risks of the embedded derivative are not clearly and closely related to the economic characteristics and risks of the host contract;
- (b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- (c) the hybrid instrument is not recognized at FVPL.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at FVPL. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the FVPL category.

Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. The Company determines whether a modification to cash flows is significant by considering the extent to which the expected future cash flows associated with the embedded derivative, the host contract or both have changed and whether the change is significant relative to the previously expected cash flows on the contract.

Retirement and Other Post-employment Benefits

The Company maintains funded, non-contributory defined benefits retirement plans. The Company also provides post-employment medical and life insurance benefits which are unfunded.

The Company recognizes the net defined benefit liability or asset which is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset



Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods, but are closed directly to retained earnings at the end of every reporting period.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Company's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Termination Benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of an entity's decision to terminate an employee's employment before the normal retirement date for authorized causes under the Labor Code.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

Provisions

Provision for Rehabilitation and Restoration Costs

Provision for rehabilitation and restoration costs arose from the Company's obligation under the GRESCs and WESC to restore the existing sites of the Company upon termination of the cooperation period. The nature of these activities includes plugging of drilled wells and restoration of pads and road networks. When the liability is initially recognized, the present value of the estimated costs is capitalized as part of the carrying amount of the related "FCRS and Production Wells" and "Power Plants" under property, plant and equipment, and exploration and evaluation assets. Provision for rehabilitation and restoration costs are provided at the present value of expected costs to settle the obligation using estimated cash flows.



The amount of provision for rehabilitation and restoration costs in the consolidated statement of financial position is increased by the accretion expense recognized in profit or loss using the effective interest method. The periodic unwinding of the discount is recognized in the consolidated statement of income as “Interest expense”.

For closed sites or areas, changes to estimated costs are recognized immediately in profit or loss. Decrease in rehabilitation and restoration costs that exceeds the carrying amount of the corresponding rehabilitation asset is recognized immediately in profit or loss.

The estimated future costs of rehabilitation and restoration are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the related asset.

Other Provisions

Provisions are recognized when (i) the Company has a present obligation (legal or constructive) as a result of a past event; (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (iii) a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as “Interest expense” in the consolidated statement of income.

Contingencies

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

Capital Stock

Capital stock is measured at par value for all shares issued. When the Parent Company issues more than one (1) class of stock, a separate account is maintained for each class of stock and the number of shares issued. Capital stock includes common stock and preferred stock.

When the shares are sold at premium, the difference between the proceeds and the par value is credited to the “Additional paid-in capital” (APIC) account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Parent Company, the shares shall be measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Direct costs incurred related to equity issuance, such as underwriting, accounting and legal fees, printing costs and taxes are chargeable to the APIC account. If APIC is not sufficient, the excess is charged against the “Equity reserve” account.

Treasury Stock

The Parent Company’s own equity instruments that are reacquired (treasury stock) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale,



issue or cancellation of the Parent Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in APIC.

Retained Earnings

The amount included in retained earnings includes profit or loss attributable to EDC Group's equity holders and reduced by dividends on capital stock. Dividends on capital stock are recognized as a liability and deducted from equity when they are declared by the Parent Company's BOD. Dividends for the year that are approved after the financial reporting date are dealt with as an event after the financial reporting date. The remeasurement gains and losses on retirement benefits are also included in the amount of retained earnings.

Retained earnings may also include the effect of changes in accounting policies as may be required by the standards' transitional provisions.

Portions of the retained earnings are restricted from being declared as dividend such as (1) amount pertaining to the treasury stocks; and (2) remeasurement gains on retirement benefits.

Dividend on Preferred and Common Stocks

EDC Group may pay dividends in cash or by the issuance of shares of stock. Cash and property dividends are subject to the approval of the BOD, while stock dividends are subject to approval by the BOD, at least two-thirds of the outstanding capital stock of the shareholders at a shareholders' meeting called for such purpose, and by the Philippine SEC. EDC Group may declare dividends only out of its unrestricted retained earnings.

Cash and property dividends on preferred and common shares are recognized as liability and deducted from equity when declared. Stock dividends are treated as transfers from retained earnings to APIC.

Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a Lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-Use Assets

Refer to Property, Plant and Equipment policy.

ii) Lease Liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses



(unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term Leases and Leases of Low-value Assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

Company as a Lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to credit risks.

The specific recognition criteria described below must also be met before revenue is recognized.

Sale of Electricity

Sale of electricity is consummated whenever the electricity generated by the Company is transmitted through the transmission line designated by the buyer, for a consideration. Revenues from sale of electricity using hydroelectric and geothermal power are based on sales price and are composed of generation fees from spot market sales to the WESM, PSAs with various customers such as distribution utilities, electric cooperatives and industrial customers, and PPAs with NPC. Revenue from sale of electricity using wind and solar power is based on the applicable FIT rates as approved by the Energy Regulatory Commission (ERC). Revenue from sale of electricity is recognized monthly based on the actual energy delivered.

Meanwhile, revenue from sale of electricity through ancillary services to the NGCP is recognized monthly based on the capacity scheduled and/or dispatched and provided. For RSCs and GEOPSCs, revenue from sale of electricity is composed of generation charge from monthly energy supply with various contestable/GEOP customers and is recognized monthly based on the actual energy delivered. The basic energy charges for each billing period are inclusive of generation charge and retail supply charge.



The Company identified the sale of electricity as its performance obligation since the customer can benefit from it in conjunction with other readily available resources and it is also distinct within the context of the contract. The performance obligation qualifies as a series of distinct services that are substantially the same and have the same pattern of transfer. The Company concluded that the revenue should be recognized overtime since the customers simultaneously receives and consumes the benefits as the Company supplies electricity.

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

Dividend Income

Revenue is recognized when the Company's right to receive the payment is established.

Interest Income

Interest income is recognized as interest accrues, using the EIR method.

Costs of Sale of Electricity

These include expenses incurred by the departments directly responsible for the generation of revenues from electricity (i.e., Plant Operations, Production, Maintenance, Transmission and Dispatch, Wells Drilling and Maintenance Department) at operating project locations. Costs of sale of electricity also includes cost of replacement power. Costs of sale of electricity are expensed when incurred.

General and Administrative Expenses

General and administrative expenses constitute cost of administering the business and normally include the expenses incurred by the departments in the Head Office (i.e., Management and Services, and Project Location's Administrative Services Department). General and administrative expenses are expensed when incurred.

Income from Insurance Claims

Income from insurance claims are recognized in other income and are recognized only when receipt is virtually certain.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are added to the cost of the assets, until such time that the assets are substantially ready for their intended use or sale, which necessarily take a substantial period of time. Income earned on temporary investment of specific borrowings, pending the expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalization. Borrowing costs include interest charges and other costs incurred in connection with the borrowing of funds, as well as exchange differences arising from foreign currency borrowings used to finance the project to the extent that they are regarded as an adjustment to interest costs. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.



Taxes

Current Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the financial reporting date.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of income.

Management periodically evaluates positions taken in the tax return with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

Deferred Tax

Deferred tax is provided using the balance sheet liability method on temporary differences at the financial reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits and unused tax losses [i.e., net operating loss carry-over (NOLCO)], to the extent that it is probable that sufficient taxable profits will be available against which the deductible temporary differences, and the carryforward benefits of unused tax credits and unused tax losses can be utilized except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and sufficient taxable profits will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each financial reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each financial reporting date and are recognized to the extent that it has become probable that sufficient future taxable profits will allow the deferred tax assets to be recovered.



Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as at the financial reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transactions either in OCI or directly in equity. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

VAT

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable. When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated statement of financial position to the extent of the recoverable amount.

Earnings Per Share (EPS)

Basic EPS is computed by dividing net income for the year attributable to common shareholders of the Parent Company with the weighted average number of common shares outstanding during the year, after giving retroactive effect to any stock dividends or stock splits, if any, declared during the year.

Diluted EPS is computed in the same manner, with the net income for the year attributable to common shareholders of the Parent Company and the weighted average number of common shares outstanding during the year, adjusted for the effect of all dilutive potential common shares.

As of December 31, 2022, 2021 and 2020, the Company does not have any dilutive potential common shares. Hence, diluted EPS is the same as basic EPS.

Operating Segments

The Company's operating businesses are organized and managed separately according to the geographical segments. The Company's identified operating segments are consistent with the segments reported to the BOD which is the Company's Chief Operating Decision Maker (CODM). Financial information on the operating segment is presented in Note 5 to the consolidated financial statements.

Events After the Financial Reporting Date

Events after the financial reporting date that provide additional information about the Company's financial position at the financial reporting date (adjusting events) are reflected in the consolidated financial statements. Events after the financial reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements.

Future Changes in Accounting Policies

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements to have a significant impact on its consolidated financial statements. The Company intends to adopt the following pronouncements when they become effective.



Effective beginning on or after January 1, 2023

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Company.

- Amendments to PAS 8, *Definition of Accounting Estimates*

The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Company.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023. The amendments are not expected to have a material impact on the Company.



Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

The amendments clarify:

- That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively.

The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed. The amendments are not expected to have a material impact on the Company.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts



On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the International Accounting Standards Board (IASB).

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

5. Operating Segment Information

The Company's operating segments are determined based on geographical segment, with each segment representing a strategic business location that has similar economic and political conditions, proximity of operations and specific risks associated with operations in a particular area.

The Company's identified reportable segments below are consistent with the segments reported to the BOD, which is the CODM of the Company.

- Leyte Geothermal Facilities - This segment pertains to Leyte Geothermal Production Field and Power Plants. This includes projects in Tongonan, Mahanagdong, Upper Mahiao, Malitbog, ULGEI and other projects in Leyte Province.
- Negros Island Geothermal Facility - This segment refers to Southern Negros Geothermal Production Field and Power Plants. Power plants included in Negros are Palinpinon I, Palinpinon II and Nasulo.
- Bacon-Manito Geothermal Facility - This segment relates to Bacon-Manito Geothermal Production Field and Power Plants.
- Mt. Apo Geothermal Business Facility - This segment refers to Mt. Apo Geothermal Production Field and Power Plants.
- Pantabangan/Masiway - This segment relates to Pantabangan-Masiway hydroelectric complex located in Nueva Ecija Province.



- f. Wind Business Facility - This segment pertains to wind project commercially operating in Northern Luzon.
- g. Solar Business Facility - This segment pertains to solar projects commercially operating in Northern Luzon and Visayas.
- h. Others - This refers to other renewable energy projects including foreign investments and Head Office of the Company.

Management monitors the operating results of the business segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Finance costs, finance income, income taxes and other charges and income are managed on a group basis.

Segment performance is evaluated based on net income for the year and earnings before interest, taxes, and depreciation and amortization (EBITDA). Net income for the year is measured consistent with net income reported in the consolidated financial statements. EBITDA is calculated as revenue from sale of electricity minus costs of sales of electricity and general and administrative expenses, excluding non-cash items such as depreciation and amortization, impairment loss on property, plant and equipment, and loss on disposal of property, plant and equipment, among others.

In 2022, 2021 and 2020, two (2) customers accounted for 16.9% and 6.2%; 29.6% and 9.6%; and 35.0% and 11.8%, respectively, of the total revenue from sale of electricity. Sales to these customers are included in the Leyte, Mt. Apo, Wind and Solar segments.



Financial information on the operating segments are summarized as follows:

	Leyte	Negros Island	Bacon-Manito	Mt. Apo	Pantabangan/ Masiway	Wind	Solar	Others	Total
Year ended									
December 31, 2022									
Segment revenue	₱24,142,334,227	₱17,379,779,488	₱11,996,353,674	₱2,044,656,193	₱4,061,353,917	₱2,911,576,221	₱135,156,939	₱—	₱62,671,210,659
Intersegment revenue	(3,870,740,749)	(4,668,378,555)	(4,347,027,589)	—	(1,090,110,224)	5,598,865	(199,643)	—	(13,970,857,895)
Total segment revenue	20,271,593,478	12,711,400,933	7,649,326,085	2,044,656,193	2,971,243,693	2,917,175,086	134,957,296	—	48,700,352,764
Segment expenses	(11,636,523,647)	(7,538,914,776)	(6,312,333,983)	(2,186,405,968)	(3,709,894,819)	(1,602,428,883)	(69,397,886)	—	(33,055,899,962)
Unallocated expenses	—	—	—	—	—	—	—	65,822,819	65,822,819
Interest income	85,057,208	36,187,374	39,056,819	16,553,085	32,574,024	47,073,290	1,562,268	67,118	258,131,186
Interest expense	(1,114,006,930)	(362,553,129)	(259,845,223)	(291,343,913)	(1,529,608)	(587,999,109)	(12,110,193)	(243,186,630)	(2,872,574,735)
Other income									
(charges) - net	(366,088,573)	(194,689,807)	(426,124,066)	(17,040,667)	884,242,726	(32,029,255)	31,149	(18,520,422)	(170,218,915)
Benefit from (provision for)									
income tax	(824,432,171)	(576,718,815)	(212,153,073)	19,540,545	18,967,764	(163,830,993)	(3,500,487)	(50,957,883)	(1,793,085,113)
Segment result	₱6,415,599,365	₱4,074,711,780	₱477,926,559	(₱414,040,725)	₱195,603,780	₱577,960,136	₱51,542,147	(₱246,774,998)	₱11,132,528,044
EBITDA	₱11,994,301,646	₱6,279,580,393	₱2,166,554,247	₱671,423,564	(₱281,363,488)	₱2,214,010,254	₱109,225,902	₱—	₱23,153,732,518
Unallocated Expenses									72,826,596
									₱23,226,559,114
Year ended									
December 31, 2021									
Segment revenue	₱19,406,823,917	₱12,969,796,538	₱10,055,892,961	₱2,319,617,824	₱4,937,153,924	₱3,941,791,972	₱141,286,466	₱—	₱53,772,363,602
Intersegment revenue	(3,680,380,387)	(3,547,882,387)	(3,366,157,630)	—	(809,574,429)	—	—	—	(11,403,994,833)
Total segment revenue	15,726,443,530	9,421,914,151	6,689,735,331	2,319,617,824	4,127,579,495	3,941,791,972	141,286,466	—	42,368,368,769
Segment expenses	(11,169,291,222)	(5,647,764,289)	(5,536,941,100)	(2,026,689,216)	(4,489,935,356)	(1,522,041,113)	(70,149,750)	—	(30,462,812,046)
Unallocated expenses	—	—	—	—	—	—	—	142,624,588	142,624,588
Interest income	43,965,166	11,265,793	26,090,103	7,722,894	11,055,829	42,452,249	1,053,169	46,116	143,651,319
Interest expense	(1,098,792,000)	(354,695,241)	(257,022,917)	(198,264,549)	(1,810,878)	(603,782,370)	(13,033,254)	(418,773,349)	(2,946,174,558)
Other income									
(charges) - net	715,164,072	(94,136,748)	(250,777,650)	3,800,585	657,450,264	52,345,478	44,984	(64,712,338)	1,019,178,647
Benefit from (provision for)									
income tax	(428,687,022)	(337,925,364)	(46,540,934)	3,111,633	(33,789,361)	(88,766,293)	(1,120,808)	(104,585,322)	(1,038,303,471)
Segment result	₱3,788,802,524	₱2,998,658,302	₱624,542,833	₱109,299,171	₱270,549,993	₱1,821,999,923	₱58,080,807	(₱445,400,305)	₱9,226,533,248
EBITDA	₱7,926,902,783	₱4,912,443,861	₱2,058,662,739	₱1,048,762,737	₱86,028,311	₱3,266,919,039	₱114,659,442	₱—	₱19,414,378,912
Unallocated Expenses									(414,696,291)
									₱18,999,682,621



	Leyte	Negros Island	Bacon-Manito	Mt. Apo	Pantabangan/ Masiway	Wind	Solar	Others	Total
Year ended December 31, 2020									
Segment revenue	₱19,704,228,958	₱12,570,869,356	₱7,212,218,221	₱2,399,353,126	₱2,068,365,944	₱4,295,301,140	₱158,447,369	₱—	₱48,408,784,114
Intersegment revenue	(4,048,590,989)	(3,861,187,635)	(2,882,225,828)	—	—	—	—	—	(10,792,004,452)
Total segment revenue	15,655,637,969	8,709,681,721	4,329,992,393	2,399,353,126	2,068,365,944	4,295,301,140	158,447,369	—	37,616,779,662
Segment expenses	(11,436,848,788)	(4,042,565,425)	(3,546,454,128)	(2,025,583,145)	(1,629,900,545)	(1,530,745,527)	(67,237,538)	—	(24,279,335,096)
Unallocated expenses	—	—	—	—	—	—	—	1,439,665,833	1,439,665,833
Interest income	126,000,430	50,019,613	38,398,079	20,463,957	3,058,386	8,029,565	223,752	94,353	246,288,135
Interest expense	(1,403,264,493)	(532,287,469)	(393,399,476)	(254,251,357)	(1,736,722)	(667,394,819)	(14,470,364)	(355,941,989)	(3,622,746,689)
Other income (charges) - net	2,066,608,399	111,532,931	147,227,355	25,694,751	(288,222,717)	(134,915,212)	76,181	(31,029,632)	1,896,972,056
Benefit from (provision for) income tax	(651,276,566)	(469,952,578)	(163,860,784)	3,773,587	(38,811,971)	41,284,736	(2,647,824)	(479,141,983)	(1,760,633,383)
Segment result	₱4,356,856,951	₱3,826,428,793	₱411,903,439	₱169,450,919	₱112,752,375	₱2,011,559,883	₱74,391,576	₱573,646,582	₱11,536,990,518
EBITDA	₱8,280,131,017	₱5,914,798,241	₱1,740,846,533	₱1,247,766,830	₱889,335,721	₱3,634,887,560	₱135,381,741	₱—	₱21,843,147,643
Unallocated Expenses									(185,545,972)
									₱21,657,601,671

	Leyte	Negros Island	Bacon-Manito	Mt. Apo	Pantabangan/ Masiway	Wind	Solar	Elimination	Total
As of and for the year ended December 31, 2022									
Segment assets	₱97,643,803,252	₱32,602,290,155	₱12,786,135,236	₱13,444,201,565	₱5,939,684,807	₱18,135,248,110	₱828,425,734	(₱67,114,843,838)	₱114,264,945,021
Unallocated corporate assets									35,731,604,741
Total assets									₱149,996,549,762
Segment liabilities	₱47,943,398,008	₱20,813,924,432	₱12,261,065,828	₱8,487,126,719	₱218,288,201	₱10,022,348,059	₱636,700,423	(₱66,266,860,653)	₱34,115,991,017
Unallocated corporate liabilities									40,303,064,669
Total liabilities									₱74,419,055,686
Capital expenditure	₱3,138,700,146	₱1,524,969,436	₱1,239,758,582	₱614,588,746	₱189,123,259	₱13,882,871	₱—	₱—	₱6,721,023,040
Unallocated capital expenditure									3,390,633,027
Total capital expenditure									₱10,111,656,067
Depreciation and amortization	₱2,905,800,776	₱991,614,448	₱757,566,138	₱729,325,843	₱457,287,638	₱865,803,608	₱43,033,588	₱26,526,212	₱6,776,958,251
Unallocated depreciation and amortization									30,138,721
Total depreciation and amortization									₱6,807,096,972
Other non-cash items	₱453,431,039	₱115,479,788	₱71,996,007	₱83,847,496	₱—	₱33,460,443	₱632,900	(₱49,661,152)	₱ 709,186,521



	Leyte	Negros Island	Bacon-Manito	Mt. Apo	Pantabangan/ Masiway	Wind	Solar	Elimination	Total
As of and for the year ended December 31, 2021									
Segment assets	₱91,611,256,011	₱29,928,020,137	₱11,652,040,368	₱11,912,771,889	₱6,004,263,397	₱18,278,518,540	₱842,703,570	(₱69,425,465,306)	₱100,804,108,606
Unallocated corporate assets									38,434,638,971
Total assets									₱139,238,747,577
Segment liabilities	₱43,396,403,668	₱15,965,488,756	₱11,111,291,854	₱6,346,586,681	₱686,643,165	₱10,536,796,183	₱660,206,126	(₱70,296,057,268)	₱18,407,359,165
Unallocated corporate liabilities									52,886,755,238
Total liabilities									₱71,294,114,403
Capital expenditure	₱4,420,319,144	₱1,716,969,775	₱443,687,786	₱925,596,311	₱162,143,032	₱10,244,216	₱—	₱—	₱7,678,960,264
Unallocated capital expenditure									3,224,241,015
Total capital expenditure									₱10,903,201,279
Depreciation and amortization	₱2,875,399,964	₱955,554,229	₱765,195,285	₱662,883,684	₱448,384,172	₱783,222,428	₱ 42,969,450	₱26,526,212	₱6,560,135,424
Unallocated depreciation and amortization									44,980,334
Total depreciation and amortization									₱6,605,115,758
Other non-cash items	₱494,350,511	₱182,739,770	₱140,673,223	₱92,950,445	₱—	₱63,945,752	₱553,275	(₱694,593,068)	₱280,619,908



The following table shows the Company's reconciliation of EBITDA to the consolidated net income for the years ended December 31, 2022, 2021 and 2020:

	2022	2021	2020
EBITDA	₱23,226,559,114	₱18,999,682,621	₱21,657,601,671
Add (deduct):			
Depreciation and amortization (Notes 12, 13, 22 and 23)	(6,807,096,972)	(6,605,115,758)	(6,547,264,747)
Interest expense (Notes 17, 25 and 31)	(2,872,574,735)	(2,946,174,558)	(3,622,746,689)
Provision for income tax (Note 29)	(1,793,085,113)	(1,038,303,471)	(1,760,633,383)
Interest income (Notes 6, 11, 25 and 31)	258,131,186	143,651,319	246,288,135
Provisions for impairment of trade and other receivables, prepaid taxes and other (Notes 7, 15, 16 and 23)	(688,464,769)	(277,104,307)	(253,265,909)
Foreign exchange gains (losses) (Notes 26 and 31)	(43,860,848)	109,445,793	240,378,453
Provision for impairment of parts and supplies inventories (Notes 3, 10 and 23)	(20,721,752)	(69,281,245)	(79,960,616)
Impairment of goodwill	—	—	(54,165,823)
Miscellaneous income (charges) (Note 27)	(126,358,067)	909,732,854	1,710,759,426
Consolidated net income	₱11,132,528,044	₱9,226,533,248	₱11,536,990,518

In the normal course of business, entities within the Company engage in intercompany sale and purchase of steam and electricity. Intersegment revenues are all eliminated in consolidation. Segment information is measured in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements.

Unallocated expenses pertain to expenses of the corporate, technical and administrative support groups, while unallocated corporate assets and liabilities, which include among others certain cash and cash equivalents, property, plant and equipment, parts and supplies inventories, trade and other payables and retirement and post-retirement benefits, pertain to the Head Office and are managed on a group basis. Capital expenditure consist of additions to property, plant and equipment.

Disaggregation of revenues

Set out below is the disaggregation of the Company's revenue from contracts with customers for the years ended December 31, 2022, 2021 and 2020:

Type of contracts	2022	2021	2020
Revenue from spot market sales	₱17,156,936,374	₱7,262,787,265	₱4,140,890,079
Revenue from PSAs	15,223,312,520	14,373,917,797	12,276,607,986
Revenue from PPAs	8,212,667,679	12,523,861,268	13,159,941,314
Revenue from sales under FIT	3,019,923,386	4,051,718,480	4,420,169,316
Revenue from RES, GEOP and other customer contracts	5,087,512,805	4,156,083,959	3,619,170,967
	₱48,700,352,764	₱42,368,368,769	₱37,616,779,662



Set out below, is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information for the years ended December 31, 2022, 2021 and 2020:

	Leyte	Negros Island	Bacon-Manito	Mt. Apo	Pantabangan/ Masiway	Wind	Solar	Total
Year ended								
December 31, 2022								
Segment revenue	₱24,142,334,227	₱17,379,779,488	₱11,996,353,674	₱2,044,656,193	₱4,061,353,917	₱2,911,576,221	₱135,156,939	₱62,671,210,659
Intersegment revenue	(3,870,740,749)	(4,668,378,555)	(4,347,027,589)	—	(1,090,110,224)	5,598,865	(199,643)	(13,970,857,895)
Revenue from contracts with customers	₱20,271,593,478	₱12,711,400,933	₱7,649,326,085	₱2,044,656,193	₱2,971,243,693	₱2,917,175,086	₱134,957,296	₱48,700,352,764
Revenue from spot market sales	₱7,513,313,626	₱6,602,906,874	₱2,506,081,498	₱—	₱534,634,376	₱—	₱—	₱17,156,936,374
Revenue from PSAs	4,246,634,249	5,986,179,046	2,283,423,005	484,111,154	2,222,965,066	—	—	15,223,312,520
Revenue from PPAs	6,643,910,332	—	—	1,560,545,039	—	—	8,212,308	8,212,667,679
Revenue from RES and other customers	1,867,735,271	122,315,013	2,859,821,582	—	213,644,251	—	23,996,688	5,087,512,805
Revenue from sales under FIT	—	—	—	—	—	2,917,175,086	102,748,300	3,019,923,386
Revenue from contracts with customers	₱20,271,593,478	₱12,711,400,933	₱7,649,326,085	₱2,044,656,193	₱2,971,243,693	₱2,917,175,086	₱134,957,296	₱48,700,352,764
Year ended								
December 31, 2021								
Segment revenue	₱19,406,823,917	₱12,969,796,538	₱10,055,892,961	₱2,319,617,824	₱4,937,153,924	₱3,941,791,972	₱141,286,466	₱53,772,363,602
Intersegment revenue	(3,680,380,387)	(3,547,882,387)	(3,366,157,630)	—	(809,574,429)	—	—	(11,403,994,833)
Revenue from contracts with customers	₱15,726,443,530	₱9,421,914,151	₱6,689,735,331	₱2,319,617,824	₱4,127,579,495	₱3,941,791,972	₱141,286,466	₱42,368,368,769
Revenue from PSAs	₱3,718,646,398	₱6,008,210,006	₱1,643,097,016	₱—	₱3,003,964,377	₱—	₱—	₱14,373,917,797
Revenue from PPAs	10,196,040,404	—	—	2,319,617,824	—	—	8,203,040	12,523,861,268
Revenue from spot market sales	1,357,772,986	2,636,797,399	2,353,362,455	—	914,854,425	—	—	7,262,787,265
Revenue from sales under FIT	—	—	—	—	—	3,941,791,972	109,926,508	4,051,718,480
Revenue from RES and other customers	453,983,742	776,906,746	2,693,275,860	—	208,760,693	—	23,156,918	4,156,083,959
Revenue from contracts with customers	₱15,726,443,530	₱9,421,914,151	₱6,689,735,331	₱2,319,617,824	₱4,127,579,495	₱3,941,791,972	₱141,286,466	₱42,368,368,769
Year ended								
December 31, 2020								
Segment revenue	₱19,704,228,958	₱12,570,869,356	₱7,212,218,221	₱2,399,353,126	₱2,068,365,944	₱4,295,301,140	₱158,447,369	₱48,408,784,114
Intersegment revenue	(4,048,590,989)	(3,861,187,635)	(2,882,225,828)	—	—	—	—	(10,792,004,452)
Revenue from contracts with customers	₱15,655,637,969	₱8,709,681,721	₱4,329,992,393	₱2,399,353,126	₱2,068,365,944	₱4,295,301,140	₱158,447,369	₱37,616,779,662
Revenue from PPAs	₱10,751,572,524	₱—	₱—	₱2,399,353,126	₱—	₱—	₱9,015,664	₱13,159,941,314
Revenue from PSAs	3,792,017,732	6,199,324,295	1,087,275,599	—	1,197,990,360	—	—	12,276,607,986
Revenue from sales under FIT	—	—	—	—	—	4,295,301,140	124,868,176	4,420,169,316
Revenue from Spot Market Sales	1,112,047,713	1,121,844,097	1,289,070,382	—	617,927,887	—	—	4,140,890,079
Revenue from RES and other customers	—	1,388,513,329	1,953,646,412	—	252,447,697	—	24,563,529	3,619,170,967
Revenue from contracts with customers	₱15,655,637,969	₱8,709,681,721	₱4,329,992,393	₱2,399,353,126	₱2,068,365,944	₱4,295,301,140	₱158,447,369	₱37,616,779,662

6. Cash and Cash Equivalents

	2022	2021
Cash on hand and in banks	₱8,226,586,883	₱7,559,645,456
Cash equivalents	9,371,203,193	6,455,376,078
	₱17,597,790,076	₱14,015,021,534

Cash in banks earns interest at the respective bank deposit rates ranging from 0.10% to 1.5% for the years ended December 31, 2022, 2021 and 2020. Cash equivalents consist of money market placements, which are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Company. Total interest earned on cash and cash equivalents, net of final tax, amounted to ₱198.1 million, ₱91.6 million and ₱197.3 million in 2022, 2021 and 2020, respectively (see Note 25).



7. Trade and Other Receivables

	2022	2021
Trade receivables:		
Third parties (Note 37)	₱7,901,495,931	₱6,577,380,638
Related parties (Note 20)	125,697,320	63,111,384
	8,027,193,251	6,640,492,022
Others:		
Non-trade accounts receivable (Note 32)	466,148,893	374,316,730
Loans and notes receivables	43,597,418	44,579,027
Advances to employees	41,965,705	37,982,159
	551,712,016	456,877,916
	8,578,905,267	7,097,369,938
Less allowance for impairment	1,060,107,377	1,042,894,075
	₱7,518,797,890	₱6,054,475,863

Trade receivables are non interest-bearing and are generally collectible in 30 to 60 days. Non-trade receivables are non interest-bearing and include receivable from insurance claims, accrued interest and other receivables.

The table below shows the rollforward analysis of the allowance for impairment of trade and other receivables as of December 31, 2022 and 2021:

	2022	2021
Balances at beginning of year	₱1,042,894,075	₱956,121,213
Provision for impairment (Notes 3 and 23)	17,056,507	86,674,750
Foreign exchange translation adjustment	156,795	98,112
Balances at end of year	₱1,060,107,377	₱1,042,894,075

8. Financial Asset at Fair Value Through Profit or Loss

The Company entered into various investment management agreement (IMA) with various Investment Managers, whereby the Company availed the service of the Investment Manager relative to the management and investment of funds.

Among others, following are the significant provisions of the IMA:

- The Investment Manager shall administer and manage the fund as allowed and subject to the requirements of the Bangko Sentral ng Pilipinas and in accordance with the written investment policy and guidelines mutually agreed upon and signed by the Investment Manager and the Company.
- The agreement is considered as an agency and not a trust agreement. The Company, therefore, shall at all times retain legal title to the fund.
- The IMA does not guaranty a yield, return, or income on the investments or reinvestments made by the Investment Manager. Any loss or depreciation in the value of the assets of the fund shall be for the account of the Company.



In addition, the Company has investments in various money unit investment trust fund and mutual funds.

Fund investments include quoted government securities and other quoted securities.

The Company accounts for the entire investment as a financial asset to be carried at fair value through profit or loss.

As of December 31, 2022 and 2021, the movements of the financial assets at FVPL account are as follows:

	2022	2021
Balances at beginning of year	₱853,132,173	₱922,831,786
Additions for the year	2,512,500,000	3,205,000,000
Redemptions for the year	(3,376,474,070)	(3,277,704,392)
Mark-to-market gain (loss) (Note 27)	(7,689,361)	210,162
Realized income from redemption (Note 27)	31,259,850	2,794,617
Balances at end of year	₱12,728,592	₱853,132,173

9. Financial Assets at Fair Value Through Other Comprehensive Income

As at December 31, 2022 and 2021, the movements in the financial assets at FVOCI are as follows:

	2022	2021
Balances at beginning of year	₱225,813,559	₱576,424,296
Additions during the year	99,856,758	—
Disposals during the year	(33,950,000)	(405,228,606)
Changes in fair value of equity instruments	24,206,428	67,261,490
Changes in fair value of debt instruments	(20,899,368)	(13,515,621)
Adjustment	—	872,000
Balances at end of year	₱295,027,377	₱225,813,559

Financial assets at FVOCI consists of the following as of December 31, 2022 and 2021:

	2022	2021
Equity instruments designated at FVOCI		
<i>Quoted equity instruments</i>		
Wack Wack Golf & Country Club	₱58,000,000	₱44,000,000
Alabang Country Club	11,000,000	13,850,000
Baguio Country Club Share	6,000,000	4,100,000
Others	9,762,302	7,555,874
	84,762,302	69,505,874
Debt instruments at FVOCI		
<i>Quoted debt instruments</i>		
Government bonds and notes	₱175,256,220	₱120,192,550
Corporate bonds	35,008,855	36,115,135
	210,265,075	156,307,685
Total	₱295,027,377	₱225,813,559



The movements of the net accumulated unrealized gain related to financial assets at FVOCI in 2022 and 2021 are presented in the consolidated statements of comprehensive income with details as follows:

	2022	2021
Balances at beginning of year	₱73,346,630	₱220,361,062
Changes in fair value of equity instruments at FVOCI	24,206,428	67,261,490
Changes in fair value of debt instruments at FVOCI	(20,899,368)	(13,515,621)
Transfer of net accumulated unrealized gain on financial assets at FVOCI to retained earnings	(6,510,000)	(200,760,301)
Balances at end of year	₱70,143,690	₱73,346,630

Investments in quoted equity securities consist mainly of shares traded in the PSE and investments in golf and country club shares.

Quoted government debt securities consist of investments in fixed rate bonds, fixed rate treasury notes and retail treasury bonds with maturities between 2022 and 2037 as of December 31, 2022 and 2021, and interest rates ranging from 2.4% to 6.1% for both years (see Note 25).

Changes in fair value recognized in the consolidated statements of comprehensive income pertain to the unrealized gains and losses during the period brought about by the temporary increase or decrease in the fair value of the debt and equity securities.

10. Parts and Supplies Inventories

	2022	2021
Parts and supplies inventories:		
At Cost	₱6,438,681,448	₱5,134,433,802
At NRV	1,436,448,908	1,403,225,617
	₱7,875,130,356	₱6,537,659,419

Allowance for inventory obsolescence:

	2022	2021
Balances at beginning of year	₱598,001,022	₱528,719,777
Provision for impairment (Note 23)	20,721,752	69,281,245
Balances at end of year	₱618,722,774	₱598,001,022

Parts and supplies inventories include items that are carried at net realizable value amounting to ₱1,436.4 million and ₱1,403.2 million as of December 31, 2022 and 2021, respectively, and have costs amounting to ₱2,055.1 million and ₱2,001.2 million, respectively. The rest of the parts and supplies inventories are carried at cost.

The amount of parts and supplies inventories charged to expense amounted to ₱1,352.3 million, ₱1,312.0 million and ₱1,213.3 million in 2022, 2021 and 2020, respectively (see Notes 22 and 23).



Details of parts and supplies inventories issued are as follows:

	2022	2021	2020
Costs of sales of electricity (Note 22)	₱1,165,835,154	₱1,100,895,604	₱1,047,926,909
General and administrative expenses (Note 23)	186,427,229	211,126,431	165,351,167
	₱1,352,262,383	₱1,312,022,035	₱1,213,278,076

11. Other Current Assets

	2022	2021
Prepaid expenses	₱764,220,640	₱639,351,890
Creditable withholding taxes	409,821,634	193,957,194
Deposits and special funds	332,476,585	276,388,153
Advances to suppliers	37,063,722	135,697,366
Short-term investments	—	451,767,551
Others	139,161,689	103,100,006
	₱1,682,744,270	₱1,800,262,160

Prepaid expenses include prepaid insurance and rentals while advances to suppliers pertains mainly to the advances made by the Company for the purchase of parts and supplies, and other goods and services.

Short-term investments consist of money market securities with maturity of more than three (3) months but less than 12 months. Total interest earned on short-term investments, net of final tax, amounted to ₱2.5 million, ₱2.1 million and ₱37.7 million in 2022, 2021 and 2020 respectively (see Note 25).

Deposits and special funds include deposits to distribution utilities as required under the Distribution Wheeling Service Agreements (DWSAs) and cash held in escrow accounts of the Company as required under the retail supply contracts (RSCs) and GEOP supply contracts.



12. Property, Plant and Equipment

2022											
	Land	Power Plants	FCRS and Production Wells	Buildings, Improvements and Other Structures	Exploration, Machinery and Equipment	Transportation Equipment	Furniture, Fixtures and Equipment	Laboratory Equipment	Right of Use of Assets - Buildings, Improvements and Other Structures	Construction in Progress	Total
Cost											
Balances at January 1	P838,230,627	P76,290,257,064	P54,090,742,735	P8,606,086,589	P3,582,915,046	P127,161,697	P1,596,062,409	P879,000,005	P567,470,422	P15,241,822,251	P161,819,748,845
Additions	43,080,548	1,573,025	7,379,439	30,930,229	9,429,658	43,078,933	68,444,599	56,177,162	167,529,681	9,684,032,793	10,111,656,067
Disposals/retirements (Note 27)	—	—	—	—	(52,811,141)	(3,381,195)	(22,843,848)	(277,066)	—	—	(79,313,250)
Reclassifications/adjustments (Note 18)	—	2,704,464,153	3,969,092,928	275,466,950	59,298,183	—	4,729,785	(38,363,897)	(229)	(7,084,623,980)	(109,936,107)
Foreign exchange adjustments	—	1,701,779,518	—	144,314,355	110,828	—	594,413	237,835	14,782,935	(240,147)	1,861,579,737
Balances at December 31	881,311,175	80,698,073,760	58,067,215,102	9,056,798,123	3,598,942,574	166,859,435	1,646,987,358	896,774,039	749,782,809	17,840,990,917	173,603,735,292
Accumulated Depreciation, Amortization and Impairment											
Balances at January 1	17,627,581	36,949,326,425	19,459,197,694	3,825,296,231	2,891,515,787	79,302,930	1,496,220,295	680,478,107	178,971,708	23,322,433	65,601,259,191
Depreciation and amortization (Notes 22 and 23)	—	3,783,531,475	1,952,490,089	451,526,372	160,901,113	17,637,148	68,673,219	66,549,003	118,955,291	—	6,620,263,710
Disposals/retirements (Note 27)	—	—	—	—	(52,622,325)	(3,381,190)	(22,654,111)	(277,055)	—	—	(78,934,681)
Reclassifications	—	—	—	(28,791,935)	—	—	—	—	—	—	(28,791,935)
Foreign exchange adjustments	—	505,995,095	—	77,045,219	(25,673,487)	—	1,483,323	84,608	2,062,684	—	560,997,442
Balances at December 31	17,627,581	41,238,852,995	21,411,687,783	4,325,075,887	2,974,121,088	93,558,888	1,543,722,726	746,834,663	299,989,683	23,322,433	72,674,793,727
Net Book Value	P863,683,594	P39,459,220,765	P36,655,527,319	P4,731,722,236	P624,821,486	P73,300,547	P103,264,632	P149,939,376	P449,793,126	P17,817,668,484	P100,928,941,565

2021											
	Land	Power Plants	FCRS and Production Wells	Buildings, Improvements and Other Structures	Exploration, Machinery and Equipment	Transportation Equipment	Furniture, Fixtures and Equipment	Laboratory Equipment	Right of Use of Assets - Buildings, Improvements and Other Structures	Construction in Progress	Total
Cost											
Balances at January 1	P789,706,515	P73,625,022,473	P51,635,099,353	P8,195,333,713	P3,397,230,408	P105,031,477	P1,564,088,351	P826,802,525	P744,264,106	P9,356,339,523	P150,238,918,444
Additions	48,524,112	5,073,109	—	11,782,441	31,212,462	33,724,256	32,134,916	19,157,247	36,137,905	10,685,454,831	10,903,201,279
Disposals/retirements (Note 27)	—	(18,759,582)	—	(11,804,577)	(17,294,076)	(11,555,655)	(13,864,672)	(17,429,970)	(228,486,872)	—	(319,195,404)
Reclassifications/adjustments (Notes 14 and 18)	—	1,612,888,475	2,455,643,382	346,844,121	171,696,741	(38,381)	13,369,658	50,363,092	6,535,827	(4,799,985,831)	(142,682,916)
Foreign exchange adjustments	—	1,066,032,589	—	63,930,891	69,511	—	334,156	107,111	9,019,456	13,728	1,139,507,442
Balances at December 31	838,230,627	76,290,257,064	54,090,742,735	8,606,086,589	3,582,915,046	127,161,697	1,596,062,409	879,000,005	567,470,422	15,241,822,251	161,819,748,845
Accumulated Depreciation, Amortization and Impairment											
Balances at January 1	17,627,581	33,039,817,587	17,633,782,243	3,367,819,240	2,807,407,651	78,336,387	1,361,951,572	617,579,708	268,874,729	23,322,433	59,216,519,131
Depreciation and amortization (Notes 22 and 23)	—	3,640,502,149	1,825,441,072	443,787,849	115,336,212	12,374,070	146,920,380	80,042,390	138,192,962	—	6,402,597,084
Disposals/retirements (Note 27)	—	(18,759,571)	—	(10,702,077)	(16,992,820)	(11,345,879)	(13,722,352)	(17,197,462)	(228,486,863)	—	(317,207,024)
Reclassifications	—	—	(25,621)	997,604	(14,285,052)	(61,648)	805,510	9,659	—	—	(12,559,548)
Foreign exchange adjustments	—	287,766,260	—	23,393,615	49,796	—	265,185	43,812	390,880	—	311,909,548
Balances at December 31	17,627,581	36,949,326,425	19,459,197,694	3,825,296,231	2,891,515,787	79,302,930	1,496,220,295	680,478,107	178,971,708	23,322,433	65,601,259,191
Net Book Value	P820,603,046	P39,340,930,639	P34,631,545,041	P4,780,790,358	P691,399,259	P47,858,767	P99,842,114	P198,521,898	P388,498,714	P15,218,499,818	P96,218,489,654



Construction in Progress

The Company's construction in progress account includes steam assets and other ongoing construction projects. Steam assets are mainly composed of in-progress production wells and FCRS, while other construction projects include the Palayan Bayan, ongoing rehabilitation activities in the plants, Control Systems Integration (CSI), retrofitting projects and other constructions.

Estimated Rehabilitation and Restoration Costs

FCRS and production wells include the estimated rehabilitation and restoration costs of the Company's steam fields and power plants' contract areas at the end of the contract period. These were based on technical estimates of probable costs, which may be incurred by the Company in the rehabilitation and restoration of the said steam fields' and power plants' contract areas, using a risk-free discount rate and adjusted the cash flows to settle the provision.

Also, the Company has recorded an estimated provision for asset retirement obligation relating to the removal and disposal of all wind farm materials, equipment and facilities from the contract areas at the end of contract period. The amount of provision was recorded as part of the costs of power plants.

Depreciation and Amortization

Details of depreciation and amortization charges recognized in profit or loss are shown below:

	2022	2021	2020
Property, plant and equipment	₱6,620,263,710	₱6,402,597,084	₱6,374,183,217
Intangible assets (Note 13)	215,625,197	215,078,222	176,856,048
Capitalized depreciation	(28,791,935)	(12,559,548)	(3,774,518)
	₱6,807,096,972	₱6,605,115,758	₱6,547,264,747
Costs of sales of electricity (Note 22)	₱6,482,788,430	₱6,189,956,020	₱6,029,979,784
General and administrative expenses (Note 23)	324,308,542	415,159,738	517,284,963
	₱6,807,096,972	₱6,605,115,758	₱6,547,264,747

Additions

Additions in the property, plant and equipment include non-cash right of use of assets - buildings, improvements and other structures additions amounting to ₱167.5 million and ₱36.1 million in 2022 and 2021, respectively.

Reclassifications/adjustments

The reclassifications/adjustments in the cost of property, plant and equipment include adjustments to the provision for rehabilitation and restoration costs amounting to ₱138.7 million and ₱157.9 million in 2022 and 2021, respectively (see Note 18), reclassification in 2020 from Mindanao III exploration and evaluation assets amounting to ₱1,177.7 million (see Note 14), and adjustments to ROU assets arising from the amendments of certain lease contract (see Note 32). Meanwhile, the reclassifications in the accumulated depreciation of property, plant and equipment include capitalized depreciation charges amounting to ₱28.8 million, ₱12.6 million and ₱3.8 million in 2022, 2021 and 2020, respectively. Other reclassifications were due to the results of reassessment made by the Company on the nature of the assets.



13. Goodwill and Intangible Assets

2022				
	Goodwill	Water Rights	Other Intangible Assets	Total
Cost				
Balances at January 1	₱2,666,921,448	₱2,404,778,918	₱695,911,029	₱5,767,611,395
Additions	—	—	53,448,138	53,448,138
Foreign exchange translation adjustment	12,123,571	—	—	12,123,571
Balances at December 31	2,679,045,019	2,404,778,918	749,359,167	5,833,183,104
Accumulated Amortization and Allowance for Impairment				
Balances at January 1	55,999,570	1,454,891,247	474,552,058	1,985,442,875
Amortization (Notes 12, 22 and 23)	—	96,191,157	119,434,040	215,625,197
Balances at December 31	55,999,570	1,551,082,404	593,986,098	2,201,068,072
Net Book Value	₱2,623,045,449	₱853,696,514	₱155,373,069	₱3,632,115,032

2021				
	Goodwill	Water Rights	Other Intangible Assets	Total
Cost				
Balances at January 1	₱2,656,067,487	₱2,404,778,918	₱605,649,098	₱5,666,495,503
Additions	—	—	90,261,931	90,261,931
Foreign exchange translation adjustment	10,853,961	—	—	10,853,961
Balances at December 31	2,666,921,448	2,404,778,918	695,911,029	5,767,611,395
Accumulated Amortization and Allowance for Impairment				
Balances at January 1	52,731,766	1,358,700,090	355,664,993	1,767,096,849
Amortization (Notes 12, 22 and 23)	—	96,191,157	118,887,065	215,078,222
Foreign exchange translation adjustment	3,267,804	—	—	3,267,804
Balances at December 31	55,999,570	1,454,891,247	474,552,058	1,985,442,875
Net Book Value	₱2,610,921,878	₱949,887,671	₱221,358,971	₱3,782,168,520

Goodwill

GCGI

On September 2, 2009, GCGI acquired the then 192.5 MW Palinpinon (in Negros Oriental) and 112.5 MW Tongonan 1 (in Leyte) geothermal power plants in an auction conducted by PSALM where GCGI submitted the highest complying financial bid of US\$220.0 million. This financial bid was subsequently reduced by US\$6.7 million as PSALM agreed that the Company will directly assume the obligations to procure the equipment/services indicated in the Purchase Requisitions being processed by NPC under Schedule R-Purchase Orders in the Asset Purchase Agreement (APA). The total acquisition cost incurred by the Company amounted to ₱10,165.3 million, resulting to goodwill of ₱2,241.7 million.

FG Hydro

On September 8, 2006, FG Hydro participated and won the bid for the 112 MW PAHEP/MAHEP facility conducted by PSALM in connection with the privatization of NPC assets. FG Hydro paid a total consideration of US\$129.0 million (₱6,448.2 million) and recognized goodwill amounting to ₱293.3 million.



EDC HKL

As discussed in Note 3, EDC HKL, a wholly owned subsidiary of EDC, purchased 100% interest in Hot Rock companies, namely: EDC Soluciones Sostenibles Ltd, EDC Desarrollo Sostenible Ltd, EDC Energia Verde Chile SpA, EDC Energia de la Tierra SpA and EDC Energia Verde Peru SAC. The total consideration amounting to US\$3.0 million (P133.2 million) was paid in cash, which resulted to the recognition of goodwill amounting to US\$2.5 million (P134.0 million). In 2020, the Company recognized impairment of goodwill from the purchase of EDC Energia Verde Chile SpA and EDC Energia de la Tierra SpA amounting to US\$1.1 million (P54.2 million).

Breakdown of the goodwill per CGU and the details of the goodwill impairment review are shown in Note 3 to the consolidated financial statements.

Water rights

Water rights pertain to FG Hydro's right to use water from the Pantabangan reservoir to generate electricity. NPC through a certification issued to FG Hydro dated July 27, 2006, gave its consent to the transfer to FG Hydro, as the winning bidder of the PAHEP/MAHEP, of the water permit for Pantabangan river issued by the National Water Resources Council on March 15, 1997.

Water rights are amortized using the straight-line method over 25 years, which is the term of the Agreement with National Irrigation Administration (NIA). The remaining amortization period of water rights is 8.9 years and 9.9 years as of December 31, 2022 and 2021, respectively.

Other intangible assets

Other intangible assets pertain to the Parent Company's and BGI's computer software and licenses.

14. Exploration and Evaluation Assets

	2022	2021
Cost		
Balances at January 1	P1,974,832,245	P1,955,939,202
Additions	72,159,209	17,554,441
Adjustments (Note 18)	(7,717,463)	1,338,602
Balances at December 31	P2,039,273,991	P1,974,832,245

Carrying amount of exploration and evaluation assets per project are as follows:

	2022	2021
Rangas/Kayabon	P1,782,106,732	P1,736,318,433
Dauin/Bacong	79,830,590	80,717,903
Others	177,336,669	157,795,909
	P2,039,273,991	P1,974,832,245

Others include foreign exploration and evaluation projects amounting to P74.8 million and P73.9 million as of December 31, 2022 and 2021, respectively.

Following the DOE's approval of the surrender of the energy service contracts for Ampiro, Lakewood and Balingasag, the exploration and evaluation costs incurred for these projects totaling to P9.0 million and the related allowance for impairment losses were written off in 2020.



15. Other Noncurrent Assets

	2022	2021
Prepaid taxes	₱5,205,848,802	₱4,698,102,902
Long-term receivables (Notes 31 and 37)	1,651,042,585	1,780,000,346
Special deposits	138,550,942	135,611,964
Tax credit certificates	104,279,271	112,208,047
Deposits and special funds	18,913,954	49,347,412
Prepaid expenses - net of current portion	10,408,203	11,830,527
Others	1,514,209,169	1,380,678,191
	8,643,252,926	8,167,779,389
Less allowance for impairment	1,385,147,280	1,191,490,155
	₱7,258,105,646	₱6,976,289,234

Prepaid Taxes

Prepaid taxes include input VAT, real property tax (RPT) payments under protest and creditable withholding taxes (CWTs).

Input VAT

Input VAT represents VAT from purchases of goods or services that the Company can claim against any future liability to the Bureau of Internal Revenue (BIR) for output VAT from sale of goods and services. As of December 31, 2022 and 2021, this input VAT amounted to ₱2,964.7 million and ₱2,677.2 million, respectively.

Input VAT also includes the outstanding input VAT claims that were applied by the Company for refund with the BIR/Supreme Court (SC). As of December 31, 2022 and 2021, the outstanding input VAT claims which are still pending with the BIR/SC amounted to ₱799.9 million and ₱732.6 million, respectively.

RPT payments under protest

RPT payments under protest to certain local government units amounted to ₱1,320.4 million and ₱1,168.0 million as of December 31, 2022 and 2021, respectively.

The amounts paid in protest were in excess of the amounts determined using the 1.5% RPT rate stated in the Renewable Energy (RE) Law, and are pending with the Local Board of Assessment Appeals and Central Board of Assessment Appeals.

Creditable withholding taxes

The CWTs pertain to withholding tax certificates amounting to ₱120.8 million as of December 31, 2022 and 2021, respectively.

Long-term receivables

Long-term receivables include receivable from TransCo arising from FIT rate adjustments (see Note 37).

Tax Credit Certificates (TCCs)

As of December 31, 2022 and 2021, the Company classified a portion of their TCCs as current assets totaling to ₱17.4 million and ₱103.6 million, respectively, and presented under “Trade and Other Receivables” (see Note 7). These are expected to be utilized for payment of various taxes within 12 months from the end of the reporting date.



As of December 31, 2022 and 2021, the Company presented the noncurrent portion of the TCCs amounted to ₱104.3 million and ₱112.2 million, respectively, under “Other Noncurrent Assets”.

Others

Others include investment in Enerco amounting to ₱1,265.3 million and ₱1,137.4 million as of December 31, 2022 and 2021, respectively, which is accounted for as an investment in joint venture (see Note 3).

As of December 31, 2022, basic surface studies as well as civil works, road rehabilitation, base camp and avalanche controls have already been completed. Additional roads, drilling pad construction, base camp expansion and water supply system have been installed and completed. Exploration drilling program is intended to resume as soon as power supply agreements have been secured, access to transmission line has been negotiated and all the relevant permits have been obtained.

As of December 31, 2022 and 2021, the total assets of Enerco amounted to ₱2,153.0 million (US\$38.6 million) and ₱1,865.7 million (US\$36.6 million), respectively, of which current assets amounted to ₱0.5 million (US\$0.0 million) and ₱8.9 million (US\$0.2 million) as of December 31, 2022 and 2021, respectively. Enerco also has current liabilities amounting to ₱205.4 million (US\$3.7 million) and ₱155.6 million (US\$3.1 million) as of December 31, 2022 and 2021, respectively.

In 2022, 2021 and 2020, Enerco incurred total comprehensive income (loss) amounting to (₱16.5) million (US\$0.3 million), (₱53.8) million (US\$1.1 million) and (₱12.9) million (US\$0.3 million), respectively, which include depreciation and amortization expenses amounting to ₱20.7 million (US\$0.4 million), ₱20.9 million (US\$0.4 million) and ₱22.9 million (US\$0.5 million) in 2022, 2021 and 2020, respectively

In 2022, 2021 and 2020, the Company recognized its share in net income (losses) amounting to (₱11.6) million (US\$0.2 million), (₱37.7) million (US\$0.7 million) and ₱9.0 million (US\$0.2 million).

Allowance for impairment

The rollforward analysis of the allowance for impairment pertaining to prepaid taxes and long-term receivables is presented below.

	2022		
	Prepaid taxes	Long-term receivables	Total
Beginning of year	₱1,093,062,924	₱98,427,231	₱1,191,490,155
Provision for impairment (Note 23)	152,210,868	55,497,394	207,708,262
Write-off	(14,051,137)	—	(14,051,137)
End of year	₱1,231,222,655	₱153,924,625	₱1,385,147,280

	2021		
	Prepaid taxes	Long-term receivables	Total
Beginning of year	₱985,734,342	₱98,427,231	₱1,084,161,573
Provision for impairment (Note 23)	190,429,557	—	190,429,557
Write-off	(83,100,975)	—	(83,100,975)
End of year	₱1,093,062,924	₱98,427,231	₱1,191,490,155



Loss on direct write-off of input VAT claims amounting to ₱10.6 million, ₱77.5 million and ₱36.3 million in 2022, 2021 and 2020, respectively, were recognized as part of “Miscellaneous income - net” in the consolidated statements of income (see Note 27).

16. Trade and Other Payables

	2022	2021
Trade payables:		
Third parties	₱9,676,331,024	₱7,947,186,526
Related parties (Note 20)	2,010,119,504	1,827,628,934
	11,686,450,528	9,774,815,460
Others:		
Accrued interest on long-term debts (Notes 17 and 31)	578,554,834	527,170,402
Withholding and other taxes payable	486,855,045	449,573,490
Government share payable (Note 33)	91,674,842	62,394,247
SSS and other contributions payable	29,625,340	14,381,085
Dividends payable (Notes 19 and 20)	11,813,526	10,054,640
Other payables (Notes 3 and 23)	2,576,932,310	2,197,973,573
	3,775,455,897	3,261,547,437
	₱15,461,906,425	₱13,036,362,897

Trade payables are non-interest bearing and are normally settled on a 30 to 60 days payment term.

“Government share payable” pertains to outstanding payable to the government for its share on certain earnings of the Company generated from renewable energy.

Under the RE Law, the Parent Company shall pay government share equivalent to 1.5% of its gross income. Such fiscal incentive was applied by the Parent Company beginning February 1, 2009 (see Note 33).

On May 8, 2012, upon execution of their respective Geothermal Operating Contracts with the DOE, GCGI and BGI also became subject to government share of 1.5% of their gross income (see Note 33).

In 2014, upon receipt of COE for FIT eligibility, EBWPC became subject to government share of 1% of its gross income.

On February 22, 2017 and February 27, 2017, upon approval of FG Hydro’s application for registration as an RE developer and Hydropower Operating Contracts for PAHEP and MAHEP, respectively, FG Hydro became subject to 10% statutory income tax rate and government share of 1% of its gross income.

Government share is allocated between the DOE and Local Government Units (LGUs) where the geothermal and hydro resources are located and payable within 60 days after the end of each quarter in the case of EDC, GCGI, BGI, EBWPC, and EDC Siklab (for the Gaisano La Paz Solar Rooftop Project). For FG Hydro, government share is paid to DOE (60%) and LGU (40%) within 60 days after the end of each quarter. Government share amounted to ₱360.1 million, ₱273.2 million and ₱277.0 million in 2022, 2021 and 2020, respectively (see Note 22).



“Other payables” account includes provision for shortfall generation amounting to ₱1,311.7 million and ₱1,424.4 million as of December 31, 2022 and 2021, respectively (see Note 3). Other payables also include deferred output VAT and other accruals.

17. Long-term Debts

The details of the Company’s long-term debts are as follows:

Creditor/Project	Maturities	Interest Rate	2022	2021
EDC Loans				
International Finance Corporation (IFC)				
▪ IFC 1 - ₱4.1 Billion	April 15, 2023	6.367%	₱166,812,649	₱502,578,376
		4.78% from June 22, 2018 to April 15, 2021; and 4.68% from April 16, 2021 until maturity		
▪ IFC 2 - ₱3.3 Billion	October 15, 2025		724,149,851	956,263,352
▪ IFC 3 - ₱4.8 Billion	March 15, 2033	7.8048%	3,431,796,837	3,754,932,241
Fixed Rate Note Facility (FXCN)				
▪ ₱4.0 Billion	April 19, 2022	5.25%	—	2,940,570,285
▪ ₱3.0 Billion	April 19, 2022	5.25%	—	2,205,374,389
2013 Peso Fixed-Rate Bonds				
▪ ₱4.0 billion	May 3, 2023	4.7312%	3,997,783,024	3,991,476,571
DBP ₱291.2 Million Term Loan	December 17, 2030	5.50%	178,440,900	200,662,539
UBP ₱1.5 Billion Term Loan	December 5, 2026	5.25%	1,107,496,407	1,166,718,116
SBC ₱1.0 Billion Term Loan	December 5, 2031	5.5788%	846,044,254	905,467,993
UBP ₱2.0 Billion Term Loan	April 12, 2032	5.4382%	1,261,440,038	1,393,726,156
SBC ₱3.0 Billion Term Loan	May 4, 2027	5.3166%	1,615,557,694	1,913,552,709
SBC ₱1.0 Billion Term Loan	May 4, 2032	5.4277%	630,673,133	696,810,692
BPI ₱1.0 Billion Term Loan	June 1, 2027	5.2059%	538,734,460	638,173,636
PNB ₱500.0 Million Term Loan	June 1, 2022	4.7360%	—	49,958,686
SBC ₱500.0 Million Term Loan	May 4, 2032	5.4904%	315,314,695	348,379,408
US\$50.0 Million Mizuho Loan	March 24, 2022	0.65% margin plus LIBOR	—	2,546,339,855
BPI				
▪ ₱3.0 Billion Term Loan	April 15, 2030	5.1323%	2,536,714,264	2,833,416,074
▪ ₱3.0 Billion Term Loan	April 15, 2030	3.56%	2,536,285,755	2,832,798,154
BDO				
▪ ₱4.5 Billion Loan	September 10, 2030	4.25% until next repricing date in September 2025	3,942,554,858	4,025,668,084
▪ ₱2.0 Billion Loan	September 10, 2030	4.25% until next repricing date in September 2025	1,751,243,207	1,787,942,862
Fixed Rate ASEAN Green Bonds				
• Series A	June 25, 2024	2.8565%	2,483,127,054	2,472,323,528
• Series B	June 25, 2026	3.7305%	2,475,235,123	2,468,807,404
US\$50 Million Mizuho Loan	March 24, 2027	5.057245% until next repricing date in March 2023	2,756,034,890	—
BPI ₱2.0 Billion Term Loan	March 21, 2032	5.25% until next repricing date in March 2023	1,989,306,921	—
UBP ₱1.0 Billion Term Loan	March 24, 2032	5.831567% until next repricing date in March 2027	943,473,759	—
SBC ₱2.6 Billion Term Loan	April 19, 2032	5.7829% until next repricing date in April 2027	2,452,845,708	—
CTBC ₱1.5 Billion Term Loan	June 8, 2027	6.1869%	1,410,368,722	—
BDO ₱2.0 Billion Term Loan	September 5, 2032	4.0% until next repricing date in March 2023	1,988,681,067	—
CBC ₱2B Term Loan	October 5, 2032	4.8314% until next repricing date in April 2023	1,988,461,738	—

(Forward)



Creditor/Project	Maturities	Interest Rate	2022	2021
EBWPC Loans				
▪ Commercial Debt Facility US\$37.5 Million	October 23, 2029	2% margin plus LIBOR	₱1,202,105,332	₱1,223,990,359
▪ ECA Debt Facility US\$150 Million	October 23, 2029	2.35% margin plus LIBOR	4,787,854,100	4,871,326,612
▪ Commercial Debt Facility ₱5.6 Billion	October 23, 2029	2% + PDST-F rate	3,243,075,178	3,616,321,732
GCGI Loan				
₱8.5 Billion Term Loan	March 18, 2022	5.25%	–	1,529,149,985
BGI Loan				
₱5.0 Billion Term Loan	October 7, 2025	5.65%	–	1,246,356,397
Total			53,301,611,618	53,119,086,195
Less current portion			8,881,483,933	13,104,746,816
Noncurrent portion			₱44,420,127,685	₱40,014,339,379

The Company's foreign-currency denominated long-term debts were translated into Philippine pesos based on the prevailing foreign exchange rates as at financial reporting date (US\$1= ₱55.76 on December 31, 2022 and US\$1= ₱50.99 on December 31, 2021).

The long-term debts are presented net of unamortized transaction costs. A rollforward analysis of unamortized transactions costs follows:

	2022	2021
Balances at beginning of year	₱428,662,271	₱476,051,198
Additions	135,037,039	82,817,812
Amortization (Note 25)	(135,298,829)	(130,206,739)
Balances at end of year	₱428,400,481	₱428,662,271

Parent Company Loans

The Parent Company entered into unsecured long-term loan arrangements with domestic and international financial institutions for its various development projects and working capital requirements.

IFC

The Parent Company entered into a loan agreement with IFC, a shareholder of the Parent Company, on November 27, 2008 for US\$100.0 million or its Peso equivalent of ₱4.1 billion.

On January 7, 2009, the Parent Company opted to draw the loan in Peso and received the proceeds amounting to ₱4,048.8 million, net of ₱51.5 million front-end fee. The loan is payable in 24 equal semi-annual installments after a three-year grace period at an interest rate of 7.4% per annum for the first five (5) years subject to repricing for another five (5) to 10 years.

On May 20, 2011, the Parent Company signed a 15-year US\$75.0 million loan facility with the IFC to fund its medium-term capital expenditures program. The loan was drawn in Peso on September 30, 2011 amounting to ₱3,262.5 million. The loan is payable in 24 equal semi-annual installments after a two-year grace period at an interest rate of 6.657% per annum subject to repricing for another five (5) to 10 years.

On March 22, 2018, the Parent Company signed a 15-year US\$90.0 million loan facility with IFC to fund its 2018 capital expenditures and other general corporate requirements of its existing geothermal operations. The loan was drawn in Peso on June 22, 2018 amounting to ₱4,804.0 million at an interest rate of 7.8048%.



Following the consummation of this financing agreement, EDC and IFC have agreed to amend and reduce the spread of the first two (2) loans to 1.30%. All the other terms and conditions of the loans remained the same.

In April 2021, the IFC Loan that was drawn in September 2011 was repriced at a fixed rate of 4.68% per annum for the remaining tenor of the loan until maturity.

FXCN

On April 4, 2012, EDC signed a 10-year Fixed Rate Corporate Note (FXCN) facility agreement amounting to ₱7.0 billion which is divided into two (2) tranches. The proceeds were used by EDC to prepay in full the previously issued FRCN amounting to ₱7.0 billion. The FXCN tranches 1 and 2 bears a coupon rate of 6.6173% and 6.6108% per annum, respectively.

Debt issuance costs amounting to ₱100.2 million was capitalized as part of the new FXCN.

On April 30, 2015, EDC and the Noteholders amended the FXCN loan agreement to reduce the interest rate to 5.25% per annum for both Tranche 1 and Tranche 2 as well as to effect other amendments in order to align the same with the other loan covenants of EDC. Transaction costs related to the amended FXCN amounting to ₱64.7 million were capitalized to the carrying amount of the FXCN loan. On April 19, 2022, EDC fully settled the FXCN.

2013 Peso Fixed-Rate Bonds

On May 3, 2013, EDC issued fixed-rate peso bonds with an aggregate principal amount of ₱7.0 billion. The bonds, which have been listed on the PDEX, are comprised of ₱3.0 billion 7-year bonds at 4.1583% per annum and ₱4.0 billion 10-year bonds at 4.7312% due on May 3, 2020 and May 3, 2023, respectively. Interest is payable semi-annually starting November 3, 2013. Transaction costs incurred in connection with the issuance of the 7-year bonds and 10-year bonds amounted to ₱39.1 million and ₱52.1 million, respectively. The net proceeds were used by the Parent Company to partially fund the Burgos wind project located in the municipality of Burgos, Ilocos Norte with estimated project cost of US\$300.0 million.

On May 4, 2020, the Parent Company fully settled the ₱3.0 billion 7-year bonds.

₱291.2 Million Term Loan

On December 8, 2015, EDC signed a ₱291.2 million loan at 5.75% per annum maturing on December 17, 2030 with Development Bank of the Philippines. The ₱291.2 million term loan was used to finance the Burgos Solar Phase I Project. On December 17, 2017, the loan agreement was amended to reduce the interest rate to 5.50% per annum.

₱1.5 Billion Term Loan

On June 24, 2016, EDC secured a ₱1.5 billion loan at 5.25% per annum maturing on December 5, 2026 with Union Bank of the Philippines. The ₱1.5 billion term loan was used to refinance the outstanding ₱3.5 billion fixed rate bonds which matured on December 4, 2016 and to fund other general corporate purposes.

₱1.0 Billion Term Loan

On December 1, 2016, EDC secured a ₱1.0 billion loan at 5.58% per annum maturing on December 5, 2031 with Security Bank Corporation. The ₱1.0 billion term loan was used to refinance the outstanding ₱3.5 billion fixed rate bonds which matured on December 4, 2016 and to fund other general corporate purposes.



UBP ₱2.0 Billion Term Loan

On April 5, 2017, EDC secured a ₱2.0 billion loan at 5.44% per annum maturing on April 12, 2032 with Union Bank of the Philippines.

SBC ₱3.0 and ₱1.0 Billion Term Loans

On April 26, 2017, EDC secured ₱3.0 billion loan at 5.32% per annum and ₱1.0 billion loan at 5.43% with Security Bank Corporation maturing on May 4, 2027 and May 4, 2032, respectively.

BPI ₱1.0 Billion Term Loan

On May 26, 2017, EDC secured a ₱1.0 billion loan at 5.21% per annum maturing on June 1, 2027 with Bank of the Philippine Islands.

PNB ₱500.0 Million Term Loan

On May 26, 2017, EDC secured a ₱500.0 million loan at 4.74% per annum which matured on June 1, 2022 with Philippine National Bank.

SBC ₱500.0 Million Term Loan

On July 26, 2017, EDC secured a ₱500.0 million loan at 5.49% per annum maturing on May 4, 2032 with Security Bank Corporation.

BOC ₱2.0 Billion Term Loan

On July 19, 2018, EDC secured a ₱2.0 billion floating loan maturing on October 29, 2021 with Bank of Commerce. On March 28, 2019, EDC prepaid this term loan and recognized loss on prepayment amounting to ₱4.6 million which pertains to unamortized transaction cost (see Note 27).

US\$50.0 Million Mizuho Loan

On March 24, 2020, EDC signed a US\$50.0 million two-year loan facility with Mizuho Bank, Ltd. On April 1, 2020, EDC has fully drawn the US\$50.0 million loan at an interest rate of 0.65% margin plus LIBOR. The proceeds are intended to be used to refinance maturing obligations and for general corporate purposes. On March 24, 2022, EDC fully paid its US\$50.0 million loan

BPI ₱6.0 Billion Term Loan

On April 2, 2020, EDC signed a ₱6.0 billion 10-year term loan facility with Bank of the Philippine Islands. On April 15, 2020, EDC has drawn ₱3.0 billion from the loan facility at a fixed interest rate of 5.13% per annum. On July 29, 2020, EDC has drawn the remaining ₱3.0 billion at a fixed interest rate of 3.56% per annum.

BDO ₱4.5 Billion Loan

On August 28, 2020, EDC signed a ₱11.5 billion 10-year term loan facility with BDO Unibank, Inc. On September 10, 2020, EDC has drawn ₱4.5 billion from the loan facility at a fixed rate of 4.25% per annum.

BDO ₱2.0 Billion Loan

On February 18, 2021, EDC has drawn additional ₱2.0 billion from the BDO loan facility at a fixed rate of 4.25% per annum maturing on September 10, 2030.

Fixed Rate ASEAN Green Bonds

On June 25, 2021, EDC successfully listed its SEC-registered ASEAN Green Bonds with an aggregate principal amount of ₱5.0 billion. The bonds, which have been listed on the PDEX, are comprised of ₱2.5 billion 3-year bonds at 2.8565% per annum and ₱2.5 billion 5-year bonds at 3.7305% per annum due on June 25, 2024 and June 25, 2026, respectively.



BPI ₱2.0 Billion Term Loan

On March 21, 2022, EDC secured a ₱2.0 billion loan at a six (6)-month floating rate of 3.5% per annum maturing on March 21, 2032 with the Bank of the Philippine Islands. The loan has repriced and currently has a six (6)-month floating rate of 5.25% per annum until its next repricing date in March 2023.

UBP ₱1.0 Billion Term Loan

On March 24, 2022, EDC secured a ₱1.0 billion loan at 5.831567% per annum maturing on March 24, 2032 with Union Bank of the Philippines.

US\$50.0 Million Mizuho Loan

On March 24, 2022, the US\$50 Million Mizuho Loan was refinanced by a new term loan with Mizuho at a six (6)-month floating rate of 2.0879% per annum maturing on March 24, 2027. The loan has repriced and currently has a six (6)-month floating rate of 5.057245% per annum until its next repricing date in March 2023.

SBC ₱2.6 Billion Term Loan

On April 19, 2022, EDC secured a ₱2.6 billion loan at 5.7829% per annum maturing on April 19, 2032 with Security Bank Corporation, which partly refinanced the balance of the Fixed Rate Corporate Note (FXCN) facility which matured on the same date.

CTBC ₱1.5 Billion Term Loan

On June 8, 2022, EDC secured a ₱1.5 billion loan at 6.1869% per annum maturing on June 8, 2027 with CTBC Bank (Philippines) Corp.

BDO ₱2.0 Billion Term Loan

On September 5, 2022, EDC secured a ₱2.0 billion loan at a six (6)-month floating rate of 4.0% per annum until its next repricing date in March 2023, maturing on September 5, 2032 with BDO Unibank, Inc.

CBC ₱2.0 Billion Term Loan

On October 5, 2022, EDC secured a ₱2.0 billion loan at a six (6)-month floating rate of 4.8314% per annum until its next repricing date in April 2023, maturing on October 5, 2032 with China Banking Corporation.

EBWPC Loan

On October 17, 2014, EDC has signed a secured US\$315.0 million loan for Burgos Wind Project (Commercial Debt Facility US\$37.5 million, ECA Debt Facility US\$150 million, Commercial Debt Facility ₱5.6 billion). This is a financing facility for the construction of the 150 MW Burgos Wind Project (BWP) in Ilocos Norte. The facility, which consists of US dollar and Philippine peso tranches, will mature in 15 years. Portion of the proceeds received from the financing facility was used to settle the outstanding bridge loans in October 2014.

On June 15, 2015, EBWPC has fully drawn the US\$315.0 million financing agreement in ECA Debt Facility, USD Commercial Debt Facility, and Peso Commercial Debt Facility with various banks. As of December 31, 2022 and 2021, EBWPC has seven (7) interest rate swaps (IRS) with aggregate notional amount of US\$118.3 million and US\$118.3 million, respectively. This is to partially hedge the interest rate risks on its ECA and USD Commercial Debt Facility (Hedged Loan) that is benchmarked against six (6) months US LIBOR (see Note 31).

Under the agreement of the EBWPC's Project Financing, EBWPC entered into Mortgage Agreement with Philippine National Bank, the Onshore Collateral Agent. The Mortgage shall cover all of the assets of EBWPC whether such assets now exist or at any time hereafter come



into existence, or are now at any time hereafter acquired, and whether any such later acquisition is by way of addition thereto or substitution of any component part thereof, together with all the rights and interests therein.

Under the agreement of the EBWPC's Project Financing, EBWPC's debt service is guaranteed by the Parent Company.

₱8.5 Billion GCGI Term Loan

On March 6, 2015, GCGI completed the execution of separate loan agreement each with Asia United Bank Corporations, Bank of the Philippine Islands, BDO Unibank Inc., Development Bank of the Philippines, Land Bank of the Philippines, Rizal Commercial Banking Corporation, Robinsons Bank Corporation and Union Bank of the Philippines for the total amount of ₱8.5 billion at 5.25% per annum maturing on March 18, 2022. BDO Capital and Investment Corporation acted as sole arranger.

On March 18, 2022, GCGI fully paid the remaining balance of this term loan.

₱5.0 Billion BGI Term Loan

On September 9, 2015, BGI completed the execution of separate loan agreements with BDO Unibank, Inc, Bank of the Philippine Islands and Security Bank Corporation for the total amount of ₱5.0 billion with maturity period of 10 years.

The initial drawdown amounting to ₱2.5 billion was made on October 7, 2015 while the remaining ₱2.5 billion was drawn on December 7, 2015.

BDO Capital and Investment Corporation acted as a structuring supervisor and sole bookrunner.

As part of the agreement, BGI has provided a DSRA for the principal and interest payment of the loan amounting to ₱193.7 million as of December 31, 2019.

On July 3, 2020, BGI entered into a surety agreement with Parent Company and the lenders whereby Parent Company, as a surety, guarantees the funding of the DSRA in accordance with the loan agreement for the benefit of BGI, in lieu of the cash deposit standing in DSRA.

On October 7, 2022, BGI fully prepaid its remaining term loan balance of ₱0.70 billion at no prepayment premiums and/or penalties on the loan's seventh-year anniversary.

Unused Credit Facilities

As of December 31, 2022 and 2021, the Company has ₱6,633.0 million and ₱8,025.4 million, respectively, of unused credit facilities from various local banks, which may be availed of for future operating activities.

Loan Covenants

The loans of the Parent Company and its subsidiaries are subject to certain financial covenants. The Parent Company is only required to maintain a certain level of debt to equity ratio in its 2013 peso bonds while EBWPC is obliged to meet an acceptable level of debt to equity ratio and debt service coverage ratio. Under the various loan agreements, the Parent Company and EBWPC are also subject to debt incurrence ratios and equity distribution restriction ratio, depending on the counterparty, in each case subject to certain exceptions and conditions.

As of December 31, 2022 and 2021, the Parent Company and EBWPC are in compliance with the loan covenants of all their respective outstanding debts. As of December 31, 2021, GCGI and BGI are in compliance with the loan covenants of their respective debts but the loan covenants are



no longer applicable as of December 31, 2022 since the loans under both entities have been fully paid.

18. Provisions and Other Long-term Liabilities

	2022	2021
Provision for rehabilitation and restoration costs (Notes 3, 12 and 14)	₱1,422,136,054	₱1,480,656,412
Provision for sick leave and vacation leave	307,724,752	311,338,584
Others (Notes 3, 25 and 32)	1,297,939,521	798,836,835
	₱3,027,800,327	₱2,590,831,831

Provision for rehabilitation and restoration costs

This account includes the provision for rehabilitation and restoration costs of the Company which pertain to the present value of estimated costs of legal and constructive obligations required to restore all the existing sites upon termination of the cooperation period. The nature of these restoration activities includes dismantling and removing structures, rehabilitating wells, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas. The obligation generally arises when the asset is constructed or the ground or environment at the site is disturbed. When the liability is initially recognized, the present value of the estimated costs is capitalized as part of the carrying amount of the related FCRS and production wells under “Property, plant and equipment” and “Exploration and evaluation assets” accounts (see Notes 12 and 14).

The rollforward analysis of the provision for rehabilitation and restoration costs is presented below:

	2022	2021
Balances at beginning of year	₱1,480,656,412	₱1,584,832,119
Effect of revision of estimate (Notes 12 and 14)	(144,771,441)	(163,629,365)
Accretion of interest (Note 25)	86,251,083	59,453,658
Balances at end of year	₱1,422,136,054	₱1,480,656,412

Provision for sick leave and vacation leave

This account consists of provision for vacation and sick leave entitlement of active employees which can be monetized and converted into cash. The provision pertains to the unused vacation and sick leaves at the end of the calendar year up to the maximum allowed leave credits for provision. Vacation and sick leave credits exceeding the maximum allowed are forfeited.

The calculation of the provision for vacation and sick leave entitlement is actuarially determined using assumptions such as discount rate and salary rate increase. In determining the appropriate discount rate, the Company considers the interest rates on government bonds denominated in Peso and have terms to maturity approximating the terms of related liability.

Details of provision for vacation and sick leave as of and for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Balances at beginning of year	₱311,338,584	₱296,060,590
Expense (reversal of expense)	(3,613,832)	15,277,994
Balances at end of year	₱307,724,752	₱311,338,584



Others

Others include provision for pending assessments from various regulatory agencies and outstanding legal cases including the corresponding interest thereon. Such estimated costs were developed in consultation with in-house and external legal counsels and are based on the thorough analysis of the potential outcomes. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings.

As of December 31, 2022 and 2021, provision for pending assessments and outstanding legal cases amounted to ₱465.8 million and ₱458.0 million, respectively. Details of provision for pending assessments are as follows:

	2022	2021
Balances at beginning of year	₱457,994,012	₱583,375,518
Addition	–	11,187,305
Accretion of interest (Notes 3 and 25)	7,811,107	7,811,107
Reversals	–	(144,379,918)
Balances at end of year	₱465,805,119	₱457,994,012

Others also include proceeds received from the Joint Crediting Mechanism (JCM) Program of the Ministry of Environment of Japan (MOEJ) for the 29 MW Palayan Bayan Project amounting to ₱674.5 million and ₱157.7 million as of December 31, 2022 and 2021, respectively.

The JCM Program encourages projects to use low carbon technologies and infrastructure that contribute to sustainable development in developing countries such as the Philippines. Under the JCM Program, the Japanese Government provides subsidy or financial assistance in exchange for credits corresponding to the GHG emission reductions. This allows the Japanese Government to achieve its overall emissions reduction targets.

The MOEJ can demand repayment of the amount if certain conditions are not met.

Included also in others are deposits from contestable customers pursuant to the retail supply contracts entered into by GCGI and BGI and their customers amounting to (see Note 21).

19. Equity

On May 19, 2009, the BOD and the stockholders approved an increase in EDC's authorized capital stock from ₱15.1 billion comprising of 15.0 billion common shares with a par value of ₱1.00 per share or aggregate par value of ₱15.0 billion, and 7.5 billion preferred shares with a par value of ₱0.01 per share or aggregate par value of ₱75.0 million to ₱30.1 billion divided into 30.0 billion common shares with a par value of ₱1.00 per share or aggregate par value of ₱30.0 billion, and 15.0 billion preferred shares with a par value of ₱0.01 per share or aggregate par value of ₱150.0 million. The increase in authorized capital stock of the common shares was effected by way of a 25% stock dividend, to be taken from EDC's unrestricted retained earnings as of December 31, 2008.

On October 12, 2009, the Philippine SEC approved the increase in the EDC's authorized capital stock from ₱15.1 billion to ₱30.1 billion divided into 30 billion common shares with a par value of ₱1.00 per share and 15.0 billion preferred shares with a par value of ₱0.01 per share by way of common stock dividends (totaling 3.75 billion common shares with any fractional shares being subscribed by the EDC Retirement Fund and/or Trust for the EDC Executive/Employee Stock



Ownership Plan) and the subscription by the current preferred stockholders to 1.875 billion preferred shares, representing 25% of the increase in the preferred shares at par value. The stock dividends were distributed on November 23, 2009 to stockholders as of the record date of October 27, 2009.

On February 28, 2014, the BOD approved the reclassification of EDC's 3.0 billion common shares with a par value of ₱1.00 per share or aggregate par value of ₱3.0 billion out of the unissued authorized common stock to 300.0 million non-voting preferred shares with a par value of ₱10.00 per share or aggregate par value of ₱3.0 billion thereby creating a new class of preferred shares. On November 24, 2014, the Philippine SEC approved the above reclassification from the unissued authorized common shares of the Parent Company.

On August 3, 2017, EDC received notice from PREHC that PREHC filed a Tender Offer Report with the Philippine SEC in which it indicated that it will launch a voluntary tender offer to acquire up to a maximum of 8.9 billion common shares of EDC, representing approximately 31.7% of EDC's total outstanding voting shares, at a price of ₱7.25 per share. PREHC is indirectly held by a consortium of investors comprising funds managed by Macquarie Infrastructure Management (Asia) Pty Limited, Singapore Branch, a member of MIRA, and Arran Investment Pte Ltd, an affiliate of GIC Pte Ltd. Of Singapore.

The tender offer began on August 10, 2017 and ended on September 18, 2017.

The completion of the tender offer resulted to PREHC owning 31.7% of EDC's outstanding voting shares while Red Vulcan retains the controlling interest with 60.0% ownership of EDC's outstanding voting shares.

On August 7, 2018, the BOD of EDC approved the voluntary delisting (the Delisting) of its common shares from the Main Board of the PSE and, in accordance with the PSE's delisting rules and regulations, to conduct a tender offer (the Tender Offer) for up to 2,040,006,713 common shares held collectively by all shareholders of the Company other than Red Vulcan Holdings Corporation (Red Vulcan), First Gen Corporation (First Gen), Northern Terracotta Power Corp. (NTPC) and PREHC, at a price of ₱7.25 per common share (the Tender Offer Price).

On September 19, 2018, EDC filed a petition for the Delisting with the PSE.

The Tender Offer began on September 24, 2018 and ended on October 22, 2018.

Following the completion of the Tender Offer, a total of 2,009,107,731 common shares, representing approximately 10.72% of the EDC's outstanding voting shares were tendered pursuant to the Tender Offer, accepted and thereafter purchased by EDC via a block sale through the facilities of the PSE on November 5, 2018. The shares were purchased at the Tender Offer Price with a total transaction value of ₱14,566.0 million.

On November 14, 2018, the BOD of the PSE granted the voluntary delisting filed by EDC and accordingly ordered the delisting of the EDC's common shares from the official registry of the PSE (electronic board and ticker) effective on November 29, 2018.

On December 3, 2018, the BOD of EDC approved the issuance of additional 326,250,000 non-preemption common shares to PREHC out of its existing unissued capital stock at an issue price of ₱7.25 per common share.



As of December 31, 2022 and 2021, the outstanding voting preferred and common shares are 65.0% held by Filipino citizens, with Red Vulcan holding 16.9 billion shares, or an equivalent of 44.0% economic interest.

The ownership of the Parent Company's preferred shares is limited to Filipino citizens. The voting issued and outstanding preferred shares are entitled to eight percent (8%) cumulative dividends. On April 5, 2019 and May 9, 2019, the BOD and the stockholders, respectively, approved the amendment to the Seventh Article of the Articles of Incorporation of the Parent Company, to increase the dividends of the voting preferred shares by adding a fixed annual dividends at the rate as may be determined and revised from time to time by the BOD, in addition to the current dividend rate of eight percent (8%) of the par value of the voting preferred shares.

The Amended Articles of Incorporation of the Parent Company was approved by the Philippine SEC on October 17, 2019. Red Vulcan holds the entire 9.4 billion outstanding voting preferred shares equivalent to 35.5% voting interest in EDC as of December 31, 2022 and 2021.

The combined interest of Red Vulcan entitles it to 63.9% voting interest and 44.0% economic interest in EDC as of December 31, 2022 and 2021.

The number of stockholders of the Parent Company as of December 31, 2022 and 2021 follows:

	2022	2021
Voting preferred shares	1	1
Common shares	993	987

Details of the number of non-voting preferred shares, voting preferred shares and common shares as of December 31, 2022, 2021 and 2020 are as follows:

	2022	2021	2020
Non-voting preferred shares - ₱10.00 par value per share			
Authorized	300,000,000	300,000,000	300,000,000
Issued and outstanding	—	—	—
Voting preferred shares - ₱0.01 par value per share			
Authorized	15,000,000,000	15,000,000,000	15,000,000,000
Issued and outstanding	9,375,000,000	9,375,000,000	9,375,000,000
Common shares - ₱1.00 per share par value			
Authorized	27,000,000,000	27,000,000,000	27,000,000,000
Issued	19,076,250,000	19,076,250,000	19,076,250,000
Outstanding (net of 2.0 billion Treasury Stock as at December 31, 2022, 2021 and 2020)	17,041,572,772	17,041,807,372	17,048,667,471

As of December 31, 2022 and 2021, the Parent Company's preferred stock consists of the following:

- The voting preferred shares have voting rights, entitled to cumulative dividend rate of eight percent (8.0%) per annum, and redeemable at par in the event that restrictions on foreign share ownership are lifted. On October 17, 2019, the Philippine SEC approved the



amendment in the Parent Company's Articles of Incorporation to increase the dividends of the voting preferred shares by adding a fixed annual dividends at the rate as may be determined and revised from time to time by the BOD, in addition to the current dividend rate of eight percent (8.0%) of the par value of the voting preferred shares.

- The non-voting preferred shares have non-voting rights, entitled to cumulative dividend at a rate to be determined by the BOD at the time of issuance, and redeemable at the option of the Parent Company.

Preferred shares, regardless if voting or non-voting, are non-participating and non-convertible to common shares.

Treasury Stock

On August 7, 2018, the BOD, as part of the Company's plan to voluntary delist, approved the buyback of up to 2.04 billion common shares held collectively by all shareholders of the Company other than Red Vulcan, First Gen, NTPC and PREHC at a price of ₱7.25 per common share.

As of December 31, 2022 and 2021, the details of the shares acquired are as follows:

Date of Acquisition	Number of Shares	Average price per share	Total Amount
March 11, 2022	234,600	₱7.2588	₱1,702,920
November 26, 2021	497,670	7.2500	3,608,107
July 26, 2021	6,265,779	7.2500	45,426,900
March 19, 2021	55,250	7.2500	400,562
January 19, 2021	41,400	7.2500	300,150
November 18, 2020	9,750	7.2500	70,688
September 17, 2020	1,105,726	7.2500	8,016,512
June 25, 2020	1,049,967	7.2500	7,612,261
June 23, 2020	1,368,075	7.2500	9,918,544
March 3, 2020	699,978	7.2500	5,074,840
February 26, 2020	241,425	7.2500	1,750,331
February 18, 2020	41,000	7.2500	297,250
October 16, 2019	680,000	7.2500	4,930,000
September 25, 2019	31,875	7.2500	231,094
June 6, 2019	111,670	7.2500	809,607
April 21, 2019	19,707	7.2500	142,876
April 11, 2019	5,625	7.2500	40,781
February 22, 2019	120,000	7.2500	870,000
November 5, 2018	2,009,107,731	7.2500	14,566,031,050
May 3, 2016	1,000,000	5.6350	5,650,299
May 2, 2016	390,000	5.6623	2,214,701
April 8, 2016	2,000,000	5.6370	11,303,312
January 11, 2016	900,000	5.5475	5,005,731
January 8, 2016	3,700,000	5.6394	20,921,074
December 14, 2015	2,000,000	5.5813	11,190,764
December 11, 2015	3,000,000	5.7267	17,225,627
Total	2,034,677,228		₱14,730,745,981



Cumulative Translation Adjustments

The details of cumulative translation adjustments as of December 31, 2022 and 2021 are as follows:

	2022	2021
Foreign exchange adjustments	₱1,261,065,917	₱292,332,879
EBWPC's change in functional currency	417,367,032	417,367,032
Balances at end of year	₱1,678,432,949	₱709,699,911

The movements in the "Foreign exchange adjustments" account in 2022 and 2021 are as follows:

	2022	2021
Balances at beginning of year	₱292,332,879	(₱38,170,779)
Foreign exchange adjustments	968,733,038	330,503,658
Balances at end of year	₱1,261,065,917	₱292,332,879

In 2016, EBWPC changed its functional currency to US Dollar. In accordance with PAS 21, such change in functional currency was accounted for prospectively. Balances as of January 1, 2016 were translated using the exchange rate at the date of change and the resulting translated amounts for nonmonetary items are treated as their historical cost. The change in functional currency resulted in an exchange difference amounting to ₱417.4 million which was presented as part of the "Cumulative translation adjustments" in the consolidated statements of financial position.

Equity Reserve

On October 16, 2008, EDC, First Gen and FG Hydro entered into a Share Purchase and Investment Agreement (SPIA), whereby EDC shall own 60 % of the outstanding equity of FG Hydro, which was then a wholly owned subsidiary of First Gen prior to the SPIA. FG Hydro and EDC were subsidiaries of First Gen at that time and were, therefore, under common control of First Gen. The acquisition was accounted for similar to a pooling-of-interests method since First Gen controlled FG Hydro and EDC before and after the execution of the SPIA. EDC recognized equity reserve amounting to ₱3,706.4 million pertaining to the difference between the acquisition cost and EDC's proportionate share in the paid-in capital of FG Hydro.

Retained Earnings

Dividends

Following are the dividends declared by the Parent Company:

Declaration date	Record date	Payment date	Shareholders	Description	Dividend per share	Total amount
2022:						
May 19, 2022	May 31, 2022	June 30, 2022	Common	Regular	₱0.1467	₱2,500,000,000
			Preferred	Regular	0.0313	293,500,000
November 24, 2022	December 5, 2022	December 29, 2022	Common	Special	0.1467	2,500,000,000
						₱5,293,500,000

Declaration date	Record date	Payment date	Shareholders	Description	Dividend per share	Total amount
2021:						
May 11, 2021	May 31, 2021	June 30, 2021	Common	Regular	₱0.1467	₱2,500,000,000
			Preferred	Regular	0.0313	293,500,000
November 18, 2021	December 1, 2021	December 29, 2021	Common	Special	0.1467	2,499,046,786
						₱5,292,546,786



Declaration date	Record date	Payment date	Shareholders	Description	Dividend per share	Total amount
2020:						
May 29, 2020	June 15, 2020	July 10, 2020	Common	Regular	₱0.1173	₱2,000,000,000
			Preferred	Regular	0.0313	293,500,000
November 18, 2020	December 18, 2020	January 27, 2021	Common	Special	0.2933	5,000,000,000
						₱7,293,500,000

The retained earnings balance is restricted to the extent of: (a) acquisition price of the treasury stocks amounting to ₱14,730.7 million and ₱14,729.0 million as of December 31, 2022 and 2021, respectively; and (b) the undistributed net earnings of subsidiaries amounting to ₱3,480.5 million and ₱10,987.2 million as of December 31, 2022 and 2021, respectively. Undistributed earnings of the subsidiaries are not available for dividend distribution until such time that the Parent Company receives the dividends from these subsidiaries.

Appropriation of Retained Earnings

On December 31, 2018, the BOD of the Company approved a resolution to appropriate ₱20.0 billion out of the Company's unrestricted retained earnings for its planned loan principal payment for loans maturing in 2020 to 2022. On December 31, 2020 and 2019, the BOD of the Company approved a resolution to appropriate additional ₱2.4 billion and ₱6.7 billion, respectively, out of the Company's unrestricted retained earnings for the same purpose.

On March 31, June 30, and December 31, 2021, the Company made a reversal of prior years' appropriation of retained earnings for payment of long-term debts totaling to ₱9.5 billion. On December 31, 2022, the Company made a reversal of prior years' appropriation of retained earnings for payment of long-term debts amounting to ₱6.6 billion.

On November 24, 2022, the BOD of the Parent Company approved a resolution to appropriate up to ₱40.0 billion of which ₱30.0 billion was appropriated out of the Company's unrestricted retained earnings for its capital expenditure requirements and planned loan principal payment for loans maturing in 2023 to 2032.

NCI

The non-controlling interests in the consolidated financial statements represent mainly the ownership by First Gen of 100% of preferred shares and 40% of common shares of FG Hydro.

No dividends were declared by FG Hydro in 2022, 2021 and 2020.

Following are the summarized financial information of FG Hydro as at December 31, 2022 and 2021 and for each of the three (3) years in the period ended December 31, 2022:

Statements of financial position

	2022	2021
	<i>(In Thousand Pesos)</i>	
Current assets	₱2,736,521	₱2,616,387
Noncurrent assets	3,203,164	3,387,876
Total Assets	₱5,939,685	₱6,004,263



	2022	2021
	<i>(In Thousand Pesos)</i>	
Current liabilities	₱164,243	₱622,935
Noncurrent liabilities	54,045	63,708
Total Liabilities	218,288	686,643
Total Equity	5,721,397	5,317,620
Total Liabilities and Equity	₱5,939,685	₱6,004,263

Statements of comprehensive income

	2022	2021	2020
	<i>(In Thousand Pesos)</i>		
Revenue	₱4,061,354	₱4,937,154	₱2,068,366
Cost and operating expenses	(3,674,467)	(4,639,526)	(1,629,900)
Other charges	(13,128)	6,711	(286,901)
Income before income tax	373,759	304,339	151,565
Provision for income tax	(18,968)	(33,789)	(38,812)
Net income	354,791	270,550	112,753
Other comprehensive income	8,266	8,682	(1,101)
Total comprehensive income	₱363,057	₱279,232	₱111,652

Statements of cash flows

	2022	2021	2020
	<i>(In Thousand Pesos)</i>		
Net cash flows from operating activities	₱627,794	₱611,417	₱594,106
Net cash flows from (used in) investing activities	234,917	301,836	(578,362)
Net cash flows used in financing activities	—	—	—
Net increase in cash and cash equivalents	₱862,711	₱913,253	₱15,744

20. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

Following are the amounts of transactions and outstanding balances as of and for the years ended December 31, 2022, 2021 and 2020 with entities under common control:

Related Party	Nature of Transaction	Terms	Transactions for the years ended December 31			Outstanding Balances as of December 31	
			2022	2021	2020	2022	2021
Due to related parties							
Entities under common Control							
First Gen	Interest-free advances	Unsecured and will be settled in cash	₱22,245,966	₱11,346,194	₱4,945,724	₱2,018,799	₱3,170,129
FGP Corp	- do -	- do -	—	—	90,000	30,000	—
			₱22,245,966	₱11,346,194	₱5,035,724	2,048,799	₱3,170,129



Related Party	Nature of Transaction	Terms	Transactions for the years ended December 31			Outstanding Balances as of December 31	
			2022	2021	2020	2022	2021
Dividends payable (Note 16)							
<i>Affiliate</i>							
Philippine Renewable Energy Holdings Corp.	Dividend	Unsecured and will be settled in cash	₱2,706,983,074	₱2,706,408,864	₱3,787,974,931	₱—	₱—
<i>Entities under common Control</i>							
Red Vulcan	- do -	- do -	2,494,001,122	2,493,534,348	3,372,737,238	—	—
First Gen	- do -	- do -	43,690,380	43,681,113	61,137,458	—	—
			₱5,244,674,576	₱5,243,624,325	₱7,221,849,627	₱—	₱—
Due from related parties							
<i>Entities under common Control</i>							
First GES	Other services	Unsecured and will be settled in cash	₱14,485,644	₱7,430,000	₱—	₱27,692,440	₱13,206,797
Thermaprime	Interest-free advances	- do -	—	—	3,928,682	1,941,251	1,941,251
First Gen	Other services	- do -	—	1,203,737	—	1,203,737	1,203,737
			₱14,485,644	₱8,633,737	₱3,928,682	₱30,837,428	₱16,351,785
Trade and other receivables (Note 7)							
<i>Entities under common Control</i>							
First GES	Sale of electricity	Unsecured and will be settled in cash	₱440,733,477	₱595,261,171	₱594,261,769	₱83,668,973	₱30,690,998
Rockwell Land Corporation	- do -	- do -	222,442,229	145,977,520	162,188,311	28,708,021	23,693,892
PI Energy Inc.	- do -	- do -	102,399,547	8,101,988	—	13,320,326	8,726,494
			₱765,575,253	₱749,340,679	₱756,450,080	₱125,697,320	₱63,111,384

Related Party	Nature of Transaction	Terms	Transactions for the years ended December 31			Outstanding balances as of December 31	
			2022	2021	2022	2021	
Trade and other payables (Note 16)							
Entities under common Control							
First Balfour Inc.	Civil works and other services	Unsecured and will be settled in cash	₱2,800,229,395	₱2,669,893,392	₱1,424,890,693	₱1,560,689,311	₱1,168,806,086
Thermaprime	Drilling and other related services	- do -	1,839,532,425	1,645,681,485	1,197,191,635	276,102,769	514,823,062
First GES	Purchase of services and utilities	-do -	129,166,264	64,879,202	70,781,872	48,486,461	5,500,319
Powerlink Security & Investigative Services, Inc.	- do -	- do -	80,635,862	107,291,056	91,565,147	38,723,404	52,064,139
TG Services Inc	- do -	- do -	108,920,266	104,012,540	62,658,046	28,415,737	33,056,992
InfoPro Business Solutions, Inc	- do -	- do -	150,690,010	133,031,534	97,085,613	26,370,300	21,798,293
Silverlink Security & Investigative Services, Inc.	- do -	- do -	115,891,562	111,587,283	118,931,050	26,149,836	26,079,335
PI Energy Inc.	- do -	- do -	48,187,105	24,292,603	—	1,544,706	270,000
Skycable	- do -	- do -	2,796,294	3,331,768	—	1,432,256	1,936,369
First Philippine Realty Corporation	- do -	- do -	1,245,308	544,279	1,717,355	689,677	170,248
Goldlink Security & Investigative Services, Inc.	- do -	- do -	683,193	846,315	594,521	532,231	188,963
First Philippine Industrial Corporation	- do -	- do -	—	—	—	496,931	465,446
First Philec Manufacturing Technologies Corp	- do -	- do -	—	—	—	328,720	2,077,482
First Philec Inc.	- do -	- do -	—	210,555	—	147,445	358,000
Securities Transfer Services, Inc.	- do -	- do -	—	—	—	6,120	30,600

(Forward)



Related Party	Nature of Transaction	Terms	Transactions for the years ended December 31		Outstanding balances as of December 31		
			2022	2021	2022	2021	
Trade and other payables (Note 16)							
Entities under common Control							
ABS-CBN Publishing, Inc.	Purchase of services and utilities	Unsecured and will be settled in cash	P–	P–	P–	P3,600	P3,600
Adtel	- do -	- do -	995,454	891,325	259,216	–	–
ABS-CBN Corporation	- do -	- do -	–	–	130,621	–	–
First Gen	Consultancy fee	- do -	92,891,765	46,445,882	57,058,824	–	–
Other related party							
PREHC Directors	Directors’ Fee	- do -	2,074,818	25,159,663	–	–	–
			P5,373,939,721	P4,938,098,882	P3,122,864,593	P2,010,119,504	P1,827,628,934
Lease Liability (Note 31)							
Entities under common control							
Rockwell Land Corporation	Lease	Unsecured and will be settled in cash	P120,649,575	P–	P44,747,049	P291,975,289	P200,909,495
Miscellaneous Income							
Entities under common control							
First Gen	Dividend	Unsecured and will be settled in cash	P–	P3,688,860	P6,885,872	P–	P–

The amounts outstanding are unsecured and will be settled in cash. The Company did not recognize any impairment losses on receivables from related parties in 2022, 2021 and 2020. Entities under common control consists of subsidiaries (direct or indirect) of Lopez, Inc., the Company's ultimate parent.

i. First Gen

Consultancy agreement

First Gen provides financial consultancy, business development and other related services to the Parent Company under a consultancy agreement.

In 2017, the consultancy agreement was extended until December 31, 2020. In 2021, this was again extended for another two (2) years until December 31, 2022. In 2023, this was again extended for one (1) year until December 31, 2023.

The total consultancy services amounted to P92.9 million, P46.4 million and P57.1 million in 2022, 2021 and 2020, respectively and were included in the "Purchased services and utilities" under "General and administrative expenses" account (see Note 23).

Equity securities

EDC owns First Gen shares that were recognized in the consolidated statements of financial position as financial assets at FVOCI which were sold in 2021 (see Note 9).

Dividend income earned from the investment in First Gen shares amounted to nil, P3.7 million and P6.9 million in 2022, 2021 and 2020, respectively (see Note 9).

ii. First Balfour, Inc. (First Balfour)

Following the regular bidding process, the Company awarded to First Balfour procurement contracts for various works such as civil, structural and mechanical/piping works in the Company's geothermal, wind and solar power plants.



As of December 31, 2022 and 2021, the outstanding balance amounted to ₱1,560.7 million and ₱1,168.8 million, respectively, recorded under “Trade and other payables” account in the consolidated statements of financial position (see Note 16).

iii. Thermaprime

Thermaprime Well Services, Inc. (Thermaprime) is a subsidiary of First Balfour, a wholly owned subsidiary of First Holdings. Thermaprime provides drilling services such as, but not limited to, rig operations, rig maintenance, well design and engineering. Thermaprime provides drilling services and drilling rig preservation services to EDC.

As of December 31, 2022 and 2021, the outstanding balance payable to Thermaprime amounted to ₱276.1 million and ₱514.8 million, respectively, recorded under “Trade and other payables” account in the consolidated statements of financial position (see Note 16).

iv. Rockwell Land Corporation

In 2019, the Parent Company entered into an agreement with Rockwell Land Corporation (Rockwell) for the lease of an office space in Rockwell Business Center.

As of December 31, 2022 and 2021, the outstanding lease liability related to Rockwell amounted to ₱292.0 million and ₱201.0 million, respectively.

Intercompany Guarantees

The Parent Company issued a credit line amounting to US\$80.0 million in favor of its subsidiary, EDC Chile Limitada, as evidence of the Parent Company’s financial support for EDC Chile Limitada’s participation in the bids for geothermal concession areas by the Chilean Government.

Also, the Parent Company issued letters of credit in favor of its subsidiaries in Peru, namely, EDC Peru S.A.C. and EDC Energia Verde Peru S.A.C. at US\$0.27 million each as evidence of the Parent Company’s financial support for the geothermal authorizations related to the exploration drilling activities of the said entities.

On January 22, 2020 and July 3, 2020, the Parent Company entered into a surety agreement with GCGI and BGI, respectively, and the lenders whereby the Parent Company, as a surety, guarantees the funding of the DSRA in accordance with the loan agreement for the benefit of GCGI and BGI, in lieu of the cash deposit standing in DSRA.

Remuneration of Key Management Personnel

The remuneration of the directors and other members of key management personnel by benefit type are as follows:

	2022	2021	2020
Short-term employee benefits	₱331,142,425	₱240,152,467	₱239,641,530
Post-employment benefits			
(Note 28)	14,498,523	14,746,390	10,480,676
	₱345,640,948	₱254,898,857	₱250,122,206



21. Revenue from Sale of Electricity

Revenue from contracts with customers

a. Power purchase agreements (PPAs)

Unified Leyte

The PPA provides, among others, that NPC shall pay the Parent Company a base price per kilowatt-hour of electricity delivered, subject to inflation adjustments. The PPA stipulates a contracted annual energy of 1,370 GWH for Leyte-Cebu (Leyte A) and 3,000 GWH for Leyte-Luzon (Leyte B) throughout the term of the PPA. It also stipulates that the Parent Company shall specify the nominated energy for every contract year. The contract is for a period of 25 years, which commenced in July 1996. The Leyte A PPA expired in July 2021 while the Leyte B PPA is expired in July 2022.

After the expiration of the Unified Leyte PPA, the Parent Company entered into various PSAs with distribution utilities, contestable customers, electric cooperatives with contract periods ranging from eight (8) months to 10 years as of December 31, 2022. Generated electricity in excess of contracted levels is sold to the WESM.

Mindanao I

The PPA provides, among others, that NPC shall pay the Parent Company a base price per kilowatt-hour of electricity delivered, subject to inflation adjustments. The PPA stipulates a minimum offtake energy of 330 GWH for the first year and 390 GWH per year for the succeeding years. The contract is for a period of 25 years, which commenced in February 1997 and expired in February 2022.

After the expiration of the Mindanao I PPA, the Parent Company has entered into short-term power supply agreements (as back up generator) and is currently joining various competitive selection processes (CSPs) to secure offtake agreements.

Mindanao II

The PPA provides, among others, that NPC shall pay the Parent Company a base price per kilowatt-hour of electricity delivered, subject to inflation adjustments. The PPA stipulates a minimum energy offtake of 398 GWH per year. The contract is for a period of 25 years, which commenced in June 1999 and will expire in June 2024.

b. Power supply agreements (PSAs)

EDC, GCGI, BGI and FG Hydro entered into various PSAs with private distribution utilities, electric cooperatives, retail electricity supplier and industrial customers with contract periods ranging from one (1) year to 26 years and one (1) year and 11 months to 26 years as of December 31, 2022 and 2021. The remaining periods of these contracts as of December 31, 2022 and 2021, ranges from three (3) months to 18 years and one (1) year to 19 years, respectively. Under these contracts, the aforementioned entities shall generate and deliver to its bilateral customers the contracted energy on a monthly basis, and are paid based on price per kilowatt-hour of electricity delivered, subject to certain adjustments such as foreign exchange and inflation.



c. Spot market sales

Electricity in excess of contracted capacity are sold to the spot market at spot market rate.

d. Feed-in-tariff (FIT)

EDC and EBWPC were issued a FIT COC by the ERC which entitles them to an applicable FIT rate, as prescribed by the ERC. EDC and EBWPC also signed agreements with National Transmission Corporation (TransCo), the FIT administrator. These agreements enumerate the rights and obligations under the FIT rules and FIT-All guidelines, in respect to the full payment of the actual energy generation of the generator, at a price equivalent to the applicable FIT rate, subject to adjustments as may be approved by the ERC, for the entire duration of its FIT eligibility period.

e. Retail supply contracts

BGI has entered into various retail supply contracts with contestable customers with contract periods ranging from one (1) month to five (5) years; and one (1) month to two (2) years as of December 31, 2022 and 2021, respectively. The remaining periods of these contracts as at December 31, 2022 and 2021 ranges from two (2) months to four (4) years and 11 months and two (2) months to two (2) years, respectively.

Under the RSCs, BGI and GCGI charge the customer both the basic energy and pass-through charges, as may be applicable.

f. GEOP supply contracts

BGI and GCGI have entered into various GEOP supply contracts with contestable customers with contract periods ranging from 11 months to two (2) years as of December 31, 2022. The remaining periods of these contracts ranges from three (3) months to two (2) years as of December 31, 2022.

g. Ancillary services procurement agreements (ASPAs)

EDC, GCGI and FG Hydro each have entered into ASPAs with NGCP which is effective for a period of five (5) years, commencing upon approval of the ERC. The ASPAs of EDC and GCGI already expired last September 2022, while the ASPA of FG Hydro is scheduled to expire in March 2023.



22. Costs of Sale of Electricity

	2022	2021	2020
Purchased services and utilities (Note 20)	₱12,816,806,572	₱11,496,484,700	₱5,005,740,549
Depreciation and amortization (Notes 12 and 13)	6,482,788,430	6,189,956,020	6,029,979,784
Rental, insurance, and taxes (Note 32)	2,200,658,737	2,242,272,974	2,102,864,148
Personnel costs (Notes 24 and 28)	1,746,051,396	1,617,868,526	1,521,265,387
Repairs and maintenance	1,738,758,802	1,613,191,955	1,359,130,701
Parts and supplies issued (Note 10)	1,165,835,154	1,100,895,604	1,047,926,909
Government share (Notes 16 and 33)	360,139,366	273,193,131	277,014,235
Business and related expenses	76,461,106	110,292,311	74,407,343
	₱26,587,499,563	₱24,644,155,221	₱17,418,329,056

Purchased services and utilities includes cost of electricity purchased from the spot market, professional and technical services, hauling and handling costs, rig mobilization charges, contractual personnel costs, and other services and utilities expense.

23. General and Administrative Expenses

	2022	2021	2020
Purchased services and utilities (Note 20)	₱2,445,582,091	₱2,289,833,700	₱1,804,253,992
Personnel costs (Notes 24 and 28)	1,784,566,572	1,657,506,686	1,574,581,661
Provisions for impairment of trade and other receivables, prepaid taxes, and others (Notes 3, 7, 15 and 16)	688,464,769	277,104,307	253,265,909
Rental, insurance, and taxes (Note 32)	472,504,374	229,859,771	438,601,894
Business and related expenses	408,139,394	434,921,453	525,490,037
Depreciation and amortization (Notes 12 and 13)	324,308,542	415,159,738	517,284,963
Parts and supplies issued (Note 10)	186,427,229	211,126,431	165,351,167
Repairs and maintenance	71,862,857	91,238,906	62,549,968
Provision for impairment of parts and supplies inventories (Notes 3, 5 and 10)	20,721,752	69,281,245	79,960,616
	₱6,402,577,580	₱5,676,032,237	₱5,421,340,207

Business and related expenses consists of expenses incurred by the Company for local and foreign travel, company meeting expenses and advertising, and among other business expenses.



24. Personnel Costs

	2022	2021	2020
Salaries and other benefits	₱3,207,471,449	₱2,946,913,916	₱2,799,524,212
Net retirement and other post-employment benefit expense (Note 28)	282,626,512	287,752,940	266,226,303
Social security costs	40,520,007	40,708,356	30,096,533
	₱3,530,617,968	₱3,275,375,212	₱3,095,847,048
Costs of sale of electricity (Note 22)	₱1,746,051,396	₱1,617,868,526	₱1,521,265,387
General and administrative expenses (Note 23)	1,784,566,572	1,657,506,686	1,574,581,661
	₱3,530,617,968	₱3,275,375,212	₱3,095,847,048

25. Interest Income and Interest Expense

Interest income consists of the following:

	2022	2021	2020
Interest income on cash and cash equivalents, debt service reserve account and other short-term investments (Notes 6, 11 and 31)	₱200,610,594	₱93,685,925	₱240,115,605
Others	57,520,592	49,965,394	6,172,530
	₱258,131,186	₱143,651,319	₱246,288,135

Others include interest income from FIT rate adjustments (see Note 37), financial assets at FVOCI, and interest income on late payments of Transco.

Interest expense consists of the following:

	2022	2021	2020
Interest on long-term debts including amortization of transaction costs (Notes 17 and 31)	₱2,761,753,861	₱2,864,905,052	₱3,543,355,506
Interest accretion on provision for rehabilitation and restoration costs (Notes 3, 12 and 18)	86,251,083	59,453,658	54,206,905
Interest on lease liability (Note 32)	16,758,684	14,004,741	17,373,171
Interest on liability from litigation (Notes 3 and 18)	7,811,107	7,811,107	7,811,107
	₱2,872,574,735	₱2,946,174,558	₱3,622,746,689

Interest on liability from litigation is related to land expropriation (see Notes 3 and 18).



26. Foreign Exchange Gains (Losses)

	2022	2021	2020
Realized foreign exchange gains (losses) - net	₱64,384,757	₱69,062,663	(₱142,541,631)
Unrealized foreign exchange gains (losses) - net	(108,245,605)	40,383,130	382,920,084
Net foreign exchange gains (losses)	(₱43,860,848)	₱109,445,793	₱240,378,453

This account pertains mainly to foreign exchange adjustments realized on repayment of loans and unrealized on restatement of outstanding balances of foreign currency-denominated long-term debt and trade payables, and cash and cash equivalents. The detailed information with respect to the closing foreign exchange rates used in the translation of monetary assets and liabilities of the Company as of December 31, 2022 and 2021 is presented in Note 31 to the consolidated financial statements.

27. Miscellaneous Income (Charges) - net

	2022	2021	2020
Derivative losses - net (Note 31)	(₱242,246,733)	₱—	(₱90,379,946)
Income from insurance claims (Note 32)	194,919,990	1,050,364,080	1,830,683,777
Realized income from redemption of financial assets at fair value through profit or loss (Note 8)	31,259,850	2,794,617	130,361
Loss on direct write-off of input VAT claims (Notes 3 and 15)	(10,560,486)	(77,519,398)	(36,292,033)
Mark-to-market gain (loss) on financial assets at FVPL (Note 8)	(7,689,361)	210,162	9,069,461
Gain (loss) on disposal and retirement of property, plant and equipment - net (Notes 12 and 20)	5,165,656	5,460,423	(1,985,806)
Provision for impairment of goodwill (Notes 3, 13 and 14)	—	—	(54,165,823)
Others - net (Notes 3, 8 and 15)	(97,206,983)	(71,577,030)	(466,388)
	(₱126,358,067)	₱909,732,854	₱1,656,593,603

Others include market charges, share in net loss from joint venture and various bank and loan related charges.



28. Retirement and Other Post-employment Benefits Plan

The Parent Company, GCGI and BGI have a funded, non-contributory, defined benefit retirement plan, while FG Hydro has unfunded, non-contributory defined benefit retirement plan. The Company also provides post-employment medical and life insurance benefits which are unfunded. The plan covers all permanent employees and is administered by trustee banks.

Generally, upon fulfillment of certain employment conditions, the retirement benefits are payable in lump sum upon retirement, which is determined on the basis of the retiree's final salary and computed at certain percentage of final monthly salary base pay for every year of service.

Under the existing regulatory framework, Republic Act 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The following tables summarize the components of net benefit expense recognized in the profit or loss and the funded status and amounts recognized in the consolidated statements of financial position:

	2022	2021	2020
Current service cost	₱193,378,698	₱206,070,782	₱191,781,212
Net interest	89,247,814	70,483,248	74,445,091
Past service cost	—	11,198,910	—
Retirement and other post-employment benefit expense (Note 24)	₱282,626,512	₱287,752,940	₱266,226,303

	2022	2021
Present value of defined benefits obligation	₱3,596,634,261	₱3,663,905,043
Fair value of plan assets	(1,836,914,432)	(1,818,888,205)
Net retirement and other post-employment benefits liability	₱1,759,719,829	₱1,845,016,838

Changes in the present value of the defined benefit obligation are as follows:

	2022	2021
Defined benefits obligation at beginning of year	₱3,663,905,043	₱3,659,802,272
Current service cost	193,378,698	206,070,782
Interest cost on benefits obligation	177,264,841	127,058,335
Benefits paid	(161,912,971)	(110,232,105)
Past service cost	—	11,198,910
Benefits paid directly by the Company	—	(3,214,578)
Remeasurements arising from:		
Changes in financial assumptions	(327,915,247)	(463,381,999)
Deviations of experience from assumptions	51,129,706	236,187,985
Foreign exchange adjustments	784,191	415,441
Defined benefits obligation at end of year	₱3,596,634,261	₱3,663,905,043



Changes in the fair value of plan assets are as follows:

	2022	2021
Fair value of plan assets at beginning of year	₱1,818,888,205	₱1,635,562,460
Interest income	88,017,027	56,575,087
Contributions to the plan	185,731,820	217,675,680
Benefits paid	(159,906,547)	(110,232,105)
Return on plan assets, excluding interest income	(95,816,073)	19,307,083
Fair value of plan assets at end of year	₱1,836,914,432	₱1,818,888,205
Actual return on plan assets	(₱7,263,815)	₱75,882,170

The retirement funds of EDC, GCGI and BGI are maintained by BDO Trust. This trustee bank is also responsible for investment of the plan assets. The investing decisions of the Plan are made by the respective retirement committees of the said companies.

Management reviews the performance of the defined benefit retirement plan on a regular basis. The overall investment policy and strategy of the Company's retirement benefit plan is guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay retirement benefits as they fall due while also mitigating the various risk of the Plan. The Company's current investment strategy is suited for an investor with a conservative investment risk profile.

The fair value of plan assets by each class at end of the reporting period follows:

	2022	2021
Investments quoted in active market		
Quoted equity investments (by industry)		
Holding firms	₱159,206,521	₱163,407,268
Property	135,525,645	153,269,018
Financials - banks	105,689,248	113,102,215
Industrial - electricity, energy, power and water	48,174,915	57,474,035
Transportation services	42,316,000	39,216,000
Services - telecommunications	33,707,475	40,105,600
Industrial - food, beverage, and tobacco	26,016,800	31,389,560
Retail	10,041,922	26,568,550
Golf and country club	17,983,333	9,258,333
	578,661,859	633,790,579
Quoted debt instruments		
Government securities	829,048,962	739,108,381
Corporate bonds	122,473,675	150,452,213
	951,522,637	889,560,594
Unquoted investments		
Cash and cash equivalents	291,863,547	268,877,470
Receivables and other assets	14,866,389	26,659,562
	306,729,936	295,537,032
Fair value of plan assets	₱1,836,914,432	₱1,818,888,205



- Quoted equity investments pertain to listed shares in PSE. The classification by industry of quoted shares presented above is based on sector classification published by the PSE. Investment in quoted equity investments include investments in the following securities as of December 31, 2022 and 2021:

Issuer	Relationship	2022	2021
	Under common		
First Gen Corp.	control	P—	₱20,600,000

The carrying amounts of investments in equity securities also approximate their fair values since they are marked-to-market.

Unrealized losses arising from investments in Lopez Holdings Corp. and First Gen Corp. in 2022, 2021 and 2020 amounted to as follows:

	2022	2021	2020
Lopez Holdings Corp.	P—	P—	(₱16,782,803)
First Gen Corp.	—	(1,780,000)	(220,000)
	P—	(₱1,780,000)	(₱17,002,803)

The voting rights over these equity securities are exercised by the trustee banks.

- Investments in corporate bonds consist of both short-term and long-term corporate notes and bonds, which bear interest ranging from 3.00% to 6.36% and have maturities from 2021 to 2027.
- Investments in government securities consist of retail treasury bonds and fixed rate treasury notes that bear interest ranging from 2.52% to 8.62% and have maturities from 2022 to 2027.
- Cash and cash equivalents include regular savings and time deposits.
- Other financial assets held by these plans are primarily accrued interest income on cash deposits and debt securities held by the plans; and dividend receivable from equity securities. Liabilities of the plans pertain to trust fee payable and other accrued expenses payable.

The Company expects to contribute ₱177.4 million to its defined benefit retirement plan in 2023.

The principal actuarial assumptions used in determining retirement and other post-employment benefits as of December 31 of each year are as follows:

	2022	2021
Discount rate	6.87%-7.15%	4.67%-4.84%
Future salary increase rate	4%-7.5%	4%-6.5%
Medical costs trend rate	6%	6%

The assumption on the discount rate is based on the long-term government bond rates approximating the expected average remaining working life of the employees.



The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of December 31, 2022 and 2021, assuming all other assumptions were held constant:

2022		
	Increase/Decrease in Percentage Point	Increase (Decrease) in Defined Benefit Obligation
Discount rate	+1%	(₱310,891,141)
	-1%	349,476,782
Future salary increases	+1%	₱350,608,367
	-1%	(316,374,300)
Medical costs trend	+1%	₱2,344,857
	-1%	(2,840,982)
2021		
	Increase/Decrease in Percentage Point	Increase (Decrease) in Defined Benefit Obligation
Discount rate	+1%	(₱342,808,948)
	-1%	398,275,620
Future salary increases	+1%	₱394,267,262
	-1%	(345,634,416)
Medical costs trend	+1%	₱3,409,943
	-1%	(2,961,800)

The estimated weighted average duration of benefit payment is 10 years and 11 years in 2022 and 2021, respectively.

Following are the information about the maturity profile of the defined benefit obligation as of December 31, 2022 and 2021:

	2022	2021
Less than one (1) year	₱237,771,056	₱246,647,435
One (1) year up to five (5) years	1,695,564,544	1,337,671,798
More than five (5) years up to 10 years	2,907,190,094	2,604,846,708
More than 10 years up to 15 years	1,768,769,853	1,697,980,468
More than 15 years	4,791,510,688	4,196,469,465



29. Income Tax

- a. The deferred income tax assets (liabilities) of the Company are presented in the consolidated statements of financial position as follows:

	2022	2021
Deferred income tax assets	₱754,381,502	₱743,374,944
Deferred income tax liabilities	165,957,154	—

The components of the Company's recognized deferred tax assets and liabilities follow:

	2022			
	Beginning of Year	Charged to Income	Charged to OCI	End of Year
Deferred tax assets on:				
Impairment loss on property, plant and equipment	₱618,728,782	₱—	₱—	₱618,728,782
Allowance for impairment loss	283,984,488	(721,622)	—	283,262,866
Accrued retirement benefits	198,809,281	462,884	(18,096,947)	181,175,218
Provision for rehabilitation and restoration costs	144,670,519	3,148,043	—	147,818,562
Revenue generated during testing period of BGI power plants	144,032,175	(6,532,939)	—	137,499,236
Unrealized foreign exchange losses	179,827,534	(104,368,527)	—	75,459,007
Provision for impairment of parts and supplies inventories	59,749,353	1,988,069	—	61,737,422
Differences in fair value versus cost of Tongonan and Palinpinon property, plant and equipment	51,908,684	(12,158,251)	—	39,750,433
Fair value changes on hedging transactions	5,166,247	—	—	5,166,247
Others	268,275,058	107,867,739	8,537,236	384,680,033
	1,955,152,121	(10,314,604)	(9,559,711)	1,935,277,806
Deferred income tax liabilities on:				
Differences between the carrying amount of nonmonetary assets and liabilities and the related tax base	(977,586,363)	(117,998,797)	—	(1,095,585,160)
Unrealized foreign exchange gains	(96,929,348)	145,331,068	(162,408,552)	(114,006,832)
Others	(137,261,466)	—	—	(137,261,466)
	(1,211,777,177)	27,332,271	(162,408,552)	(1,346,853,458)
	₱743,374,944	₱17,017,667	(₱171,968,263)	₱588,424,348

	2021			
	Beginning of Year	Charged to Income	Charged to OCI	End of Year
Deferred tax assets on:				
Impairment loss on property, plant and equipment	₱619,740,163	(₱1,011,381)	₱—	₱618,728,782
Allowance for impairment loss	269,588,741	14,395,747	—	283,984,488
Unrealized foreign exchange losses	281,499,707	(141,210,412)	39,538,239	179,827,534
Accrued retirement benefits	230,135,439	(6,676,048)	(24,650,110)	198,809,281
Provision for rehabilitation and restoration costs	170,151,655	(25,481,136)	—	144,670,519
Revenue generated during testing period of BGI power plants	150,565,114	(6,532,939)	—	144,032,175
Provision for impairment of parts and supplies inventories	50,751,536	8,997,817	—	59,749,353
Differences in fair value versus cost of Tongonan and Palinpinon property, plant and equipment	59,520,637	(7,611,953)	—	51,908,684
Fair value changes on hedging transactions	5,166,247	—	—	5,166,247
Unrealized foreign exchange losses - BOT power plants	70,900,586	(70,900,586)	—	—
Others	118,745,803	145,120,626	4,408,629	268,275,058
	2,026,765,628	(90,910,265)	19,296,758	1,955,152,121
Deferred income tax liabilities on:				
Differences between the carrying amount of nonmonetary assets and liabilities and the related tax base	(950,095,793)	(27,490,570)	—	(977,586,363)
Unrealized foreign exchange gains	(98,333,075)	1,403,727	—	(96,929,348)
Others	(136,686,909)	(574,557)	—	(137,261,466)
	(1,185,115,777)	(26,661,400)	—	(1,211,777,177)
	₱841,649,851	(₱117,571,665)	₱19,296,758	₱743,374,944



Bayanihan to Recover as One Act (Bayanihan 2)

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4 of Bayanihan 2 which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As of December 31, 2022, the Company has incurred NOLCO in taxable years 2019 and 2022 which can be claimed as deduction against the regular taxable income for the next three (3) consecutive taxable years, as follows:

Year Incurred	Availment Period	Amount	Applied Previous Year/s	Expired	Applied Current Year	Unapplied
2019	2020-2022	P655,966,900	P-	P655,966,900	P-	P-
2022	2023-2025	3,360,619,177	-	-	-	3,360,619,177
		P4,016,586,077	P-	P655,966,900	-	P3,360,619,177

As of December 31, 2022, the Company has NOLCO in taxable years 2020 and 2021 which can be claimed as deduction against the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover as One Act, as follows:

Year Incurred	Availment Period	Amount	Applied Previous Year/s	Expired	Applied Current Year	Unapplied
2020	2021-2025	P1,281,803,455	P-	P-	P223,797,071	P1,058,006,384
2021	2022-2026	710,792,781	-	-	-	710,792,781
		P1,992,596,236	P-	P-	P223,797,071	P1,768,799,165

Movements of the Company's NOLCO are as follows:

	2022	2021
Balances at January 1	P2,648,563,136	P2,465,175,687
Addition	3,360,619,177	710,792,781
Expiration	(655,966,900)	(527,405,332)
Application	(223,797,071)	-
Balances at December 31	P5,129,418,342	P2,648,563,136

As of December 31, 2022 and 2021, the Company did not recognize deferred income tax asset from its NOLCO amounting to P3,360.5 million and P1,976.2 million, respectively, which pertain to losses subject under 25% tax regime. This NOLCO with an unrecognized deferred income tax asset is part of the outstanding balances amounting to P5,353.2 million and P2,648.6 million as of December 31, 2022 and 2021, respectively.

As of December 31, 2021, no deferred income tax asset was recognized for fair value adjustments related to EBWPC's hedging activities amounting to P281.6 million, as management believes that there will be no sufficient future taxable income to allow all or part of the deductible temporary difference to be utilized. For 2022, deferred tax liability was recognized.

As of December 31, 2022 and 2021, the taxable temporary differences representing the excess of the carrying amount of the investments in subsidiaries over the tax base amounted to P14,439.0 million and P16,526.7 million, respectively. There is no corresponding deferred income tax liability recognized since these temporary differences pertain to investment in domestic companies and, accordingly, the reversals of these temporary differences are through regular dividend distribution not subject to income tax.



The management intends to hold the investment in subsidiaries. Moreover, the related fair value loss of the investment in BGI's preferred shares accounted for as financial asset at FVOCI amounted to ₱1,055.7 million and ₱386.5 million as of December 31, 2022 and 2021, respectively. There is no corresponding deferred income tax asset recognized since there were no capital gains to offset the said capital loss.

The 10% statutory rate applies to the relevant renewable energy operations covered by the RE Law, while the 25% applies, in general, to the other activities.

- b. A numerical reconciliation between provision for income tax and the product of accounting income multiplied by the tax rates of 10% or 30%/25%, as applicable, follows:

	2022	2021	2020
Income before income tax	₱12,925,613,157	₱10,264,836,719	₱13,297,623,901
Income tax at statutory tax rates (10%/30%/25%)	924,934,037	941,088,933	1,266,884,532
Adjustments for:			
Effect of change in tax rate	265,213,097	(49,057,302)	272,099,081
Non-deductible provisions/ (non-taxable recovery) - net	165,781,932	152,062,643	206,998,945
Translation adjustment on nonmonetary assets and liabilities	113,826,407	77,101,814	(59,109,208)
Net movement of temporary differences reversing during income tax holiday	(22,379,707)	(7,564,616)	(20,530,460)
Net movement of unrecognized deferred tax asset on NOLCO	364,151,539	101,352,035	273,105,603d
Interest income - net of final tax	(16,346,117)	(10,080,706)	(23,856,592)
Income tax holiday incentives	(5,759,517)	(151,318,495)	(226,642,219)
Non-deductible interest expense	3,693,000	2,925,644	10,186,571
Non-taxable/non-deductible foreign exchange gains on ROP bonds and others	(29,558)	(18,206,479)	61,497,130
Provision for income tax	₱1,793,085,113	₱1,038,303,471	₱1,760,633,383

- c. On February 14, 2013, BGI was granted with an income tax holiday (ITH) incentive by the Board of Investments (BOI) covering its 130 MW BMGPP complex. On February 17, 2015, BGI received a Legal and Compliance Service letter from BOI granting the upward amendment of registered capacity of the BMGPP complex from 130 MW to 140 MW effective for 7-year period beginning in July 2013 or date of commissioning, whichever is earlier. Subject to certain conditions, BGI is entitled to income tax holiday for seven (7) years from July 2013 or date of commissioning of the power plants, whichever is earlier. BGI does not recognize deferred tax assets and deferred tax liabilities on temporary differences for its registered activities that are expected to reverse during the ITH period. In June 2020, the ITH entitlement for the 140 MW BMGPP expired.



- d. On February 12, 2014, the BOI approved the ITH registration of the Nasulo Power Plant under the Renewable Energy Act of 2008 (RA 9513) effective for 7-year period beginning in January 2016 or date of commissioning, whichever is earlier. While the Nasulo power plant has a capacity of 49.4 MW, the ITH shall be limited only to the revenues derived from the sale of 30 MW. On July 20, 2021, such ITH entitlement expired.
- e. On June 29, 2011, the BOI approved the ITH registration of the 86 MW Burgos Wind Farm under the Renewable Energy Act of 2008 (RA 9513). On June 3, 2014, the Company received a legal service letter from BOI granting the upward amendment of registered capacity of the Burgos Wind Farm from 86 MW to 150 MW effective for 7-year period beginning in December 2015 or date of commissioning, whichever is earlier. On November 10, 2021, the ITH entitlement for 150 MW project expired.
- f. On November 13, 2015, GCGI was granted with an ITH incentive by the BOI covering its 112.5 MW Tongonan Geothermal Power Plant, effective for 7-year period beginning in April 2015. Only revenues derived from power generated (i.e., 36.79 MW or the capacity in excess of the 75.71 MW, whichever is lower) and sold to the grid, other entities and/or communities shall be entitled to ITH. On April 9, 2022, the ITH entitlement for the entire project expired.
- g. On June 16, 2015, the Parent Company was registered with the BOI covering its 4.16 MW Burgos Solar Plant - Phase 1, and was granted with an ITH incentive effective for 7-year period beginning in June 16, 2015. On March 4, 2022, the ITH entitlement for the entire project expired.
- h. On December 3, 2015, the Parent Company was registered with the BOI covering its 2.66-MW Burgos Solar Plant - Phase 2, and was subsequently granted with an ITH incentive effective for 7-year period beginning January 19, 2016 and expired on January 18, 2023.
- i. On December 11, 2015, GCGI was granted with an ITH incentive by the BOI covering its 192.5 MW Palinpinon Geothermal Power Plant, effective for 7-year period beginning in February 2014. Only revenues derived from power generated (i.e., 39.66 MW or the capacity in excess of the 152.84 MW, whichever is lower) and sold to the grid, other entities and/or communities shall be entitled to ITH. On February 3, 2021, the ITH entitlement for the entire project expired.
- j. FG Hydro is registered with the BOI under the Omnibus Investments Code of 1987 as the new operator of the 112 MW PAHEP/MAHEP on a pioneer status. As a registered enterprise, FG Hydro was entitled to certain tax and non-tax incentives which include, among others, ITH for six (6) years commencing on April 13, 2007. On October 2, 2013, the BOI approved FG Hydro's application for an ITH extension by granting it another year or until April 12, 2014. On February 22, 2017, the DOE approved FG Hydro's application for registration as an RE Developer and signed the RE Contract with FG Hydro for PAHEP. On February 27, 2017, the RE Contract for MAHEP was also signed by FG Hydro and the DOE. As a result, FG Hydro is now subject to 10% statutory income tax rate on its RE operations as a RE Developer in 2017.



- k. On February 8, 2019, EDC Siklab was granted with an ITH incentive by the BOI covering its 1.03 MW Gaisano La Paz Solar Rooftop Project in Iloilo, effective for 7-year period beginning in March 26, 2017 until March 25, 2024.
- l. On June 24, 2021, the Parent Company was granted with an ITH incentive by the BOI covering its 3.6 MW Mindanao 3 (M3 Binary) Geothermal Project in North Cotabato, effective for a 7-year period beginning in March 2022 until March 2029.

30. Basic/Diluted Earnings Per Share

The basic/diluted earnings per share amounts were computed as follows:

	2022	2021	2020
Net income attributable to equity holders of the Parent Company	₱10,979,385,739	₱9,122,453,169	₱11,494,601,441
Less dividends on preferred shares (Note 19)	293,500,000	293,500,000	293,500,000
(a) Net income attributable to common shareholders of the Parent Company	₱10,685,885,739	₱8,828,953,169	₱11,201,101,441
(b) Weighted average number of common shares outstanding	17,041,617,764	17,045,824,751	17,050,790,066
Basic/diluted earnings per share (a/b)	₱0.627	₱0.518	₱0.657

The Parent Company does not have any dilutive potential common shares as at December 31, 2022, 2021 and 2020.

31. Financial Risk Management Objectives and Policies

The Company's financial instruments consist mainly of cash and cash equivalents, trade receivables, financial assets at FVPL and FVOCI, derivative asset and liability, trade payables, long-term debts, and lease liabilities. The main purpose of these financial instruments is to finance the Company's operations and accordingly manage its exposure to financial risks. The Company has various other financial assets and liabilities such as short-term investments, other receivables, other payables and due to/from related parties, which arise directly from operations.

Financial Risk Management Policy

The main financial risks arising from the Company's financial instruments are credit risk, foreign currency risk, interest rate risk, and liquidity risk. The Company's policies for managing the aforementioned risks are summarized hereinafter below.



Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables

The Company's geothermal and power generation business trades with two (2) key customers, NPC and TransCo, both a government-owned-and-controlled corporations. Any failure on the part of NPC and TransCo to pay their obligations to the Company would significantly affect the Company's business operations. As a practice, the Company monitors closely its collections from NPC and TransCo and may charge interest on delayed payments following the provision of the PPAs and REPA, respectively. Other customers include distribution utilities, electric cooperatives, industrial customers, and contestable customers. Credit risk is controlled by the application of credit approval limit and monitoring procedures. It is the Company's policy to enter into credit-worthy parties to mitigate any significant concentration of credit risk. Trade receivables balances are monitored on an ongoing basis to ensure that the Company's exposure to bad debts is not significant. The maximum exposure of trade receivable is equal to its carrying amount.

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix for the years ended December 31, 2022 and 2021:

2022

	Trade receivables						Total
	Days past due					Credit Impaired	
	Current	<30 days	30-60 days	61-90 days	>91 days		
	(In Thousand Pesos)						
Expected credit loss rate	0.0%	0.0%	0.0%	0.0%	2.6%	100.0%	12.3%
Estimated total gross carrying amount at default (Note 7)	₱5,276,038	₱958,662	₱64,149	₱14,532	₱747,749	₱966,063	₱8,027,193
Expected credit loss	—	—	—	—	19,793	966,063	985,856

2021

	Trade receivables						Total
	Days past due						
	Current	<30 days	30-60 days	61-90 days	>91 days	Credit Impaired	
	(In Thousand Pesos)						
Expected credit loss rate	0.0%	10.9%	24.9%	6.6%	4.0%	100.0%	14.6%
Estimated total gross carrying amount at default (Note 7)	₱5,281,593	₱10,993	₱11,796	₱13,064	₱374,196	₱948,850	₱6,640,492
Expected credit loss	—	1,193	2,941	861	14,798	₱948,850	968,643



Financial instruments and cash deposits

With respect to the credit risk arising from other financial assets of the Company, which comprise of cash and cash equivalents excluding cash on hand, financial asset at FVPL, short-term investments, other receivables, financial assets at FVOCI, and due from related party, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Credit risk from these instruments is mitigated by the short-term and/or liquid nature of its cash investments mainly in bank deposits and placements, which are placed with financial institutions and entities of high credit standing.

Credit Quality of Financial Assets

Financial assets are classified as high grade if the counterparties are not expected to default in settling their obligations. Thus, the credit risk exposure is minimal. These counterparties normally include customers, banks and related parties who pay on or before due date. Financial assets are classified as a standard grade if the counterparties settle their obligation with the Company with tolerable delays. Low grade accounts are accounts, which have probability of impairment based on historical trend.

These accounts show propensity of default in payment despite regular follow-up actions and extended payment terms. As of December 31, 2022 and 2021, financial assets categorized as neither past due nor impaired are viewed by management as high grade, considering the collectibility of the receivables and the credit history of the counterparties. Meanwhile, past due but not impaired financial assets are classified as standard grade.

Concentration of Credit Risk

The Company's exposure to concentration of credit risk arises from the default of the counterparties, with a maximum exposure equal to the carrying amounts of the receivables from NPC and TransCo.

The table below shows the risk exposure in respect to credit concentration of the Company as of December 31, 2022 and 2021:

	2022	2021
Trade receivables from NPC	₱148,412,005	₱2,068,734,962
Trade receivables from TransCo (Notes 7 and 16)	2,457,656,449	2,727,995,978
Total credit concentration risk	₱2,606,068,454	₱4,796,730,940
Total receivables	₱8,981,897,345	₱7,578,975,751
Credit concentration percentage	29.01%	63.29%

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's exposure to foreign currency risk is mainly from the financial assets and liabilities that are denominated in US dollar (US\$). This primarily arises from future payments of foreign currency-denominated loans and other commercial transactions and the Company's investment in ROP Bonds.



The Company's exposure to foreign currency risk to some degree is mitigated by some provisions in the Company's GRESCs, SSAs, PPAs and REPA. The service contracts allow full cost recovery while the sales contracts include billing adjustments covering the movements in Philippine peso and the US\$ rates, US Price and Consumer Indices, and other inflation factors.

To mitigate further the effects of foreign currency risk, the Company will prepay, refinance or hedge its foreign currency denominated loans, whenever deemed feasible. The Company also enters into derivative contracts to mitigate foreign currency risk.



The Company's foreign currency-denominated financial assets and liabilities (translated into Philippine peso) as of December 31, 2022 and 2021 are as follows:

	2022												
	Original Currency												
	Indonesian Rupiah (IDR)	US\$	Japanese yen (JP¥)	Singapore dollar (SGD)	Sweden Kroner (SEK)	New Zealand dollar (NZD)	Euro	Hongkong dollar (HKD)	British pound (GBP)	Chilean Peso (CHP)	Peruvian Sol (PEN)	Australian dollar (AUD)	Peso Equivalent ¹
Financial Assets													
Loans and receivables													
Cash equivalents	—	33,131,869	—	—	—	—	—	—	—	—	—	—	₱1,847,267,364
Cash on hand and in banks	5,382,452,422	15,222,642	1,022,349,831	—	—	—	—	—	—	86,990,735	244,254	—	1,304,134,451
Derivative assets	—	6,648,301	—	—	—	—	—	—	—	—	—	—	370,676,037
Total financial assets	5,382,452,422	55,002,812	1,022,349,831	—	—	—	—	—	—	86,990,735	244,254	—	₱3,522,077,852
Financial Liabilities													
Liabilities at amortized cost:													
Accounts payable	—	32,279,076	397,631,642	318,076	206,405	652,299	1,156,746	5,962	25,032	—	—	468,644	₱2,090,348,583
Long-term debt	—	156,823,637	—	—	—	—	—	—	—	—	—	—	8,743,701,871
Accrued interest on long-term debts	—	945,338	—	—	—	—	—	—	—	—	—	—	52,707,319
Total financial liabilities	—	190,048,051	397,631,642	318,076	206,405	652,299	1,156,746	5,962	25,032	—	—	468,644	₱10,886,757,773

¹ US\$1 = ₱55.7550, JP¥1 = ₱0.4174, SGD1 = ₱41.5796, SEK1 = ₱5.3556, NZD1 = ₱35.4061, CHP1 = ₱0.0656, PEN1 = ₱14.6608, Euro1 = ₱59.5545, IDR1 = ₱0.0036, HKD1 = ₱7.1996, GBP1 = ₱67.4394, AUD1 = ₱37.8024 as of December 31, 2022 (see Note 26)



2021						
	Original Currency					
	Indonesian Rupiah (IDR)	US\$	Japanese yen (JP¥)	Chilean Peso (CHP)	Peruvian Sol (PEN)	Peso Equivalent ¹
Financial Assets						
Loans and receivables						
Cash equivalents	—	42,000,226	—	—	—	₱2,141,969,504
Cash on hand and in banks	5,867,923,909	18,178,474	238,174,790	120,117,147	511,389	1,067,057,399
Other short-term investments	—	6,100,250	—	—	—	311,106,657
Derivative assets	—	801,515	—	—	—	40,876,487
Total financial assets	5,867,923,909	67,080,465	238,174,790	120,117,147	511,389	₱3,561,010,047
Financial Liabilities						
Liabilities at amortized cost:						
Accounts payable	—	6,420,618	—	—	—	₱327,445,088
Long-term debt	—	169,447,255	—	—	—	8,641,640,581
Accrued interest on long-term debts	—	406,053	—	—	—	20,708,289
Derivative liability	—	5,520,939	—	—	—	281,562,350
Total financial liabilities	—	181,794,865	—	—	—	₱9,271,356,308

¹ US\$1 = ₱50.9990, JP¥1 = ₱0.4413, CHP1 = ₱0.0599, PEN1 = ₱12.7971, IDR1 = ₱0.0036, as of December 31, 2021 (see Note 26)

The following tables demonstrate the sensitivity to a reasonably possible change in the foreign currency exchange rates applicable to the Company, with all other variables held constant, of the Company's income (loss) before income tax and equity for the years ended December 31, 2022 and 2021. The impact on the Company's income before income tax is due to revaluation of monetary assets and monetary liabilities.

2022			
	Foreign Currency	Effect on Income	Effect on Equity
	Appreciates (Depreciates) By	Before Income Tax	
USD	10% or ₱5.57550	(₱790,012,332)	₱—
	(10% or ₱5.57550)	790,012,332	—
JPY	10% or ₱0.04174	26,075,737	—
	(10% or ₱0.04174)	(26,075,737)	—
EUR	10% or ₱5.95545	(6,888,943)	—
	(10% or ₱5.95545)	6,888,943	—
NZD	10% or ₱3.54061	(2,309,537)	—
	(10% or ₱3.54061)	2,309,537	—
IDR	10% or ₱0.00036	1,937,683	—
	(10% or ₱0.00036)	(1,937,683)	—



2022			
	Foreign Currency Appreciates (Depreciates) By	Effect on Income Before Income Tax	Effect on Equity
SGD	10% or ₱4.15796	(1,322,547)	—
	(10% or ₱4.15796)	1,322,547	—
CHP	10% or ₱0.00656	570,944	—
	(10% or ₱0.00656)	(570,944)	—
AUD	10% or ₱3.78024	(1,771,587)	—
	(10% or ₱3.78024)	1,771,587	—
PEN	10% or ₱1.46608	358,096	—
	(10% or ₱1.46608)	(358,096)	—
GBP	10% or ₱6.74394	(168,818)	—
	(10% or ₱6.74394)	168,818	—
SEK	10% or ₱0.53556	(110,542)	—
	(10% or ₱0.53556)	110,542	—
HKD	10% or ₱0.71996	(4,293)	—
	(10% or ₱0.71996)	4,293	—
2021			
	Foreign Currency Appreciates (Depreciates) By	Effect on Income Before Income Tax	Effect on Equity
USD	10% or ₱5.09990	(₱560,963,376)	₱—
	(10% or ₱5.09990)	560,963,376	—
JPY	10% or ₱0.04413	10,510,653	—
	(10% or ₱0.04413)	(10,510,653)	—
IDR	10% or ₱0.00036	2,112,453	—
	(10% or ₱0.00036)	(2,112,453)	—
CHP	10% or ₱0.00599	719,803	—
	(10% or ₱0.00599)	(719,803)	—
PEN	10% or ₱1.27971	654,430	—
	(10% or ₱1.27971)	(654,430)	—

Interest Rate Risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates, derivative assets, derivative liabilities and debt instruments at FVOCI.

The interest rates of some of the Company's long-term borrowings and debt instruments at FVOCI are fixed at the inception of the loan agreement.

The Company regularly evaluates its interest rate risk by taking into account the cost of qualified borrowings being charged by its creditors. Prepayment, refinancing or hedging the risks are undertaken when deemed feasible and advantageous to the Company.



Interest Rate Risk Table

The following tables provide for the effective interest rates and interest payments by period of maturity of the Company's long-term debts:

		2022					
		Interest Rates	Within 1 Year	More than 1 year but less than 4 years	More than 4 Years but less than 5 Years	More than 5 Years	Total
(In Thousand Pesos)							
Floating Rate							
Commercial Debt Facility US\$37.5 Million	2% margin plus LIBOR	37,461	83,077	16,957	15,580		153,075
ECA Debt Facility US\$150 Million	2.35% margin plus LIBOR	164,930	365,763	74,658	68,592		673,943
Commercial Debt Facility							
Commercial Debt Facility ₱5.6 Billion	2% + PDST-F rate	203,802	452,004	92,264	84,773		832,843
US\$50 Million Mizuho Loan	1.10% margin plus Term SOFR	143,452	323,997	35,693	—		503,142
2021							
		Interest Rates	Within 1 Year	More than 1 year but less than 4 years	More than 4 Years but less than 5 Years	More than 5 Years	Total
(In Thousand Pesos)							
Floating Rate							
Commercial Debt Facility US\$37.5 Million	2% margin plus LIBOR	37,295	87,273	20,001	28,957		173,526
ECA Debt Facility US\$150 Million	2.35% margin plus LIBOR	164,644	385,281	88,299	127,836		766,060
Commercial Debt Facility							
Commercial Debt Facility ₱5.6 Billion	2% + PDST-F rate	228,366	534,392	122,473	177,311		1,062,542
US\$50 Million Mizuho Loan	0.65% margin plus LIBOR%	11,656	—	—	—		11,656

The other financial instruments of the Company that are not included in the preceding table are not subject to interest rate repricing and are therefore not subject to interest rate volatility.

The following tables demonstrate the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's income before income tax and equity as of December 31, 2022 and 2021. The impact on the Company's equity is due to changes in the fair value of debt instruments at FVOCI, and interest rate swaps designated as cash flow hedges.

2022			
Increase/Decrease in Basis Points	Effect on Income Before Income Tax	Effect on Equity	
		Change in Fair Value of FVOCI	Fair value adjustments on hedging transactions
+100	(₱121,518,281)	(₱4,977,553)	₱213,261,724
-100	121,518,281	6,956,791	(213,261,724)
2021			
Increase/Decrease in Basis Points	Effect on Income Before Income Tax	Effect on Equity	
		Change in Fair Value of FVOCI	Fair value adjustments on hedging transactions
+100	(₱125,760,016)	(₱12,036,771)	₱267,585,885
-100	125,760,016	4,659,489	(267,585,885)



The effect of changes in interest rates in equity pertains to the fair valuation of debt instruments at FVOCI and derivatives designated as cash flow hedges, and is exclusive of the impact of the changes affecting the Company's profit or loss.

Liquidity Risk

The Company's objective is to maintain a balance between continuity of funding and sourcing flexibility through the use of available financial instruments. The Company manages its liquidity profile to meet its working and capital expenditure requirements and service debt obligations. As part of the liquidity risk management program, the Company regularly evaluates and considers the maturity of both its financial investments and financial assets (i.e., trade receivables, other financial assets) and resorts to short-term borrowings whenever its available cash or matured placements is not enough to meet its daily working capital requirements. To ensure immediate availability of short-term borrowings, the Company maintains credit lines with banks on a continuing basis.

Liquidity risk arises primarily when the Company has difficulty collecting its receivables from its key customers, NPC and TransCo. Other instances that contribute to its exposure to liquidity risk are when the Company finances long-term projects with internal cash generation and when there is credit crunch especially at times when the Company has temporary funding gaps.

The tables below show the maturity profile as of December 31, 2022 and 2021 of the Company's financial assets used for liquidity purposes based on contractual undiscounted cash flows, and financial liabilities based on contractual undiscounted payments:

	2022						
	On Demand	Less than 3 Months	3 to 6 Months	>6 to 12 Months	>1 to 5 Years	More than 5 Years	Total
	(In Thousand Pesos)						
Amortized cost:							
Cash and cash equivalents	₱8,226,587	₱9,371,203	₱—	₱—	₱—	₱—	₱17,597,790
Trade receivables	2,751,155	5,276,038	—	—	—	—	8,027,193
Due from related parties	30,837	—	—	—	—	—	30,837
Financial assets at FVPL	12,729	—	—	—	—	—	12,729
Derivative assets designated as cash flow hedges	—	—	20,593	23,761	326,322	—	370,676
Total	₱11,021,308	₱14,647,241	₱20,593	₱23,761	₱326,322	₱—	₱26,039,225
Liabilities at amortized cost:							
Accounts payable*	₱—	₱11,510,865	₱—	₱—	₱—	₱—	₱11,510,865
Accrued interest on long-term debts	—	268,667	309,888	—	—	—	578,555
Other payables**	—	1,059,627	—	—	—	—	1,059,627
Due to related parties	2,049	—	—	—	—	—	2,049
Long-term debts	—	1,090,377	6,835,282	3,796,593	36,808,976	16,895,389	65,426,617
Lease liabilities	—	77,334	26,829	56,372	258,507	—	419,042
Total	₱2,049	₱14,006,870	₱7,171,999	₱3,852,965	₱37,067,483	₱16,895,389	₱78,996,755

*Excluding statutory liabilities to the government.

**Excluding non-financial liabilities.



2021							
	On Demand	Less than 3 Months	3 to 6 Months	>6 to 12 Months	>1 to 5 Years	More than 5 Years	Total
<i>(In Thousand Pesos)</i>							
Amortized cost:							
Cash and cash equivalents	₱7,559,645	₱6,455,377	₱—	₱—	₱—	₱—	₱14,015,022
Trade receivables	1,358,899	5,281,593	—	—	—	—	6,640,492
Due from related parties	16,352	—	—	—	—	—	16,352
Financial assets at FVPL	853,132	—	—	—	—	—	853,132
Derivative assets designated as cash flow hedges	—	40,876	—	—	—	—	40,876
Total	₱9,788,028	₱11,777,846	₱—	₱—	₱—	₱—	₱21,565,874
Liabilities at amortized cost:							
Accounts payable*	₱—	₱9,650,035	₱—	₱—	₱—	₱—	₱9,650,035
Accrued interest on long-term debts	—	195,492	331,678	—	—	—	527,170
Other payables**	—	569,026	—	—	—	—	569,026
Due to related parties	3,170	—	—	—	—	—	3,170
Long-term debts	—	4,636,101	7,895,697	2,908,286	31,764,401	15,564,165	62,768,650
Lease liabilities	—	45,153	19,400	39,492	217,980	517	322,542
Derivative liabilities designated as cash flow hedges	—	—	14,024	15,103	252,435	—	281,562
Total	₱3,170	₱15,095,807	₱8,260,799	₱2,962,881	₱32,234,816	₱15,564,682	₱74,122,155

*Excluding statutory liabilities to the government.

**Excluding non-financial liabilities.

Financial Assets and Financial Liabilities

Set out below is a comparison of carrying amounts and fair values of the Company's financial instruments as of December 31, 2022 and 2021 other than those with carrying amounts that are reasonable approximations of fair values.

	2022		2021	
	Carrying Amounts	Fair Values	Carrying Amounts	Fair Values
Financial Assets				
Amortized cost:				
Long-term receivables	₱1,497,117,960	₱1,337,598,381	₱1,681,573,115	₱1,599,484,202
Deposits and special funds	351,390,539	349,375,236	325,735,565	323,326,585
Financial assets at FVOCI:				
Debt investments	210,265,075	210,265,075	156,307,685	156,307,685
Equity investments	84,762,302	84,762,302	69,505,874	69,505,874
Financial assets at FVPL	12,728,592	12,728,592	853,132,173	853,132,173
Derivative assets:				
Derivative assets designated as cash flow hedge	370,676,036	370,676,036	40,876,487	40,876,487
	₱2,526,940,504	₱2,365,405,622	₱3,127,130,899	₱3,042,633,006



	2022		2021	
	Carrying Amounts	Fair Values	Carrying Amounts	Fair Values
Financial Liabilities:				
Financial liabilities at amortized cost:				
Long-term debts	₱53,301,611,617	₱54,724,452,101	₱53,119,086,194	₱55,798,029,818
Lease liabilities	401,840,188	270,042,667	297,174,920	295,413,617
Customer deposits	209,808,053	187,452,773	187,202,332	178,063,725
Derivative liabilities designated as cash flow hedge	—	—	281,562,350	281,562,350
	₱53,913,259,858	₱55,181,947,541	₱53,885,025,796	₱56,553,069,510

Due to relatively short maturity, ranging from one to three months, carrying amounts approximate fair values for cash and cash equivalents, trade and other receivables, amounts due to related parties and trade and other payables.

The methods and assumptions used by the Company in estimating the fair value of financial instruments are:

Long-term Receivables and Deposits and Special Funds

The fair value of long-term receivables was computed by discounting the expected cash flow using the applicable rates of 5.80% and 2.53% as of December 31, 2022 and 2021, respectively.

Financial Assets at FVOCI

Fair values of quoted debt and equity securities are based on quoted market prices and other observable data.

Financial Assets at Fair Value Through Profit or Loss

The fair values of financial assets at fair value through profit or loss are based on quotations provided by the investment manager.

Derivatives Designated as Cash Flow Hedges

The fair values of derivative instruments designated as cash flow hedges are based on quotations provided by the counterparty banks.

Long-term Debts

The fair values for the Company's long-term debts are estimated using the discounted cash flow methodology with the applicable rates ranging from 2.03% to 7.80% as of December 31, 2022 and 2.86% to 3.09% as of December 31, 2021.

Lease Liabilities

The fair values for the Company's lease liabilities are estimated using the discounted cash flow methodology with the applicable rates ranging from 6.05% to 7.78% and 2.94% to 5.70% as of December 31, 2022 and 2021, respectively.



The following tables show the fair value information of financial instruments classified under loans and receivables, financial assets at FVPL, financial assets at FVOCI, long-term debts, lease liabilities and derivatives designated as cash flow hedges and analyzed by sources of inputs on fair valuation as follows:

- Quoted prices in active markets for identical assets or liabilities (Level 1);
- Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

2022				
	Total	Level 1	Level 2	Level 3
Financial Assets				
Loans and receivables:				
Long-term receivables	₱1,337,598,381	₱—	₱—	₱1,337,598,381
Deposits and special funds	349,375,236			349,375,236
Financial assets at FVPL	12,728,592	12,728,592	—	—
Financial assets at FVOCI:				
Debt investments	210,265,075	210,265,075	—	—
Equity investments	84,762,302	6,042,302	78,720,000	—
Derivative assets designated as cash flow hedges	370,676,037	—	370,676,037	—
Financial Liabilities				
Financial liabilities at amortized cost:				
Long-term debts	54,724,452,101	4,809,804,688	—	49,914,647,413
Lease liabilities	270,042,667	—	—	270,042,667
Customer deposits	187,452,773			187,452,773
2021				
	Total	Level 1	Level 2	Level 3
Financial Assets				
Loans and receivables:				
Long-term receivables	₱1,599,484,202	₱—	₱—	₱1,599,484,202
Deposits and special funds	323,326,585			323,326,585
Financial assets at FVPL	853,132,173	853,132,173	—	—
Financial assets at FVOCI:				
Debt investments	156,307,685	156,307,685	—	—
Equity investments	69,505,874	4,155,874	65,350,000	—
Derivative assets designated as cash flow hedges	40,876,487	—	40,876,487	—
Financial Liabilities				
Financial liabilities at amortized cost:				
Long-term debts	55,798,029,818	5,196,399,707	—	50,601,630,111
Lease liabilities	295,413,617	—	—	295,413,617
Customer deposits	178,063,725	—	—	178,063,725
Derivative liabilities designated as cash flow hedges	281,562,350	—	281,562,350	—

For the years ended December 31, 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements.



The Company classifies its financial instruments in the following categories.

2022					
	Amortized Cost	Financial Assets at FVOCI	Financial Assets at FVPL	Derivatives Designated as Cash Flow Hedges	Total
(In Thousand Pesos)					
Financial Assets					
Cash and cash equivalents	₱17,597,790	₱—	₱—	₱—	₱17,597,790
Trade receivables	7,041,337	—	—	—	7,041,337
Non-trade receivables	400,544	—	—	—	400,544
Deposits and special funds ¹	351,391	—	—	—	351,391
Loans and notes receivables	43,597	—	—	—	43,597
Advances to employees	33,319	—	—	—	33,319
Due from related parties	30,837	—	—	—	30,837
Long-term receivables	1,497,118	—	—	—	1,497,118
Financial assets at FVOCI:					
Debt investments	—	210,265	—	—	210,265
Equity investments	—	84,762	—	—	84,762
Financial assets at FVPL	—	—	12,729	—	12,729
Derivative assets	—	—	—	370,676	370,676
Total financial assets	₱26,995,933	₱295,027	₱12,729	₱370,676	₱27,674,365
Financial Liabilities					
Accounts payable ²	₱11,510,865	₱—	₱—	₱—	₱11,510,865
Accrued interest on					
long-term debts	578,555	—	—	—	578,555
Other payables ³	1,059,627	—	—	—	1,059,627
Due to related parties	2,049	—	—	—	2,049
Long-term debts	53,301,612	—	—	—	53,301,612
Lease liabilities	401,840	—	—	—	401,840
Customer deposits	209,808	—	—	—	209,808
Total financial liabilities	₱67,064,356	₱—	₱—	₱—	₱67,064,356

¹Includes current and non-current portion

²Excluding statutory liabilities to the Government

³Excluding non-financial liabilities

2021					
	Amortized Cost	Financial Assets at FVOCI	Financial Assets at FVPL	Derivatives Designated as Cash Flow Hedges	Total
(In Thousand Pesos)					
Financial Assets					
Cash and cash equivalents	₱14,015,022	₱—	₱—	₱—	₱14,015,022
Trade receivables	5,671,849	—	—	—	5,671,849
Non-trade receivables	308,712	—	—	—	308,712
Deposits and special funds ¹	325,736	—	—	—	325,736
Loans and notes receivables	44,579	—	—	—	44,579
Advances to employees	29,336	—	—	—	29,336
Due from related parties	16,352	—	—	—	16,352
Short-term investments	451,768	—	—	—	451,768
Long-term receivables	1,681,573	—	—	—	1,681,573
Financial assets at FVOCI:					
Debt investments	—	156,308	—	—	156,308
Equity investments	—	69,506	—	—	69,506
Financial assets at FVPL	—	—	853,132	—	853,132
Derivative assets	—	—	—	40,876	40,876
Total financial assets	₱22,544,927	₱225,814	₱853,132	₱40,876	₱23,664,749

(Forward)



2021					
	Amortized Cost	Financial Assets at FVOCI	Financial Assets at FVPL	Derivatives Designated as Cash Flow Hedges	Total
<i>(In Thousand Pesos)</i>					
Financial Liabilities					
Accounts payable ²	₱9,650,035	₱—	₱—	₱—	₱9,650,035
Accrued interest on					
long-term debts	527,170	—	—	—	527,170
Other payables ³	569,026	—	—	—	569,026
Due to related parties	3,170	—	—	—	3,170
Long-term debts	53,119,086	—	—	—	53,119,086
Lease liabilities	297,175	—	—	—	297,175
Customer deposits	187,202	—	—	—	187,202
Derivative liabilities	—	—	—	281,562	281,562
Total financial liabilities	₱64,352,864	₱—	₱—	₱281,562	₱64,634,426

¹Includes current and non-current portion

²Excluding statutory liabilities to the Government

³Excluding non-financial liabilities

The table below demonstrates the income, expense, gains or losses of the Company's financial instruments for the years ended December 31, 2022, 2021 and 2020:

	2022		2021		2020	
	Effect on Profit or Loss Increase (Decrease)	Effect on Equity Increase (Decrease)	Effect on Profit or Loss Increase (Decrease)	Effect on Equity Increase (Decrease)	Effect on Profit or Loss Increase (Decrease)	Effect on Equity Increase (Decrease)
Amortized cost						
Interest income on:						
Cash and cash equivalents and other short-term Investments (Note 6 and 25)	₱200,610,545	₱—	₱93,685,925	₱—	₱240,115,605	₱—
Provision for expected credit losses (Note 7)	(17,213,302)	—	(86,772,862)	—	(3,152,717)	—
	₱183,397,243	₱—	₱6,913,063	₱—	₱236,962,888	₱—
Financial assets at FVOCI						
Equity investments:						
Net income (loss) recognized	₱—	(₱17,592,308)	₱—	₱40,230,248	(₱200,000)	₱52,829,725
Debt investments:						
Net loss recognized in equity	—	20,899,368	—	13,515,621	—	12,811,375
	₱—	₱3,307,060	₱—	₱53,745,869	(₱200,000)	₱65,641,100
Financial assets at FVPL						
Gain (loss) on financial asset at FVPL	₱23,570,489	₱—	₱3,004,779	₱—	₱9,199,822	₱119,487,988
Derivatives designated as cash flow hedges						
Fair value adjustments on hedging transactions	₱—	₱660,623,158	₱—	₱225,324,450	(₱90,379,946)	(₱366,922,402)
Financial liabilities at amortized cost						
Interest expense on: (Note 25):						
Long-term debts, including amortization of transaction costs	(₱2,707,977,090)	₱—	(₱2,864,905,052)	₱—	(₱3,543,355,506)	₱—
Lease liabilities	(16,758,684)	—	(14,004,741)	—	(17,373,171)	—
	(₱2,724,735,774)	₱—	(₱2,878,909,793)	₱—	(₱3,560,728,677)	₱—



Derivative Financial Instruments

The Company engages in derivative transactions, particularly foreign currency swaps, cross currency swaps, interest rate swaps and call spread swaps to manage its foreign currency risk and/or interest rate risk arising from its foreign-currency denominated loans. These derivatives are accounted for either as derivatives designated as accounting hedges or derivatives not designated as accounting hedges.

The table below shows the derivative financial instruments of the Company:

	2022		2021	
	Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities
Derivatives designated as accounting hedges				
Call spread swaps	P=	P=	P40,876,487	P=
Interest rate swaps	370,676,037	—	—	281,562,350
Total derivatives	P370,676,037	P=	P40,876,487	P281,562,350
Presented as:				
Current	P44,354,398	P=	P40,876,487	P29,127,140
Noncurrent	326,321,639	—	—	252,435,210
Total derivatives	P370,676,037	P=	P40,876,487	P281,562,350

Derivatives Designated as Accounting Hedges

Hedge Effectiveness Results

As of December 31, 2022 and 2021, the fair value of the outstanding NDCCS amounted to nil. Since the critical terms of the Hedged Loan and NDCCS match, the Company recognized the aggregate fair value changes on these NDCCS under “Fair Value Adjustment on Hedging Transaction” account in the consolidated statements of financial position.

A. Interest Rate Swap Contracts

In the last quarter of 2014, EBWPC entered into four (4) interest rate swaps (IRS) with aggregate notional amount of US\$150 million. This is to partially hedge the interest rate risks on its ECA and Commercial Debt Facility (Foreign Facility) that is benchmarked against US LIBOR and with flexible interest reset feature that allows EBWPC to select what interest reset frequency to apply (i.e., monthly, quarterly or semi-annually) [see Note 17]. As it is EBWPC’s intention to reprice the interest rate on the Foreign facility semi-annually, EBWPC utilizes IRS with semi-annual interest payments and receipts. In the first quarter of 2016, EBWPC entered into three (3) IRS with aggregate notional amount of US\$30 million.

Under the IRS agreement, EBWPC will receive semi-annual interest of 6-month USD-LIBOR and will pay fixed interest. EBWPC designated the IRS as hedging instruments in cash flow hedge against the interest rate risks arising from the Foreign Facility.



Pertinent details of the IRS are as follows:

Notional amount (in million)	Trade Date	Effective Date	Maturity Date	Fixed rate	Variable rate
US\$36.3	10/20/14	12/15/14	10/23/29	2.635%	6-month LIBOR
23.4	10/20/14	12/15/14	10/23/29	2.635%	6-month LIBOR
22.8	10/20/14	12/15/14	10/23/29	2.635%	6-month LIBOR
11.0	02/12/16	06/15/16	10/23/29	1.825%	6-month LIBOR
5.3	12/11/14	12/15/14	10/23/29	2.508%	6-month LIBOR
3.6	02/12/16	06/15/16	10/23/29	1.825%	6-month LIBOR
3.6	02/12/16	06/15/16	10/23/29	1.825%	6-month LIBOR

The maturity date of the seven (7) IRS coincides with the maturity date of the Foreign Facility. As of December 31, 2022 and 2021, the outstanding aggregate notional amount of EBWPC's IRS amounted to US\$106.0 million and US\$118.3 million, respectively. The aggregate fair value losses on these IRS amounted to ₱72.1 million and ₱469.9 million as of December 31, 2022 and 2021, respectively.

Hedge Effectiveness Results

As of December 31, 2022 and 2021, the fair value of the outstanding IRS amounted to ₱370.7 million and ₱281.6 million, respectively. Since the critical terms of the Foreign Facility and IRS match, EBWPC recognized the aggregate fair value changes on these IRS under "Fair Value Adjustment on Hedging Transactions" account in the consolidated statements of financial position.

A. Call Spread Swap Contracts

In April 2020, the Parent Company entered into five (5) CSS with an aggregate notional amount of US\$50.0 million. These derivative contracts were designated to hedge possible foreign exchange loss of US\$50.0 million loan with Mizuho bank which matured on March 24, 2022.

The corresponding CSS was settled in April 2022.

The aggregate fair value change of these call spread contracts amounted to nil and ₱100.2 million as of December 31, 2022 and 2021, respectively.

Hedge Effectiveness Results

As of December 31, 2022, the fair value of the outstanding CSS amounted to nil. Since the critical terms of the CSS match, EDC recognized the aggregate fair value changes on these under "Derivative gains (losses)" account in the consolidated statements of income.

The net movement of fair value changes made to "Fair value adjustments on hedging transactions" account for the Company's cash flow hedges is as follows:

	2022	2021
Balances at beginning of year	(₱588,484,497)	(₱813,808,947)
Changes in fair value	577,851,523	40,778,090
	(10,632,974)	(773,030,857)
<i>Transferred to consolidated statements of income</i>		
Interest expense	53,776,390	145,008,121
Balances before tax	43,143,416	(628,022,736)
Tax	28,995,245	39,538,239
Balances at end of year	₱72,138,661	(₱588,484,497)



Fair Value Changes of Derivatives

The table below summarizes the net movement in fair values of the Company's derivatives as of December 31, 2022 and 2021.

	2022	2021
Balances at beginning of year	(P240,685,863)	(P658,611,108)
Net changes in fair value of derivatives		
designated as accounting hedges	557,585,510	272,917,124
Fair value of settled instruments:		
Designated as accounting hedges	53,776,390	145,008,121
Balances at end of year	P370,676,037	(P240,685,863)
Presented as:		
Derivative assets	P370,676,037	P40,876,487
Derivative liabilities	–	(281,562,350)
	P370,676,037	(P240,685,863)

Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a healthy capital ratio in order to comply with its financial loan covenants and support its business operations. Core capital includes long-term debt and equity.

The Company manages and makes adjustment to its capital structure as it deems necessary. To maintain or adjust its capital structure, the Company may increase the levels of capital contributions from its creditors and owners/shareholders through debt and new shares issuance, respectively. No significant changes have been made in the objectives, policies and processes of the Company in 2022, 2021 and 2020.

The Company monitors capital using the debt ratio, which is long-term debt divided by long-term debt plus equity. The Company's policy is to keep the debt ratio at not more than 70%. The Company's long-term debt include both the current and long-term portions of long-term debts. Equity includes all items presented in the equity section of the consolidated statements of financial position.

The table below shows the total capital considered by the Company and its debt ratio as of December 31, 2022 and 2021.

	2022	2021
Long-term debts	P53,301,611,618	P53,119,086,195
Total equity	75,577,494,076	67,944,633,174
Total	P128,879,105,694	P121,063,719,369
Debt ratio	41.36%	43.88%

As of December 31, 2022 and 2021 the Company was able to meet its capital management objectives.



32. Commitments and Contingencies

Stored Energy

In 1996 and 1997, the Parent Company entered into Addendum Agreements to the PPA related to the Unified Leyte power plants where any excess generation above the nominated energy or take-or-pay volume will be credited against payments made by NPC for the periods it was not able to accept electricity delivered by EDC (see Note 21).

Company as a Lessee

The Company has lease contracts for office, parking spaces and warehouses.

On December 23, 2015, the Company entered into an agreement for the lease of office space with Rockwell Land Corporation for a period of five (5) years effective from July 1, 2015 to June 30, 2020. On November 25, 2020, the contract was extended for another five (5) years expiring on June 30, 2025.

On December 19, 2016, the Company renewed its lease agreement with Amberland Corporation for the lease of office and parking spaces for a period of five (5) years from December 1, 2016 to November 30, 2021. This was not renewed as of December 31, 2021.

The Company also has certain leases of assets with lease term of 12 months or less and leases of low value assets. The Company applies the short-term lease and lease of low value assets recognition exemption for these leases.

Set out below are the carrying amounts and movements of lease liabilities:

	2022	2021
As at January 1	₱297,174,921	₱366,713,842
Additions (Note 12)	167,529,682	36,137,905
Interest on lease liability (Note 25)	16,758,684	14,004,741
Adjustments	(206,242)	6,535,827
Payments	(79,416,857)	(126,217,394)
As at December 31	401,840,188	297,174,921
Current	160,772,239	92,906,116
Noncurrent	₱241,067,949	₱204,268,805

The maturity analysis of lease liabilities is discussed in Note 31.

The following amounts are recognized in profit or loss:

	2022	2021
Depreciation expense for right-of-use assets (Note 12)	₱118,955,291	₱138,192,962
Expense relating to short-term leases and low value assets	222,137,776	139,583,690
Variable lease payments	43,216,782	55,838,659
Interest on lease liability (Note 25)	16,758,684	14,004,741
Total amount recognized in profit or loss	₱401,068,533	₱347,620,052

The Company had total cash outflows for leases of office, parking spaces and warehouses amounting to ₱79.4 million and ₱126.2 million in 2022 and 2021, respectively.



Purchase Commitments

Total purchase commitments as of December 31, 2022 and 2021 amounted to ₱1,799 million and ₱4,415.1 million, respectively. These are expected to be settled in the succeeding financial years.

Income from Insurance Claims

Property damages

In 2022, 2021 and 2020, the Company recognized income from insurance claims totaling to ₱11.4 million, ₱169.4 million, and ₱369.3 million, respectively, relating to property damages caused by calamities such as the Leyte earthquake, and numerous typhoons which include but are not limited to Typhoon Urduja, Yolanda, Seniang, Amang, Glenda and Lawin (see Note 27).

Business interruptions and other claims

In 2022, 2021 and 2020, the Company recognized income from insurance claims totaling to ₱183.5 million, ₱881.0 million and ₱1,461.4 million, respectively, relating to business interruptions and other claims caused by calamities and various events, which include but are not limited to Leyte earthquake, Typhoon Yolanda, Typhoon Glenda and machinery breakdowns (see Note 27).

As of December 31, 2022 and 2021, outstanding insurance receivable amounted to ₱158.7 million and ₱60.9 million, respectively, which is included in “Non-trade accounts receivable” under “Trade and other receivables” (see Note 7).

Income from insurance claims are presented under “Miscellaneous income - net” in profit or loss.

Legal Claims

The Company is contingently liable for lawsuits or claims filed by third parties, including labor-related cases, which are pending decision by the courts, the outcomes of which are not presently determinable. In the opinion of management and its legal counsel, the eventual total liability from these lawsuits or claims, if any, will not have a material effect on the consolidated financial statements (see Notes 3 and 18).

33. Geothermal Service Concession Contracts

Geothermal Service Contracts

Under P.D. 1442, all geothermal resources in public and/or private lands in the Philippines, whether found in, on or under the surface of dry lands, creeks, rivers, lakes, or other submerged lands within the waters of the Philippines, belong to the State, inalienable and imprescriptible, and their exploration, development and exploitation. Furthermore, the Government may enter into service contracts for the exploration, development and exploitation of geothermal resources in the Philippines.

Pursuant to P.D. 1442, the Parent Company had entered into the following Geothermal Service Contracts (GSCs) with the Government of the Republic of the Philippines (represented by the DOE) for the exploration, development and production of geothermal fluid for commercial utilization:

- a. Tongonan, Leyte, dated May 14, 1981
- b. Southern Negros, dated October 16, 1981
- c. Bac-Man, Sorsogon, dated October 16, 1981
- d. Mt. Apo, Kidapawan, Cotabato, dated March 24, 1992
- e. Northern Negros, dated March 24, 1994
- f. Mt. Cabalian, Southern Leyte, dated January 13, 1997



The exploration period under the service contracts shall be five (5) years from the effective date, renewable for another two (2) years if the Parent Company has not been in default in its exploration, financial and other work commitments and obligations and has provided a work program for the extension period acceptable to the Government. Where geothermal resource in commercial quantity is discovered during the exploration period, the service contracts shall remain in force for the remainder of the exploration period or any extension thereof and for an additional period of 25 years thereafter, provided that, if the Parent Company has not been in default in its obligations under the contracts, the Government may grant an additional extension of 15 to 20 years.

Under P.D. 1442, the right granted by the Government to the Parent Company to explore, develop, and utilize the country's geothermal resource is subject to sharing of net proceeds with the Government. The net proceeds is what remains after deducting from the gross proceeds the allowable recoverable costs, which include development, production and operating costs. The allowable recoverable costs shall not exceed 90% of the gross proceeds. The Parent Company pays 60% of the net proceeds as government share and retains the remaining 40%. The 60% government share is comprised of government share and income taxes. The government share is split between the DOE (60%) and the LGUs (40%) where the project is located.

Geothermal Renewable Energy Service Contracts and Geothermal Operating Contracts

R.A. 9513, otherwise known as the Renewable Energy Act of 2008 (RE Law) and which became effective in January 2009, mandates the conversion of existing GSCs under P.D. 1442 into Geothermal Renewable Energy Service Contracts (GRESCs) so companies may avail of the incentives under the RE Law. Aside from the tax incentives, the significant terms of the service concessions under the GRESCs are similar to the GSCs except that the Parent Company has control over any significant residual interest over the steam fields, power plants and related facilities throughout the concession period and even after the concession period.

On September 10, 2009, the Parent Company was granted the Provisional Certificate of Registration as an RE Developer for the following existing projects: (1) GSC No. 01 - Tongonan, Leyte, (2) GSC No. 02 - Palinpinon, Negros Oriental, (3) GSC No. 03 - Bacon-Manito, Sorsogon/Albay, (4) GSC No. 04 - Mt. Apo, North Cotabato, and (5) GSC No. 06 - Northern Negros. With the receipt of the certificates of provisional registration as geothermal RE Developer, the fiscal incentives of the RE Law were availed of by the Parent Company retroactive from the effective date of such law on January 30, 2009. Fiscal incentives include, among others, change in the applicable corporate tax rate from 25% to 10% for RE-registered activities.

The GSCs were fully converted to GRESCs upon signing of the parties on October 23, 2009, thereby the Company is now the holder of five (5) GRESCs and the corresponding DOE Certificate Registration as an RE Developer for the following geothermal projects:

1. GRESA 2009-10-001 for Tongonan Geothermal Project
2. GRESA 2009-10-002 for Southern Negros Geothermal Project
3. GRESA 2009-10-003 for Bacon-Manito Geothermal Project
4. GRESA 2009-10-004 for Mt. Apo Geothermal Project
5. GRESA 2009-10-005 for Northern Negros Geothermal Project

The remaining service contract of the Parent Company covered by P.D. 1442 as of December 31, 2013 is the Mt. Cabalian in Southern Leyte. In 2014, after thorough assessment, the Parent Company surrendered to the Department of Energy the Geothermal Service Contract covering the Southern Leyte Geothermal Project located in Cabalian, Southern Leyte. The Parent Company has found the project not viable considering the size of the resource and the risk associated with the development and sustainability thereof.



EDC also holds geothermal resource service contracts for the following prospect areas:

1. Mt. Zion 2 Geothermal Project (currently in the process of conversion to the new RE contract template per DOE Department Circular No. DC2019-10-0013, 25-year contract period expiring in 2040, renewable for another 25 years)
2. Amacan Geothermal Project (with a five-year pre-development period expiring in 2021, 25-year contract period expiring in 2041, renewable for another 25 years)
3. Mainit-Sadanga Geothermal Project (with a seven-year pre-development period expiring in October 22, 2028, 25-year contract period expiring in 2047, renewable for another 25 years)

Location	Project	Expiration of GSC	GSC Owner
North Cotabato/ Davao del Sur	Mt. Zion 2	2040	EDC
Compostela Valley	Amacan	2041	EDC
Sadanga and Bontoc, Mountain Province	Mainit-Sadanga	2047	EDC

Following the DOE's approval of the surrender of the energy service contracts for Ampiro, Lakewood and Balingasag, the exploration and evaluation costs incurred for these projects totaling to ₱9.0 million and the related allowance for impairment losses were written off in 2020 (see Notes 3 and 14).

Under the GRESCs, the Parent Company pays the government share equivalent to 1.5% of the gross income from the sale of geothermal steam produced and such other income incidental to and arising from generation, transmission, and sale of electric power generated from geothermal energy within the contract areas. Under the GRESCs, gross income derived from business is an amount equal to gross sales less sales returns, discounts and allowances, and cost of goods sold. Cost of goods sold includes all business expenses directly incurred to produce the steam used to generate power under a GRESC.

The RE Law also provides that the exclusive right to operate geothermal power plants shall be granted through a Renewable Energy Operating Contract with the Philippine Government through the DOE. On May 8, 2012, EDC, through its subsidiaries GCGI and BGI secured three (3) Geothermal

Operating Contracts (GOCs), each with a 25-year contract period expiring in 2037 and renewable for another 25 years, covering the following power plant operations:

- 1) Tongonan Geothermal Power Plant under DOE Certificate of Registration No. GOC 2012-04-038
- 2) Palinpinon Geothermal Power Plant under DOE Certificate of Registration No. GOC 2012-04-037
- 3) Bacon-Manito Geothermal Power Plant under DOE Certificate of Registration No. GOC 2012-04-039

Total outstanding government share and the related expense are shown in Notes 16 and 22 to the consolidated financial statements, respectively.



34. Wind Energy Service Contracts and Solar Energy Service Contracts

Wind Energy Service Contracts

On September 14, 2009, the Parent Company entered into WESC 2009-09-004 with the DOE granting the Parent Company the right to explore and develop the Burgos Wind Project for a period of 25 years from the effective date. The pre-development stage under the WESC shall be two (2) years extendible for another year if the Parent Company has not been in default in its exploration or work commitments and has provided a work program for the extension period upon confirmation by the DOE. Within the pre-development stage, the Parent Company shall undertake exploration, assessment and other studies of wind resources in the contract area. Upon declaration of commerciality, as confirmed by the DOE, the WESC shall remain in force for the balance of the 25-year period for the development/commercial stage.

The DOE shall approve the extension of the WESC for another 25 years under the same terms and conditions, provided the Parent Company is not in default of any material obligations under the contract and has submitted a written notice to the DOE for the extension of the contract not later than one (1) year prior to the expiration of the original 25-year period. Further, the WESC provides that all materials, equipment, plant and other installations erected or placed on the contract area by the Parent Company shall remain the property of the Parent Company throughout the term of the contract and after its termination.

On May 26, 2010, the BOD of EDC approved the assignment and transfer to EBWPC of all the contracts, assets, permits and licenses relating to the establishment and operation of the Burgos Wind Power Project under DOE Certificate of Registration No. WESC 2009-09-004. On May 16, 2013, EBWPC was granted a Certificate of Confirmation of Commerciality by the DOE.

As of December 31, 2022, the Company holds eighteen (18) Wind Energy Service Contracts (“WESC”) with the DOE, each with a twenty five (25)-year contract period. The WESCs cover the following:

Projects	DOE Certificates of Registration
1) 150 MW Wind Project in Burgos, Ilocos Norte	WESC 2009-09-004 (expiring in 2034)
2) 84 MW Wind Project in Pagudpud, Ilocos Norte	WESC 2010-02-040 (expiring in 2035)
3) Burgos 1 Wind Project in Burgos, Ilocos Norte	WESC 2013-12-063 (expiring in 2038)
4) Burgos 2 Wind Project in Burgos, Ilocos Norte	WESC 2013-12-064 (expiring in 2038)
5) Matnog 1 Wind Project in Matnog and Magdalena, Sorsogon*	WESC 2014-07-075 (expiring in 2039)
6) Matnog 2 Wind Project in Matnog, Sorsogon*	WESC 2014-07-076 (expiring in 2039)
7) Matnog 3 Wind Project in Matnog, Sorsogon*	WESC 2014-07-077 (expiring in 2039)
8) Iloilo 1 Wind Project in Batad and San Dionisio, Iloilo	WESC 2014-07-078 (expiring in 2039)
9) Burgos 3 Wind Project in Burgos and Pasuquin, Ilocos Norte	WESC 2015-09-085 (expiring in 2040)
10) Burgos 4 Wind Project in Burgos, Ilocos Norte	WESC 2015-09-086 (expiring in 2040)
11) Ilocos Norte Wind Power Project in Burgos and Pasuquin, Ilocos Norte	WESC 2021-01-147 (expiring in 2046)
12) Pasuquin Wind Power Project in Pasuquin Ilocos Norte	WESC 2021-01-148 (expiring in 2046)
13) Guimaras Onshore Wind Project	WESC 2022-03-199 (expiring in 2047)
14) Guimaras 1 Offshore Wind Project	WESC 2022-05-202 (expiring in 2047)
15) Iloilo-Guimaras Offshore Wind Project	WESC 2022-05-203 (expiring in 2047)
16) Guimaras-Negros Occidental Offshore Wind Project	WESC 2022-05-204 (expiring in 2047)
17) Laguna 1 Onshore Wind Project	WESC 2022-10-224 (expiring in 2047)
18) Negros Occidental Offshore Wind Project	WESC 2022-10-225 (expiring in 2047)

*WESCs were surrendered to the DOE in April 2022



Solar Energy Service Contracts

As of December 31, 2022, the Parent Company holds two (2) SESCOs with the DOE with a 25-year contract period. The SESCOs cover the following:

Projects	DOE Certificates of Registration
1) 6.82 MW Burgos Solar Project in Burgos, Ilocos Norte	SESC No. 2014-07-088 (expiring in 2039 and renewable for another twenty five (25) years)
2) Gaisano Iloilo, Iloilo City Solar Rooftop Project*	SESC No. 2016-11-352 (expiring in 2042 and renewable for another twenty five (25) years)

* SESCO assigned to EDC Siklab Power Corporation

35. FG Hydro's Contracts and Agreements

Operation and Maintenance Agreement (O&M Agreement)

The FG Hydro has an O&M Agreement with NIA, with the conformity of NPC. Under the O&M Agreement, NIA will manage, operate, maintain and rehabilitate the Non-Power Components of the PAHEP/MAHEP in consideration for a service fee based on actual cubic meter of water used by the FG Hydro for power generation.

The O&M Agreement is effective for a period of 25 years commencing on November 18, 2006 and renewable for another 25 years under the terms and conditions as may be mutually agreed upon by both parties.

Total service fees incurred amounted to ₱115.9 million and ₱112.3 million in 2022 and 2021, respectively, and are included under the "Power plant operations and maintenance" account in the consolidated statements of income.

Memorandum of Agreement with Protected Area Management Board (MOA with PAMB)

PSALM entered into a MOA with PAMB on July 17, 2006. Under the MOA, PAMB granted the FG Hydro the right to use the Masiway land, where the MAHEP power plant is situated in consideration for an annual user's fee. The MOA will be effective for 25 years and renewable for a similar period subject to terms and conditions as may be mutually agreed upon by both parties.

By virtue of R.A. 7586 or the National Integrated Protected Areas System (NIPAS) Act of 1992 and as amended by RA 11038 or the Expanded NIPAS Act of 2018, Department of Environment and Natural Resources issued its implementing rules and regulations (IRR) under DENR Administrative Order 2019-05 dated May 30, 2019. The said IRR details the mandate for any existing agreements for a protected area, including the MOA for the Masiway land, to be converted to a Special Use Agreement in Protected Areas (SAPA). As of December 31, 2022, FG Hydro is coordinating with its local PAMB for the transition of its existing MOA to the prescribed SAPA.

The FG Hydro incurred annual user's fee amounting to ₱0.1 million in 2022 and 2021. The user's fee is included under the "Taxes and licenses" account in the statements of income.

Memorandum of Agreement with NGCP (MOA with NGCP)

FG Hydro entered into a MOA with NGCP on August 31, 2011 for the performance of services on the operation of the PAHEP 230 kV switchyard and its related appurtenances (Switchyard).



The MOA is effective for a period of five (5) years and renewable for another three (3) years under such terms as maybe agreed by both parties. The MOA with NGCP expired on August 31, 2016 after which the FG Hydro continued to perform services on the operation of the Switchyard until the signing of a new contract.

A new MOA, effective for a period of five (5) years upon signing by the parties, was signed with NGCP on January 20, 2020. The MOA is renewable for another three (3) years under such terms and conditions as may be agreed by the parties.

36. Vestas Operation and Maintenance Agreement

In March 2013, the Company entered into an agreement with Vestas Wind Systems (Vestas) for the construction of its 87 MW Burgos Wind Project (Phase 1), located in the Municipality of Burgos, Ilocos Norte. The project comprises three components: (i) the establishment of a wind farm facility; (ii) a 115kV transmission line; and (iii) a substation adjacent to the wind farm. On April 30, 2014, the Company and Vestas have entered into another contract for the construction and installation of an additional 21 wind turbines (Phase 2) increasing the total generating capacity from 87 MW to 150 MW.

EBWPC will operate and maintain the wind farm under a 10-year operations and maintenance agreement with Vestas. The Vestas O&M contract is a service and energy-based availability agreement based on Vestas' Active Output Management 5000 product. The agreement is a full-scope maintenance contract covering both scheduled and unscheduled maintenance with an energy-based availability on the wind turbines. The agreement covers the wind turbines, wind farm electrical balance-of-plant systems, the wind turbine yaw back-up generators and the Burgos Substation as opposed to a traditional O&M contract that provides a guarantee that the turbines in a wind power plant are operational for a defined period of time on an annual basis (referred to as time-based availability), the AOM 5000 model provides an energy-based guarantee, which encourages the contractor to ensure that the turbines are fully operational when the wind is blowing.

37. Renewable Energy Payment Agreement

Under Section 2.2 of the ERC Resolution No. 24, Series of 2013, *A Resolution Adopting the Guidelines on the Collection of the FIT Allowance (FIT-All) and the Disbursement of the FIT-All Fund* (the FIT-All Guidelines), all eligible renewable energy (RE) plant shall enter into a Renewable Energy Payment Agreement (REPA) with TransCo for the payment of the FIT.

Pursuant to the FIT-All Guidelines, EBWPC entered into a REPA with TransCo for its Burgos Wind Power Plants. The REPA became effective after all the documents enumerated in Section 3.1 of the REPA have been submitted to and certified complete by TransCo. Included in those required documents is the FIT COC issued by the ERC on April 13, 2015.

The ERC granted on April 13, 2015 the FIT COC for the Burgos Wind Project - Phase I and II, which specifies that the project is entitled to the FIT rate of ₱8.53 per kilowatt-hour (kWh), subject to adjustments as may be approved by the ERC, from November 11, 2014 to November 10, 2034.



Similarly, on April 24, 2015, the Parent Company entered into a REPA for its 4.16 MW Solar Power Plants with TransCo.

In accordance with the REPA, all actual RE generation from the commercial operations date (COD) until the effective date of the REPA (effective date) were billed to and collected from the Philippine Electricity Market Corporation (PEMC) at market price.

After the effective date of the REPA, billings for all actual RE generation have been submitted directly to and collected from TransCo at the applicable FIT rates as approved by the ERC. In addition, the actual FIT differential from the COD until the effective date were also billed to TransCo over the number of months which lapsed during that period.

FIT rate adjustments

On May 26, 2020, the ERC approved Resolution No. 06, Series of 2020 which approves and adopts FIT rate adjustments, for the years 2016, 2017, 2018, 2019 and 2020 using 2014 as the base year for the consumer price index and foreign exchange. The said resolution was published in a newspaper of general circulation on November 17, 2020 and became effective 15 days after. Accordingly, in 2020, the Company recognized additional revenue and long-term receivables computed on the FIT rate increment which will be recovered for a period of five years starting January 1, 2021.

In 2022 and 2021, while waiting for the approval of the 2022 and 2021 FIT rates, management has assessed that the lower between the ERC approved 2020 FIT rates and the TransCo forecasted FIT rates for 2022 and 2021, represent the best estimate of the transaction price the Company will be entitled to in exchange of the delivered energy.

Total FIT revenue adjustment recognized by the Company amounted to ₱265.5 million, ₱450.8 million and ₱356.5 million, in 2022, 2021 and 2020, respectively.

As of December 31, 2022 and 2021, the noncurrent portion of the receivable from TransCo included in “Long-term Receivables” under “Other Noncurrent Assets” amounted to ₱1,290.8 million and ₱1,452.4 million, respectively, while the current portion amounting to ₱57.5 million and ₱145.5 million, respectively, is included under “Trade and Other Receivables” (see Notes 7 and 15). Interest accretion on receivable from TransCo amounted to ₱36.9 million, ₱38.6 million and ₱3.2 million in 2022, 2021 and 2020, respectively (see Note 25).

38. Changes in Liabilities Arising from Financing Activities

	January 1, 2022	Cash flows	Foreign exchange movements	Others	December 31, 2022
Current and noncurrent portion of long-term debts (Note 17)	₱53,119,086,195	(₱706,932,585)	₱1,024,756,357	(₱135,298,349)	₱53,301,611,618
Accrued interest on long-term debts	449,573,490	(2,667,275,303)	—	2,718,659,735	500,957,922
Lease liability	297,174,920	(79,416,857)	—	184,082,125	401,840,188
Acquisition of treasury stock (Notes 1 and 19)	—	(1,702,920)	—	1,702,920	—
Dividends paid (Note 19)	10,054,640	(5,293,500,000)	—	5,295,258,886	11,813,526
Total liabilities from financing activities	₱53,875,889,245	(₱8,748,827,665)	₱1,024,756,357	₱8,064,405,317	₱54,216,223,254



	January 1, 2021	Cash flows	Foreign exchange movements	Others	December 31, 2021
Current and noncurrent portion of long-term debts (Note 17)	₱60,030,274,514	(₱7,568,066,306)	(₱78,061,236)	₱734,939,223	₱53,119,086,195
Accrued interest on long-term debts	806,489,990	(3,014,017,902)	—	2,657,101,402	449,573,490
Lease liability	366,713,842	(126,217,394)	—	56,678,472	297,174,920
Acquisition of treasury stock (Notes 1 and 19)	—	(49,735,720)	—	49,735,720	—
Dividends paid (Note 19)	5,007,752,699	(10,292,546,786)	—	5,294,848,727	10,054,640
Total liabilities from financing activities	₱66,211,231,045	(₱21,050,584,108)	(₱78,061,236)	₱8,793,303,544	₱53,875,889,245

Other includes effect of reclassification of noncurrent portion of long-term debts, amortization of debt issuance costs, declaration of dividends on preferred stocks that were not yet paid at the end of financial reporting date, and effect of accrued but not yet paid interest on long-term debts.

39. Event After the Financial Reporting Date

On February 22, 2023, EDC has drawn additional ₱3.0 billion from the BDO loan facility at a 6-month floating rate of 5.70% maturing on September 2032.

On February 27, 2023, the BOD of the Parent Company approved the proposed reverse stock split of the Parent Company's shares of stock, which will involve the following:

- Amendment of the Articles of Incorporation of the Company to (i) increase the par value of each common share from ₱1.00 to ₱1,000,000.00, and (ii) increase the par value of each preferred share from ₱0.01 to ₱10,000.00, while maintaining its current authorized capital stock; and
- Payment of the fractional shares (as treasury shares) at a price to be determined and approved by the Company's Operations Committee.



INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Board of Directors and Stockholders
Energy Development Corporation
Rockwell Business Center Tower 3
Ortigas Avenue, Pasig City, Philippines

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Energy Development Corporation (a subsidiary of Red Vulcan Holdings Corporation) and its subsidiaries (collectively referred to as the Company) as at December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022, included in this Form 17-A and have issued our report thereon dated March 10, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Maria Veronica Andresa R. Pore

Partner

CPA Certificate No. 90349

Tax Identification No. 164-533-282

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 90349-SEC (Group A)

Valid to cover audit of 2022 to 2026 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-071-2020, December 3, 2020, valid until December 2, 2023

PTR No. 9564679, January 3, 2023, Makati City

March 10, 2023



INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
Energy Development Corporation
Rockwell Business Center Tower 3
Ortigas Avenue, Pasig City, Philippines

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Energy Development Corporation (a subsidiary of Red Vulcan Holdings Corporation) and its subsidiaries (collectively referred to as the Company) as at December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022, and have issued our report thereon dated March 10, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Company's consolidated financial statements as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Maria Veronica Andresa R. Pore

Maria Veronica Andresa R. Pore
Partner

CPA Certificate No. 90349

Tax Identification No. 164-533-282

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 90349-SEC (Group A)

Valid to cover audit of 2022 to 2026 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-071-2020, December 3, 2020, valid until December 2, 2023

PTR No. 9564679, January 3, 2023, Makati City

March 10, 2023



ENERGY DEVELOPMENT CORPORATION
(A Subsidiary of Red Vulcan Holdings Corporation)
AND SUBSIDIARIES

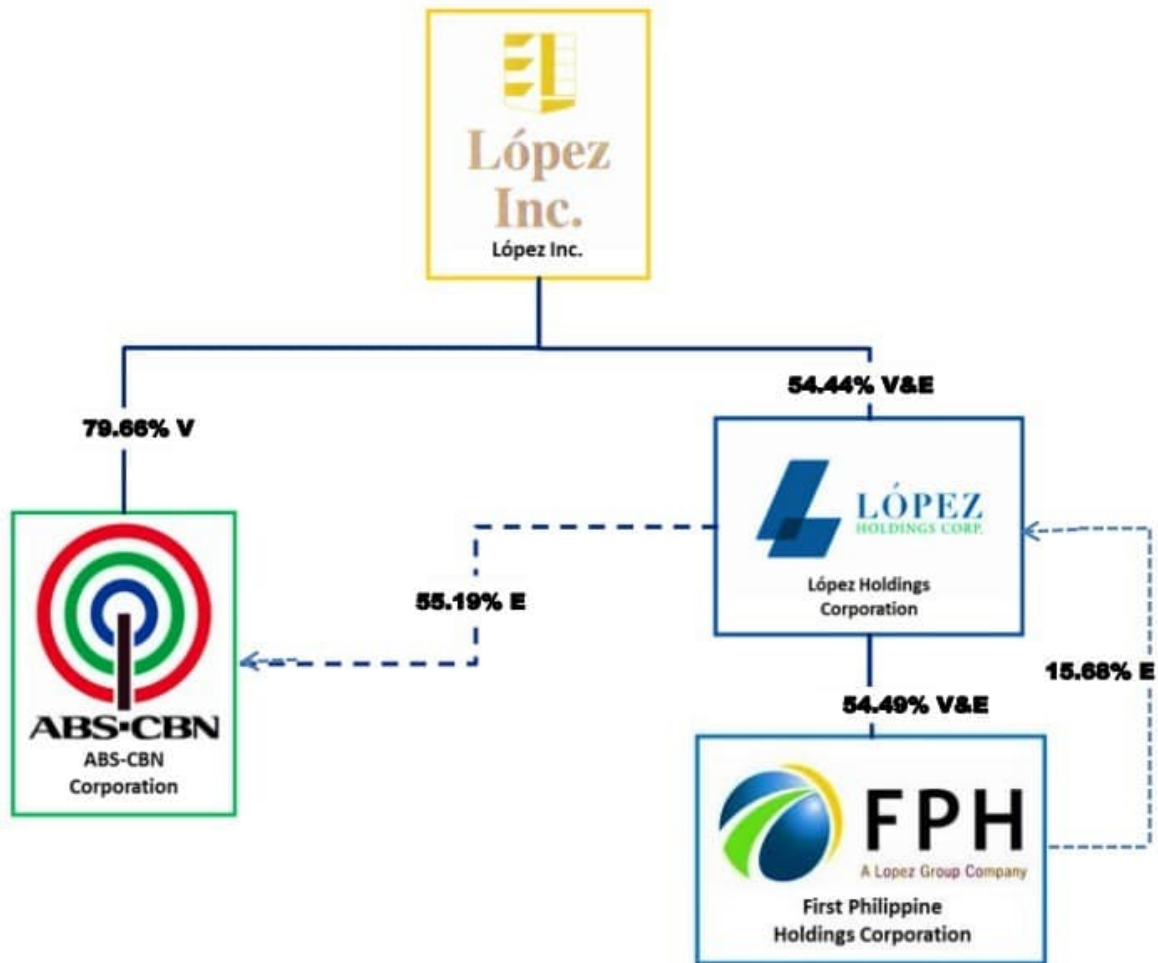
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2022

Schedule	Contents
<i>Index to the Consolidated Financial Statements</i>	
I	Map Showing the Relationships Between and Among the Companies in the Group, its Ultimate Parent Company and Co-subsiidiaries
II	Reconciliation of Retained Earnings Available for Dividend Declaration
<i>Supplementary Schedules by Annex 68-J</i>	
A	Financial Assets
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related parties)
C	Amounts Receivable from Related Parties and Amounts Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements
D	Long-Term Debt
E	Indebtedness to Related Parties
F	Guarantees of Securities of Other Issuers
G	Capital Stock

ENERGY DEVELOPMENT CORPORATION**(A Subsidiary of Red Vulcan Holdings Corporation)****SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS****AVAILABLE FOR DIVIDEND DECLARATION****DECEMBER 31, 2022**

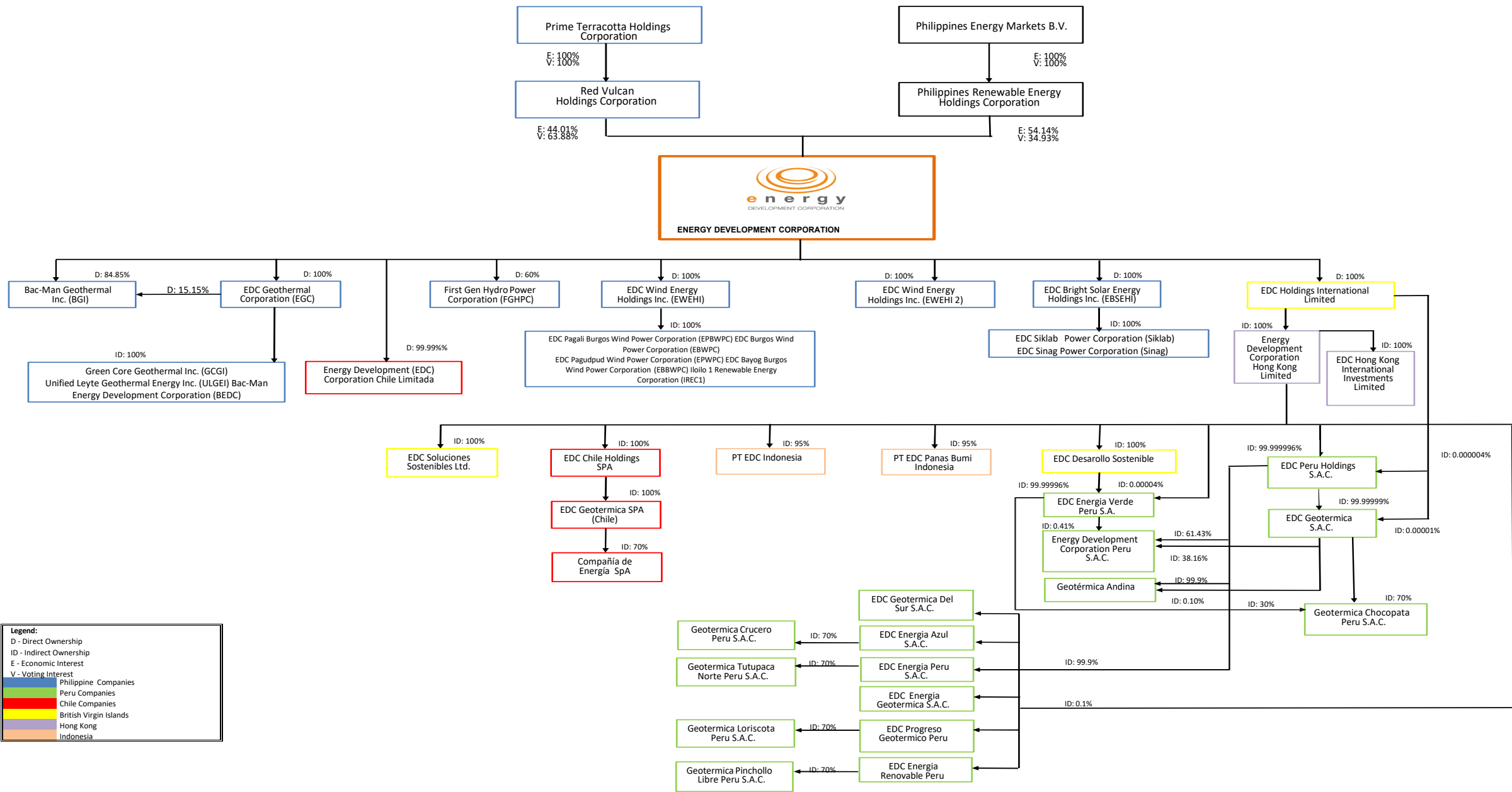
Unappropriated retained earnings, January 1, 2022		₱ 31,303,459,532
Add (Less) adjustments:		
Treasury shares	(14,729,043,061)	
Deferred tax assets	1,411,125,828	(13,317,917,233)
Unappropriated retained earnings, as adjusted to available for dividend declaration, January 1, 2022		17,985,542,299
Net income in 2022 closed to retained earnings	18,492,513,820	
Less: Non-actual/unrealized income (net of tax)		
Unrealized foreign exchange gain	(2,583,732)	
Unrealized mark-to-market gain on financial asset at FVPL	(258,668)	
Net income actually earned in 2022		18,489,671,420
Add (Less):		
Dividend declaration during the period	(5,293,500,000)	
Appropriation of retained earnings during the period	(30,000,000,000)	
Reversal of appropriation of retained earnings during the period	6,632,664,565	
Acquisition of treasury shares during the period	(1,702,920)	(28,662,538,355)
TOTAL RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION, DECEMBER 31, 2022		₱7,812,675,364

LOPEZ HOLDINGS CORPORATION AND SUBSIDIARIES
MAP OF RELATIONSHIP OF THE COMPANIES WITHIN THE GROUP
DECEMBER 31, 2022



Ownership Structure of Energy Development Corporation

(As of December 31, 2022)





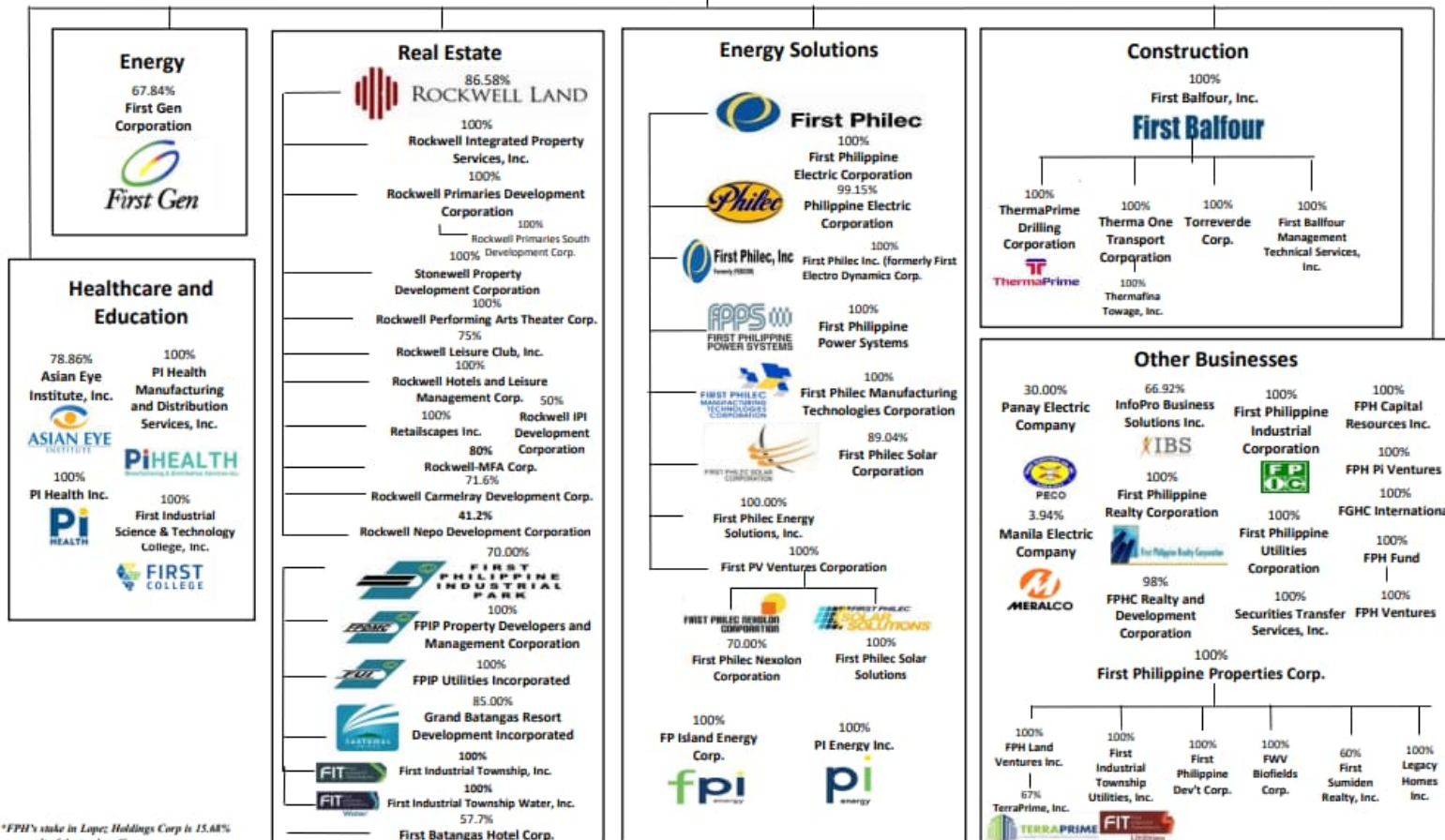
FIRST PHILIPPINE HOLDINGS CORP. AND SUBSIDIARIES CORPORATE STRUCTURE

December 31, 2022

*15.68%



54.49%
First Philippine Holdings



*FPH's stake in Lopez Holdings Corp is 15.68% as a result of the tender offer.

**ENERGY DEVELOPMENT CORPORATION
AND SUBSIDIARIES**

**INDEX TO SUPPLEMENTARY SCHEDULES
Form 17-A, Item 7**

Supplementary Schedules

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

* Not Applicable

ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS

As of December 31, 2022

FINANCIAL ASSETS	Name of Issuing Entity & association of each use	Amount shown in the balance sheet	Income received and accrued
Loans and receivables:			
Cash and cash equivalents	N/A	17,597,790,076	93,715,002
Trade Receivables	N/A	7,041,337,145	
Due from related parties	N/A	30,837,428	
Loans and notes receivables	N/A	43,597,418	
Advances to employees	N/A	33,319,232	
Non-trade Accounts Receivables	N/A	400,544,094	
Long term receivables	N/A	1,497,117,960	
Debt Service Reserve Account	N/A	-	
Financial assets at FVOCI			
Debt investments	RCBC Retail Treasury Bonds	54,231,000	
Debt investments	RCBC GT Capital Fixed Rate Bonds	35,008,855	
Debt investments	BDP Fixed Rate Treasury Note	22,992,000	
Debt investments	Retail Treasury Bond	98,033,220	
Equity Investments	Preferred Shares - BGI	5,944,324,848	
Equity Investments	Wack Wack Golf & Country Club Share	58,000,000	
Equity Investments	Alabang Country Club Share	11,000,000	
Equity Investments	Baguio Country Club Share	6,000,000	
Equity Investments	Club Filipino Share	300,000	
Equity Investments	Metropolitan Club Share	250,000	
Equity Investments	Orchard Golf & Country Club Share	3,000,000	
Equity Investments	Petron Corp.	42,302	
Equity Investments	Capitol Hills Golf & Country Club Share	170,000	
Equity Investments	Investment in proprietary club membership	6,000,000	
Financial asset at FVPL	BDO Unit Investment Trust Fund	1,091,439	49,965,394
	Investment Management Agreement	11,561,382	
	BDO SunLife	75,771	
Derivative Assets	N/A	370,676,036	
TOTAL		33,267,300,207	143,680,396

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

As of December 31, 2022

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Accounts Written-off	Current	Not Current	Balance at End of Period
Employees	82,561,186	3,001,937			85,563,123	-	85,563,123
Directors							
TOTAL							

Note: The Company keeps the information on the name & designation of employees and other details confidential. As per written agreement with the concerned employees, any outstanding balance at the time of retirement shall be deducted from the retirement benefit proceeds.

SCHEDULE C - Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
As of December 31, 2022

[illegible]

Name of Subsidiary	Balance at January 1, 2022	Additions	Amounts Collected	Offsetting	Reclassification	Cumulative Translation Adjustment	Current	Non- Current	Amount Eliminated
<u>EDC Burgos Wind Power Corporation</u>									
Energy Development Corporation	0.00	124,999.97	-	(124,999.97)	-	-	0.00	-	0.00
EDC Wind Energy Holdings Inc.	4,389,005.30	-	(4,389,005.30)	-	-	-	0.00	-	0.00
EDC Pagudpud Wind Power Corporation	44,750.00	-	-	-	-	-	44,750.00	-	44,750.00
<u>EDC Bright Solar Energy Holdings, Inc.</u>									
EDC Sinag Power Corporation	11,000.00	-	-	-	-	-	11,000.00	-	11,000.00
<u>EDC Hong Kong Limited</u>									
EDC Chile Limitada	105,961,380.00	-	-	-	-	-	105,961,380.00	-	105,961,380.00
EDC Geotermica SPA	26,864,500.00	-	-	-	-	-	26,864,500.00	-	26,864,500.00
PT EDC Indonesia	211,907,779.14	73,491,200.00	-	-	-	-	285,398,979.14	-	285,398,979.14
PT EDC Panas Bumi	4,984,713.58	4,559,520.00	-	-	-	-	9,544,233.58	-	9,544,233.58
<u>PT EDC Indonesia</u>									
PT EDC Panas Bumi	699,904.12	4,860.00	-	-	-	1,620.00	706,384.12	-	706,384.12
<u>PT EDC Panas Bumi</u>									
PT EDC Indonesia	1,143,377.11	-	-	-	-	-	1,143,377.11	-	1,143,377.11
<u>EDC Chile Holdings SPA</u>									
EDC Chile Limitada	530,708,703.98	25,146,126.66	-	-	-	50,578,858.62	606,433,689.26	-	606,433,689.26
EDC Geotermica SPA	1,486,424,879.86	31,184,415.56	-	-	-	141,662,786.55	1,659,272,081.97	-	1,659,272,081.97
<u>EDC Geotermica SpA</u>									
EDC Chile Limitada	33,463,094.89	1,131,317.77	-	-	-	3,189,179.17	37,783,591.84	-	37,783,591.84
<u>EDC Peru Holdings</u>									
EDC Energia Verde Peru S.A.C.	88,919,468.59	23,863,301.09	-	-	-	12,949,725.70	125,732,495.39	-	125,732,495.39
EDC Peru SAC	24,314.49	39,452.34	-	-	-	3,541.02	67,307.85	-	67,307.85
EDC Geotermica Del Sur	39,543.93	-	-	-	-	5,758.95	45,302.88	-	45,302.88
EDC Energia Azul	44,969.90	-	-	-	-	6,549.16	51,519.06	-	51,519.06
EDC Energia Peru	48,693.85	-	-	-	-	7,091.50	55,785.35	-	55,785.35
EDC Energia Geotermica	38,456.17	-	-	-	-	5,600.54	44,056.71	-	44,056.71
EDC Progreso Geotermico Peru SAC	45,161.85	-	-	-	-	6,577.12	51,738.97	-	51,738.97
EDC Energia Renovable	39,671.90	-	-	-	-	5,777.59	45,449.49	-	45,449.49
Geothermica Crucero	4,204,610.52	-	-	-	-	612,335.56	4,816,946.08	-	4,816,946.08
Geotermica Tutupaca	9,775,943.37	-	-	-	-	1,423,712.79	11,199,656.16	-	11,199,656.16
Geothermica Lorisgota	241,404.96	-	-	-	-	35,156.85	276,561.80	-	276,561.80
<u>EDC Energia Verde Peru S.A.C.</u>									
EDC Energia Verde Peru S.A.C.	-	630,596.08	-	-	-	-	630,596.08	-	630,596.08
<u>Energy Development Corporation Peru SAC</u>									
EDC Energia Verde Peru S.A.C.	174,962,632.38	75,112,408.55	-	-	-	25,480,562.73	275,555,603.66	-	275,555,603.66
TOTAL	4,042,378,095.88	2,092,767,319.48	(12,952,203.67)	(2,033,198,828.37)	(461,433,928.68)	238,322,366.89	3,865,882,821.53	-	3,865,882,821.53

ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES
SCHEDULE D - LONG-TERM DEBT
As of December 31, 2022

Title of Issue and Type of Obligation	Amount Authorized by Indenture			Balance at December 31, 2022		Current Portion of Long-Term Debt		Long-Term Debt (Net of Current Portion)		Interest Rate	Amount and Number of Periodic Payments				Maturity Date
	(In original currency)	(In PHP)		(In original currency)	(In PHP)	(In original currency)	(In PHP)	(In original currency)	(In PHP)		(In original currency)		(Approx in PHP)	Periodic Payments	
Foreign Loans:															
Commercial Debt Facility US\$37.5 Million	\$ 37,502,193	1,680,378,192	44.81	\$ 21,560,494	1,202,105,332	\$ 2,541,972	141,727,638	\$ 19,018,522	1,060,377,694	2% margin plus LIBOR	various	44.720	various	30 semi annual payments	October 23, 2029
ECA Debt Facility US\$150 Million	\$ 150,008,771	6,721,520,705	44.81	\$ 85,873,089	4,787,854,100	\$ 10,062,810	561,051,972	\$ 75,810,279	4,226,802,129	2.35% margin plus LIBOR	various	44.720	various	30 semi annual payments	October 23, 2029
US\$50 Million Mizuho Loan	\$ 50,000,000	2,616,500,000	52.33	\$ 49,390,047	2,756,034,890	\$ -	-	\$ 49,390,047	2,756,034,890	1.10% margin plus Term SOFR	\$ 50,000,000	50.770	2,538,479,882	60 semi annual payments	March 24, 2027
Domestic Loans:															
Fixed Rate Bond-P4.0 Billion	P 4,000,000,000	4,000,000,000		P 3,997,783,024	3,997,783,024	P 3,997,783,024	3,997,783,024	P -	-	4.7312%			4,000,000,000	bullet payment	May 3, 2023
IFC 1 - P4.1 Billion	P 4,100,000,000	4,100,000,000		P 166,812,649	166,812,649	P 166,812,649	166,812,649	P -	-	6.367%	(ave) P 170,833,333		170,970,000	24 semi-annual payments	2012 - 2033
IFC 2 - P3.3 Billion	P 3,262,500,000	3,262,500,000		P 724,149,851	724,149,851	P 237,096,196	237,096,196	P 487,053,655	487,053,655	4.78% from June 22, 2018 to April 15, 2021; and 4.68% from April 16, 2021 until maturity	(ave) P 125,480,769		125,606,250	24 semi-annual payments	2013 - 2025
IFC 3 - P4.8 Billion	P 4,800,000,000	4,800,000,000		P 3,431,796,837	3,431,796,837	P 323,619,781	323,619,781	P 3,108,177,056	3,108,177,056	7.8048%	(ave) P 200,000,000		200,000,000	24 semi-annual payments	March 15, 2033
DBP PHP291.2M Term Loan	P 291,200,000	291,200,000		P 178,440,900	178,440,900	P 22,236,496	22,236,496	P 156,204,404	156,204,404	5.50%	P 291,200,000		291,200,000	bullet payment	December 17, 2030
UBP PHP1.5B Term Loan	P 1,500,000,000	1,500,000,000		P 1,107,496,407	1,107,496,407	P 59,229,478	59,229,478	P 1,048,266,929	1,048,266,929	5.25%	P 1,500,000,000		1,500,000,000	bullet payment	December 5, 2026
SBC PHP1B Term Loan	P 1,000,000,000	1,000,000,000		P 846,044,254	846,044,254	P 59,446,742	59,446,742	P 786,597,512	786,597,512	5.5788%	P 1,000,000,000		1,000,000,000	bullet payment	December 5, 2031
UBP PHP2B Term Loan	P 2,000,000,000	2,000,000,000		P 1,261,440,038	1,261,440,038	P 132,366,454	132,366,454	P 1,129,073,584	1,129,073,584	5.4382%	P 2,000,000,000		2,000,000,000	bullet payment	April 10, 2032
SBC PHP3B Term Loan	P 3,000,000,000	3,000,000,000		P 1,615,557,694	1,615,557,694	P 358,325,054	358,325,054	P 1,257,232,640	1,257,232,640	5.3166%	P 3,000,000,000		3,000,000,000	bullet payment	May 4, 2027
BPI PHP1B Term Loan	P 1,000,000,000	1,000,000,000		P 538,734,460	538,734,460	P 119,528,967	119,528,967	P 419,205,493	419,205,493	5.2059%	P 1,000,000,000		1,000,000,000	bullet payment	June 1, 2027
SBC PHP1B Term Loan	P 1,000,000,000	1,000,000,000		P 630,673,133	630,673,133	P 66,177,831	66,177,831	P 564,495,302	564,495,302	5.4277%	P 1,000,000,000		1,000,000,000	bullet payment	May 4, 2032
SBC PHP500M Term Loan	P 500,000,000	500,000,000		P 315,314,695	315,314,695	P 33,085,093	33,085,093	P 282,229,602	282,229,602	5.4904%	P 500,000,000		500,000,000	bullet payment	May 4, 2027
BPI P3.0 Billion Term Loan	P 3,000,000,000	3,000,000,000		P 2,536,714,264	2,536,714,264	P 296,987,119	296,987,119	P 2,239,727,145	2,239,727,145	5.1323%	P 3,000,000,000		3,000,000,000	bullet payment	April 15, 2030
BPI P3.0 Billion Term Loan	P 3,000,000,000	3,000,000,000		P 2,536,285,755	2,536,285,755	P 297,467,182	297,467,182	P 2,238,818,573	2,238,818,573	3.56%	P 3,000,000,000		3,000,000,000	bullet payment	April 15, 2030
BDO P4.5 Billion Loan	P 4,500,000,000	4,500,000,000		P 3,942,554,858	3,942,554,858	P 443,297,725	443,297,725	P 3,499,257,133	3,499,257,133	4.25% until next repricing date in 2025	P 4,500,000,000		4,500,000,000	bullet payment	September 10, 2030
BDO P2.5 Billion Loan	P 2,000,000,000	2,000,000,000		P 1,751,243,207	1,751,243,207	P 196,788,957	196,788,957	P 1,554,454,250	1,554,454,250	4.25% until next repricing date in 2026	P 2,000,000,000		2,000,000,000	bullet payment	September 10, 2030
Fixed Rate ASEAN Green Bonds Series A	P 2,500,000,000	2,500,000,000		P 2,483,127,054	2,483,127,054	P -	-	P 2,483,127,054	2,483,127,054	2.8565%	P 2,500,000,000		2,500,000,000	bullet payment	June 25, 2024
Fixed Rate ASEAN Green Bonds Series B	P 2,500,000,000	2,500,000,000		P 2,475,235,123	2,475,235,123	P -	-	P 2,475,235,123	2,475,235,123	3.7305%	P 2,500,000,000		2,500,000,000	bullet payment	June 25, 2026
BPI P2.0 Billion Term Loan	P 2,000,000,000	2,000,000,000		P 1,989,306,921	1,989,306,921	P 96,369,899	96,369,899	P 1,892,937,022	1,892,937,022	5.25% until next repricing date in March 2023	P 2,000,000,000		2,000,000,000	bullet payment	March 21, 2032
UBP P1.0 Billion Term Loan	P 1,000,000,000	1,000,000,000		P 943,473,759	943,473,759	P 98,792,513	98,792,513	P 844,681,246	844,681,246	5.831567% until next repricing date in March 2027	P 1,000,000,000		1,000,000,000	bullet payment	March 24, 2032
SBC P2.6 Billion Term Loan	P 2,600,000,000	2,600,000,000		P 2,452,845,708	2,452,845,708	P 256,843,443	256,843,443	P 2,196,002,265	2,196,002,265	5.7829% until next repricing date in April 2027	P 2,600,000,000		2,600,000,000	bullet payment	April 19, 2032
CTBC P1.5 Billion Term Loan	P 1,500,000,000	1,500,000,000		P 1,410,368,722	1,410,368,722	P 146,224,352	146,224,352	P 1,264,144,370	1,264,144,370	6.1869%	P 1,500,000,000		1,500,000,000	bullet payment	June 8, 2027
BDO P2.0 Billion Term Loan	P 2,000,000,000	2,000,000,000		P 1,988,681,067	1,988,681,067	P 196,585,141	196,585,141	P 1,792,095,926	1,792,095,926	4.0% until next repricing date in March 2023	P 2,000,000,000		2,000,000,000	bullet payment	September 5, 2032
CBC P2.0 Billion Term Loan	P 2,000,000,000	2,000,000,000		P 1,988,461,738	1,988,461,738	P 195,162,729	195,162,729	P 1,793,299,009	1,793,299,009	4.8314% until next repricing date in April 2023	P 2,000,000,000		2,000,000,000	bullet payment	October 5, 2032
PHP 5.6 Billion Commercial Debt Facility	P 5,610,429,890	5,610,429,890		P 3,243,075,178	3,243,075,178	P 378,477,499	378,477,499	P 2,864,597,679	2,864,597,679	2% + PDST-F rate	(ave) P 187,014,330		various	30 semi annual payments	October 23, 2029
TOTAL		71,682,528,787			53,301,611,618		8,881,483,933		44,420,127,685						

ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES

SCHEDULE E - INDEBTEDNESS TO RELATED PARTIES

As of December 31, 2022

Name of Related Parties	Balance at beginning of period	Balance at end of period
	NOT APPLICABLE	

ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES
SCHEDULE F - GUARANTEES OF SECURITIES OF OTHER ISSUERS
As of December 31, 2022

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
		NOT APPLICABLE		

ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES

SCHEDULE G - CAPITAL STOCK

As of December 31, 2022

Title of Issue	Number of shares authorized	Number of shares outstanding	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Number of shares held by Directors and key executive officers
Common Stock	27,000,000,000	17,041,572,772		7,500,000,000 (44.010%) 9,226,249,810 (54.140%) 148,910,559 (0.8738%) 148,092,918 (0.8690%)	9,585 (0.000%)
Preferred Stock (Voting)	15,000,000,000	9,375,000,000		9,375,000,000 (100%)	
Preferred Stock (Non-voting)	300,000,000	0			

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

Energy Development Corporation and Subsidiaries

Ratio	Formula	December 2022	December 2021
Current ratio	Dividing total current assets over total current liabilities	1.40	1.11
Solvency ratio	Dividing net income excluding depreciation and non-cash provisions over total debt obligations	0.35	0.30
Debt-to-equity ratio	Dividing total interest-bearing debts over stockholders' equity	0.71	0.78
Asset-to-equity ratio	Dividing total assets over total stockholders' equity	1.98	2.05
Interest rate coverage ratio	Dividing earnings before interest and taxes of one period over interest expense of the same period	5.70	4.60
Net debt-to-equity Ratio	Dividing total interest-bearing debts less cash and cash equivalents over total stockholders' equity	0.47	0.58
Return on equity (%)	Dividing the net income (annual basis) by total stockholders' equity (average)	15.51%	14.07%
Return on assets (%)	Dividing the net income (annual basis) by the total assets (average)	7.70%	6.46%