

SEC Number 66381

File Number _____

ENERGY DEVELOPMENT CORPORATION

(Company's full Name)

Rockwell Business Center Tower 3, Ortigas Avenue, Pasig City, Philippines

(Company's Address)

(632) 7755-2332

(Telephone Number)

December 31, 2023

(Fiscal Year Ending)

SEC FORM 17-A

(Form Type)

Corporation Finance Department

(SEC Department)

Total Number of Stockholders as of December 31, 2023: 1,835

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 177
OF THE REVISED CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended **December 31, 2023**
2. Commission identification number: **66381**
3. BIR Tax Identification No. **000-169-125-000**
4. Exact name of issuer as specified in its charter: **ENERGY DEVELOPMENT CORPORATION**
5. **PHILIPPINES**
Province, country or other jurisdiction of
Incorporation or organization
6. (SEC Use Only)
Industry Classification Code
7. **Rockwell Business Center Tower 3, Ortigas Avenue,**
Pasig City
Address of issuer's principal office
- 1604**
Postal Code
8. **(632) 7755-2332**
Issuer's telephone number, including area code:
8.
Former name, former address and former fiscal year, if changed since last report:
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

<u>Title of each Class</u>	<u>Number of shares outstanding</u>
Common Stock, P1,000,000.00 par value	17,041.572772
Preferred Stock, P10,000.00 par value	9,375
11. Are any or all of the securities listed on a Stock Exchange?
Yes [] No [☒]
If yes, state the name of such Stock Exchange and the class/es of securities listed therein:
12. Indicate by check mark whether the registrant:
(a) has filed all reports required to be filed by Section 17 of the Securities Regulation Code ("SRC") and SRC Rule 17 thereunder or Sections 11 of the Revised Securities Act ("RSA") and RSA Rule 11(a)-1 thereunder, and Sections 23 and 177 of the Revised Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [☒] No []

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [☒] No []

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PART I – BUSINESS

Nature of Operations

Energy Development Corporation (the “Parent Company” or “EDC”) and its subsidiaries (EDC and its subsidiaries are 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.

The Parent Company’s geothermal power projects are composed of two (2) principal activities: (i) the production of geothermal steam for use at EDC 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. The Parent Company’s steam and electricity sales are supported by medium-term to long-term offtake agreements in various forms. The Parent Company’s steam sales are backed by offtake agreements with its 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 Parent 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 BGI and GCGI 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”). The Department of Energy (“DOE”) approved the application for an operating permit as Renewable Energy (“RE”) Supplier of BGI and GCGI under the Green Energy Option Program (“GEOP”).

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, 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.
- 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 Group also operates hydroelectric power plants through 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. FG Hydro sells electricity through ancillary service to the National Grid Corporation of the Philippines (“NGCP”) under Ancillary Services Procurement Agreement (“ASPA”), which is set to expire on September 20, 2028.

EDC Burgos Wind Power Corporation (“EBWPC”), a 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 150 MW wind and 6.82 MW solar projects of EBWPC and EDC, respectively, were granted Feed-In-Tariff (“FIT”) Certificate of Compliance (“COC”) by the Energy Regulatory Commission (“ERC”) that entitle 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 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.

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% 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, 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 Parent 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 Parent Company other than Red Vulcan Holdings Corporation ("Red Vulcan"), First Gen, Northern Terracotta Power Corporation ("NTPC"), and Philippines Renewable Energy Holdings Corp. ("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 Parent 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 Parent Company, and accordingly, ordered the delisting of the Parent 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 December 31, 2023 and 2022, Red Vulcan holds the controlling voting interest with 63.9% ownership of EDC's outstanding voting shares while PREHC owns 34.9%.

Subsidiaries

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

	As of December 31, 2023 and 2022	
	Direct	Indirect
EDC Geothermal Corp. (EGC) ¹	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) ²	—	100.00
EDC Chile Limitada ²	99.99	0.01
EDC Holdings International Limited (EHIL) ¹	100.00	—
Energy Development Corporation Hong Kong Limited (EDC HKL) ¹	—	100.00
Energy Development Corporation Hong Kong International Investments Limited (EDC HKIIL) ¹	—	100.00
EDC Chile Holdings SPA ¹	—	100.00
EDC Geotermica SPA ² (Chile)	—	100.00
EDC Peru Holdings S.A.C. ³	—	100.00
EDC Geotermica 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 Energia 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 ¹	—	100.00
EDC Energia Verde Chile SpA ⁴	—	100.00
EDC Energia de la Tierra SpA ⁴	—	100.00
EDC Desarrollo Sostenible Ltd ¹	—	100.00
EDC Energia Verde Peru S.A. ³	—	100.00
PT EDC Indonesia ²	—	95.00
PT EDC Panas Bumi Indonesia ²	—	95.00
EDC Wind Energy Holdings, Inc. (EWEHI) ¹	100.00	—
EDC Burgos Wind Power Corporation (EBWPC)	—	100.00
EDC Pagudpud Wind Power Corporation (EPWPC) ²	—	100.00
EDC Bayog Burgos Wind Power Corporation (EBBWPC) ²	—	100.00
EDC Pagali Burgos Wind Power Corporation (EPBWPC) ²	—	100.00
Iloilo 1 Renewable Energy Corporation (I1REC) ²	—	100.00
EDC Bright Solar Energy Holdings, Inc. (EBSEHI) ¹	100.00	—
EDC Siklab Power Corporation (EDC Siklab)	—	100.00
EDC Sinag Power Corporation (EDC Sinag) ²	—	100.00
EDC Wind Energy Holdings 2 Inc. (EWEHI2) ¹	100.00	—
First Gen Hydro Power Corporation (FG Hydro)	60.00	—

¹ Serves as an investment holding company

² Has not started commercial operations as of December 31, 2023

³ Ceased exploration and development activities as of December 31, 2023

⁴ In 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. 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 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 effective for a period of five (5) years. On May 20, 2021, the DOE approved the application of GCGI operating permit as RE Supplier under the GEOP, valid for a period of five (5) years from the date of issuance.

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, were 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 Parent Company supplied and sold steam to NPC under the SSA.

On February 14, 2017, the ERC approved BGI's application for a RES license. On August 3, 2022, the RES license was extended by the ERC for a period of one (1) year. On December 13, 2023, the ERC renewed BGI's RES license, reckoned from August 14, 2023 until August 13, 2028.

On October 22, 2020, the DOE approved the application BGI for an operating permit as RE Supplier under the GEOP valid for a period of five (5) years from the date of issuance.

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 in 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 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 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 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 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 S.A.C. (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% 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.

- 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.

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 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 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 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 December 31, 2023, 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 distribution utilities (“DUs”), under the PSAs and Power Supply Contracts, 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 ₱1,282.4 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 8,695.2 GWh in 2022.

Revenue from sale of electricity under ASPA decreased by 73.4% or ₱246.6 million to ₱89.5 million in 2023 from ₱335.9 million in 2022 due to the expiration of some the ASPAs. The corresponding volume of 24.1 GWh in 2023 was 68.0% lower from the 75.4 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, which was partly offset by the overall higher ave. price.

	GWh				In Php 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

Health, Safety and Environment

Health

The Group is continuously moving forward to a generative Health, Safety and Environment (“HSE”) culture. In 2023, the Group’s Occupational Health (“OH”) programs were successful through the strong support of various stakeholders. The fleetwide annual health exam achieved a 99% completion rate for employees. A pilot-test for a lifestyle modification program was also conducted in Leyte, which targeted workers most at risk for adverse health events. This resulted in improved laboratory and health parameters among the pilot test group.

The Group also continued to put emphasis on preparedness and response. This was evident in the continuous medical emergency response support to various corporate events and activities in 2023.

In 2023, the Group implemented fleetwide drug/alcohol-free workplace program to further strengthen the Group’s substance abuse policy.

In addition to valuing the employees’ physical well-being, the Group is committed to giving importance to the employees’ mental health. MindNation continued to be the Group’s mental health service provider, which offers teleconsultations and conducted wellbeing surveys that gave insights on the direction on the initiatives needed to better support mental health in the workplace.

The year 2023 also marked the period of transition from the pandemic to a new normal. Although cases continued to dwindle, the Group maintained continuous support to all employees and workers who contracted the virus.

The aforementioned programs, among all the health programs of the Group, are aligned with the overarching health management system standard of the Lopez Group.

Safety

To support the generative HSE culture, the Group implemented several programs, including Good Catch, which aims to promote HSE practices and instill a sense of HSE ownership in all workers, wherein employees report safe and unsafe acts and conditions, including near misses. In 2023, the Group continued to promote proactive management by analyzing Good Catch trends. From this, the importance of monitoring corrective action completion rate was highlighted to prevent recurring unsafe observations.

In 2023, Learning Teams were piloted in two (2) geothermal sites, which involves discussion with the working teams, with emphasis on the no blame culture, enabling people to speak up confidently and honestly while finding possible solutions or improvement actions. The no-blame culture was further ingrained to frontline employees through enhancing the typical HSE induction by embedding the HSE culture onboarding.

Further, to ensure that work was done safely, safety procedures and guidelines were standardized and continuously cascaded. This includes procedures and guidelines for road transport safety, contractor HSE management, and standards for hand and power tools, scaffolding, working at height and hot work.

EDC's Safety and Emergency Management Department also conducted various refresher training and seminars on emergency management for its employees, Emergency Preparedness and Response Teams, host communities, and other companies within the Lopez Group.

Environment

The Group continues to champion the protection of the environment, with the objective of, among others, mitigating the hazards and risks brought about by climate change. Through the BINHI Program, the Group undertakes holistic management of the forests and watersheds around its project sites to ensure the protection of the water-based hydro and geothermal reservoirs. Its forest protection and biodiversity conservation initiatives aim to protect and maintain the integrity of habitats and ecosystem services within 127,608 hectares of forestlands within the four (4) geothermal reservations where the Group operates. In 2023, the Group completed over 3,714 km of forest patrols within focus conservation areas. It also assisted in the capacity building of local forest protection groups in Bac-Man, Leyte, Mt. Apo and Southern Negros to augment its manpower resources, promote a multi-stakeholder approach in forest protection, and enhance overall effectiveness by providing local context. Community-based patrollers have deeper local knowledge on the forest areas and are more aware of existing threats.

The Group's initiatives to protect the watersheds within the geothermal reservations enable the forests and other land covers to sequester over 1.7 million tonnes of carbon dioxide equivalent ("tCO₂e") each year from the atmosphere. In 2023, the Group also conducted information, education, and communication ("IEC") and advocacy campaigns to promote awareness on the conservation of key flora and fauna as part of its Flagship Species Initiative, including Flora in Watercolors Workshop Series, Plushies for Wildlife Conservation, participation in national events such as World Wildlife Day with DENR and Philippine Biodiversity Symposium.

The Group is also supporting the restoration of open and denuded forest and watersheds. Since the launch of the BINHI Program in 2008, the Group has partnered with 88 forest communities to plant more than 10,000 hectares nationwide, making it the largest private sector-led greening initiative. In its effort to level up its BINHI mainstreaming effort, the Group increased its target tree species to rescue, protect, and propagate from 96 to 145 Philippine native trees, many of which are categorized as critically endangered or at the brink of extinction.

Amidst all the Groups' programs, the Group ensures regulatory compliance. In 2023, the Group filed a total of 24 and 157 forestry and environmental permit applications, respectively. The Group's head office and operating geothermal facilities are certified in ISO 9001:2015 (Quality Management System), ISO 14001:2015 (Environmental Management System) and ISO 45001:2018 (Occupational Health and Safety Management System) with certifications issued by Bureau Veritas on February 8, 2022.

Corporate Social Responsibility

As a leading 100% renewable energy provider, the Group remains committed to the Lopez Group's mission of forging collaborative pathways to a decarbonized and regenerative future. Its business model allows the creation of solutions that respond to existing and emerging social and environmental issues, especially within its partner communities.

The Group continued to maintain close partnerships with its host cities and municipalities in Albay, Sorsogon, Leyte, Negros Occidental, Negros Oriental, Cotabato, and Ilocos Norte. It has also maintained close collaboration with national government partners and forged strategic partnerships with non-government organizations, academic institutions, and other private sector partners.

In 2023, the Group invested a total of ₱122 million for its corporate social responsibility ("CSR") initiatives across the project sites. Aside from its banner CSR programs which focus on education and the environment, other projects relate to social enterprise development and local communities and stakeholders at the site level. These include initiatives geared towards uplifting the welfare and promoting the culture of indigenous peoples ("IP") communities in Mt. Apo and community resiliency through strengthening disaster preparedness and emergency response mechanism among sites. Through its CSR initiatives, the Group contributes to the Sustainable Development Goals ("SDG") on addressing poverty (SDG 1), promoting quality education (SDG 4), promoting climate action (SDG 13), and life on land (SDG 15).

BINHI Program

In 2023, the Group invested ₱27.1 million in its various environmental initiatives and watershed management programs organized under the BINHI Program. The Group continues to collaborate with the country's top foresters, botanists, and wildlife biologists to reforest degraded watersheds; rescue, secure, and mainstream the 145 most threatened Philippine native tree species; protect forests and watersheds; and conserve the diverse wildlife that thrives within the geothermal reservations that it manages.

SIKAT Program

SIKAT is the Group's banner education program that seeks to provide holistic support to marginalized but deserving youth from the Group's host communities nationwide. In 2023, the Group invested ₱30.6 million in its SIKAT program, covering the provision of scholarship grants to eligible scholars, mentoring support, scholars' engagement initiatives, career placement assistance after graduation, and support to the Mt. Apo Foundation, Inc. ("MAFI") and Keitech Educational Foundation, Inc. ("Keitech"). The SIKAT Program gives importance to people's interests and innate abilities and capacities and supports scholarships regardless of track, whether academic, technical-vocational, or talent and skill-based.

Scholarship Grants

The Group believes in investing in education and its power in breaking generational poverty and raising future change-makers and nation-builders. Recognizing this, the Group remains committed to supporting scholars across its project sites to access quality tertiary education.

For the academic year 2023-2024, the Group provided financial assistance and mentoring support to 132 scholars at the University of the Philippines and other local universities and colleges. Part of the scholarship grants include providing laptops and monthly internet allowances to support scholars with their distance learning. Through the Adopt-a-Scholar Program launched in September 2021, funds raised and donations from employees are currently supporting ten (10) of the 132 SIKAT scholars. In 2023, the program produced 39 graduates across all their geothermal sites, as well as 11 graduates from the Obo Manobo indigenous community in Mindanao. Among them, five (5) were magna cum laude graduates and 13 were cum laude graduates.

The Group also seeks to develop its scholars to be workforce ready by organizing job preparedness webinars and extending job placement assistance for its graduates. 88% of the 173 SIKAT graduates are now gainfully employed. The Group also continues to support the 70 scholars of the BGI Tanawon Geothermal Project College Scholarship Program that was launched last 2022 in partnership with the City Government of Sorsogon. The project aims to provide semestral stipends to its scholars until college completion. All the 64 barangays of the city have a representative scholar in the said program. The Group also supports 349 beneficiaries for technical vocational training in Negros Island, in partnership with LGU and Technical Education and Skills Development Authority ("TESDA").

Education Foundations

The Group also supports two (2) foundations that provide scholarship assistance. Based in Kananga, Leyte, Keitech is a multi-awarded technical-vocational training institute that provides full scholarship and employment placement support for marginalized but deserving students. Since 2009, it has produced 1,336 graduates in construction, metal and engineering, and tourism services. Achieving a 100% passing rate in all certification exams administered by TESDA is a testament to the quality of education and training provided by Keitech. For its valuable contribution to people and community, Keitech bagged the Outstanding CSR Project in Education at the League of Corporate Foundations 2023 CSR Guild Awards. Keitech's success story underscores the positive impact that well-designed technical-vocational training programs can have on individuals and communities, particularly when supported by strong public-private partnerships.

Another company-supported foundation, MAFI, provides academic scholarship grants in Mindanao. MAFI's Educational Development Program offers scholarships to marginalized but deserving upcoming senior high school ("SHS") and college students from the indigenous communities and non-IP upland dwellers. For school year 2022-2023, MAFI maintained 22 scholars, ten (10) of whom are in SHS while the rest are in college. At the end of the school year, 90% of SHS scholars graduated from high school, while 83% graduated from college.

Programs for the environment and the cultural heritage of the indigenous peoples were also scaled up through the second (2nd) year implementation of a three (3)-year special project externally supported by the United States Agency for International Development and Gerry Roxas Foundation. MAFI continued its collaboration with EDC on the School of Indigenous Knowledge (“SIK”) in Barangay Bongolanon, Magpet by assisting in providing the honorarium of the teachers/culture masters who are running the periodic classes in the SIK.

Social Enterprise Development

The Group focuses on creating sustainable, long-term impacts, including addressing root causes of social issues, promoting environmental stewardship, and fostering positive social change. It supports community organizations to develop and implement social enterprises and livelihood projects towards its long-term goal of fostering self-reliant communities. Many of these community organizations are farmers’ associations for the BINHI program and have since transitioned into people’s organizations and local cooperatives operating a myriad of livelihood initiatives. Presently, the Group is supporting three (3) long-term social enterprise projects that collectively benefit an estimated 2,000 households across the project sites.

In Leyte, the EDC-assisted Tongonan Farmers Association (“TOFA”) inaugurated its Coffee and Cacao Processing Facility successfully, with the support of the Department of Science and Technology Region VIII, the Barangay of Tongonan, and the City Government of Ormoc. EDC continued its support for the enterprise project through guidance on the brand development and connecting the farmers with potential markets. In addition, EDC contributed to TOFA by purchasing their products as part of its corporate giveaway line-up.

In Bacman, the Alliance of Bacman Farmers Association Incorporated Agriculture Cooperative launched the Manito Mangrove Ecotourism Park together with EDC and other partners, including, the Forest Foundation Philippines, and local government offices. The community-managed ecotourism enterprise within the 190-hectare mangrove forest in Brgys. Cawit, It-ba, Buyo, and Manumbalay in the Municipality of Manito, Albay is expected to sustainably generate income for 318 member-households from tourism receipts as well as provide employment from tour guiding, food services, and other ecotourism operations. This also incentivizes the community to continue protecting the forest since the conservation of the mangroves has a direct relationship with the attractiveness and business model of the ecotourism site. In 2023, the community continued to conduct capacity-building activities such as water search and rescue and basic life support training to ensure the safety and satisfaction of the visitors of the ecotourism project.

In Mt. Apo, EDC, in partnership with Coffee for Peace, Inc., continued to capacitate Obo-Manovu local coffee farmers and enrich the existing 40 hectares of coffee plantations in the ancestral domain of the Manobo Apao Descendants Ancestral Domain of Mt. Apo in Brgy. Ilomavis, Kidapawan City, and the Municipality of Magpet through the four-phased coffee enterprise project, the Sukkudanan Coffee Project.

Community organizations also benefited from business contracts awarded to them from EDC’s operations and projects. By awarding contracts to community organizations, the Group is leveraging its purchasing power to support local economies and encourage sustainable business practices within its supply chain. These contracts include BINHI contracts for forest restoration, forest protection, nursery management, and seedling production, revegetation of grass fire-prone areas, eco-bricks production, reinstatement maintenance, and grass-cutting contracts in EDC’s facilities.

Local Need Initiatives

In addition to its banner CSR programs, the Group supported projects that address emerging development challenges and respond to the local needs of the communities and stakeholders at the site level. For 2023, key local need initiatives include the donation of a water filtration system in Ormoc; disaster response and resiliency building for host communities; IP upliftment initiatives in Mt. Apo; and the community-based technical skills training in Negros.

Business of Issuer

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 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, privately-owned distribution utilities, large and mid-sized industrial clients thru Retail Competition and Open Access ("RCOA") and the GEOP, RES, and WESM sales. Each of GCGI and BGI holds a RES license and a GEOP operating permit, through which it contracts with contestable customers and end-users.

The Group's 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% 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

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 under 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 or the Independent Electricity Market Operator of the Philippines, Inc.'s ("IEMOP") 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. The project is designed to allow full year operations independent of the irrigation demands from National Irrigation Administration ("NIA").

The Group is also 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 20MWh BESS in Bac-Man, 10MWh in Tongonan, Leyte, and 10MWh in Southern Negros. These BESS projects are expected to provide ancillary services to the grid and are targeted to be operational in December 2024.

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. 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, 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 coursing 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 ⁵.

Republic Act No. 9513, otherwise known as the Renewable Energy Act of 2008 (the “RE Act”), 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 Act, 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% RE in the energy mix by 2030 and 50% by 2040. For its first round of auction in 2022 or Green Energy Auction-1, DOE set an installation target of 2,000 MW 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% 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

⁵ Source: The Energy Report Philippines 2013-2014 Ed, KPMG Global Energy Institute.

able to raise 3,581 MW worth of committed RE capacity targeted to be delivered between 2024 to 2026, it was only 32% 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 ("RA 11659), as amended, which was signed into law on March 21, 2022, 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% 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.

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 year ended December 31, 2023, the Group's revenue from sale of electricity is not dependent on one or a few major customers.

Patent, trademarks, copyright and concessions

Patent

The Parent 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 Parent 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 our 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 December 31, 2023.

Details of these trademarks are as follows:

No.	TRADEMARK	Registration Number	Registered Date	Renewal Date
1	BAC-MAN ENERGY DEVELOPMENT CORPORATION, BEDC AND DEVICE 	4-2012-501430	December 27, 2012	December 27, 2032
2	BAC-MAN GEOTHERMAL, INC. 	4-2010-00501269	November 8, 2012	November 8, 2032
3	BAC-MAN GEOTHERMAL INC., BGI AND DEVICE 	4-2012-501423	June 25, 2015	June 25, 2025
4	BGI 	4-2010-501272	May 5, 2011	May 5, 2031

No.	TRADEMARK	Registration Number	Registered Date	Renewal Date
5	ENERGY DEVELOPMENT CORPORATION AND LOGO 	4-2008-010584	February 23, 2009	February 23, 2029
6	EDC EDC	4-2008-011967	March 16, 2009	March 16, 2029
7	ENERGY DEVELOPMENT CORPORATION ENERGY DEVELOPMENT CORPORATION	4-2008-011964	June 15, 2009	June 15, 2029
8	EDC GEOTHERMAL CORP., EGC AND DEVICE 	4-2012-00501422	December 13, 2012	December 13, 2032
9	EDC WIND ENERGY HOLDINGS INC., EWEHI AND DEVICE 	4-2012-501441	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 GCGI	4-2010-501265	May 5, 2011	May 5, 2031
12	GREEN CORE GEOTHERMAL INC., GCGI AND DEVICE 	4-2012-501424	November 8, 2012	November 8, 2032

No.	TRADEMARK	Registration Number	Registered Date	Renewal Date
13	GREEN CORE GEOTHERMAL, INC. GREEN CORE GEOTHERMAL, INC.	4-2010-501262	May 5, 2011	May 5, 2031
14	UNIFIED LEYTE GEOTHERMAL ENERGY INC., ULGEI AND DEVICE 	4-2012-501427	August 22, 2013	August 22, 2033
15	BINHI LOGO 	4-2023-525822	October 3, 2023*	-

* Pending approval of IPO.

Copyright

The Parent 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 Parent 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 Parent Company needs but does not own, the Parent 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 Parent 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) “GRESGs” 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 ⁶ (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) ⁷ 2040 (PSAs)		GCGI ⁸	2037 ⁹
		Upper Mahiao	112.079 ¹⁰	Steam and Electricity			EDC	
		Malitbog	232.614	Steam and Electricity			EDC	
		Mahanagdong	198.135	Steam and Electricity			EDC	
		Optimization	30.000 ¹¹	Steam and Electricity			EDC	
Southern Negros Geothermal Project	2031	Palinpinon I	112.500	Steam and Electricity	2031 (GRSC) ¹² 2040 (PSAs)		GCGI ⁶	2037 ⁷
		Palinpinon II	60.000 ¹³	Steam and Electricity	2031 (GRSC) ⁹		GCGI ⁶	2037 ⁷
		Nasulo	49.370	Steam and Electricity	2033 (PSA)		EDC	
Bacon-Manito Geothermal Project	2031	Bac-Man I	120.000 ¹⁴	Steam and Electricity	2026(SSA) ¹⁵ 2037 (PSA)	722.7	BGI ¹⁶	2037 ⁷
		Bac-Man II	20.000	Steam and Electricity	2026 (SSA) ¹⁷	131.4	BGI ¹³	2037 ⁷
Mt. Apo Geothermal Project	2042 ¹⁸	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			1,169.847			1,293.6		

⁶ Based on the 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.

⁷ The GRSC for Tongonan commenced upon take-over of the plants by GCGI.

⁸ 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.

⁹ Renewable for another 25 years.

¹⁰ Does not include Unit 3 (37.36 MW); unit was offline during ERC's virtual inspection held on 20 August 2020.

¹¹ 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.

¹² The GRSC for Palinpinon I & Palinpinon II commenced upon take-over of the plants by GCGI.

¹³ 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 4 February 2021; does not include 20-MW Nasuji GPP (on preservation mode).

¹⁴ Based on Dependable Capacity of 60 MW per unit, as indicated in the PAO issued by the ERC on 6 October 2020.

¹⁵ 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 were 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.

¹⁶ 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.

¹⁷ 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 were 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.

¹⁸ Includes a 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 Parent 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. DC2019-10-0013, 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 (with pre-development period expired in 2023, and in the process of renewal, 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 December 31, 2023, 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 ¹⁹	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	IIREC
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 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 ²⁰	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 Act, 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 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.

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 13(E) and 18(C) of the

¹⁹ Renewable for another 25 years

²⁰ Renewable for another 25 years

Implementing Rules and Regulations of the RE Act. 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 Act. RR No. 7-2022 reiterated the national tax incentives under the RE Act (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%) 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 Act 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 100kW 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 REM to facilitate compliance with the RPS. REM enables the trading of 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 DC 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% 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 Parent 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 Act, 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 Parent 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 Parent 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 Parent 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 PSA by DUs. Under this resolution, DUs are given the option to procure either a Financial or Physical PSA in implementing their Power Supply Procurement Plan (“PSPP”), 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 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 Parent 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 Parent 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

Group 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 Group 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 Group'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 Parent 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 Parent 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 Power 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	47,171,649,796	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 Department of Energy’s (“DOE”) 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., RA 11058 and its Implementing Rules and Regulations (“IRR”) (or Department Order 198-18), The Fire Code of the Philippines (or RA 9514) 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.

Employees and labor relations

As of December 31, 2023, the Group has 1,568 plantilla employees consisting of 48 Executives, 1,359 managerial, supervisory, professional, and technical employees, and 161 rank and file employees. In particular, the distribution of employees by location, with the headcount for EDC, GCGI, BGI, EBWPC, FG Hydro, First Gen, First Gas Power Corporation (“FGas”) and FPH (seconded to EDC) are as follows:

Main Location	EDC	GCGI	BGI	EBWPC	FG Hydro	FPH/ First Gen/ FGas	Total
Head Office	523	1	2	1	3	9	539
Bac-Man	106	1	46	-	-	-	153
Leyte	402	28	-	1	-	-	431
Mt. Apo	128	-	-	-	-	-	128
Negros	188	35	-	-	-	-	223
Ilocos Norte	2	-	-	21	-	-	23
Pantabangan	-	-	-	-	71	-	71
Total	1,349	65	48	23	74	9	1,568

Per Job Category:

Main Location	Executive	Managerial, Supervisory, Professional and Technical	Rank and File	Total
Head Office	45	484	10	539
Bac-Man	-	140	13	153
Leyte	3	359	69	431
Mt. Apo	-	110	18	128
Negros	-	185	38	223
Ilocos Norte	-	23	-	23
Pantabangan	-	58	13	71
Total	48	1,359	161	1,568

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
Leyte	365	64	429
Mt. Apo	111	18	129
Negros	181	34	215
Ilocos Norte	23	-	23
Pantabangan	58	13	71
Total	1,450	149	1,599

As of December 31, 2023, 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	-	55	10	65
BGI	-	39	9	48
EBWPC	1	22	-	23
FG Hydro	-	2	2	4
Total	1	118	21	140

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 Parent 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 Parent Company also provides employees with a Group Hospitalization Insurance Plan and a Group Life Accident Insurance Plan. In addition, the Parent Company provides annual leave entitlements to employees upon receiving their regular employment status.

Following the outbreak of the COVID-19 pandemic, the Parent Company provided financial assistance to its employees so that they can purchase personal protective equipment (such as face masks, face shields, alcohol/disinfectants). The Parent 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 Parent 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 (LEGPEU)	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 Parent 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.

Factors affecting the Group's results of operations

The Group's relationship with NPC

As per the Parent 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 December 31, 2023, the only remaining contract with NPC is the Mindanao II Power Purchase Agreement, expiring on June 17, 2024.

*Impact of coal*²¹

The Philippines' electricity market is still dominated by coal fuel as 60% 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. The unit prices for majority of the SSAs and PPAs are indexed to the US Dollar vis-a-vis the Philippine Peso.

Property

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 December 31, 2023, 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 487 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.

²¹ Sources: DOE 2023 Power Development Plan; Platts Coal Reports as of January 2024.

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 ²²	19	68	51	-
Southern Negros Geothermal Project	91	112.33	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	1,079.51	1,663	636	110	137

To the best of its knowledge, none of the properties owned by the Parent 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.

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.

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.

²² Estimated area.

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	

GCGI

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 three 3 MW 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 43 km 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 December 31, 2023, there are no live contract 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 December 31, 2023, 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 seven (7) kms 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 69KVswitchyard 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.

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 December 31, 2023, 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

a) Real Property Taxes

From 2009 to 2023, the Parent Company and its subsidiaries, namely, BGI, GCGI, EBWPC, and EDC Siklab, 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 Act, and/or (ii) non-application of the full 5% depreciation allowance on machineries. As of December 31, 2023, 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 Parent 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 December 31, 2023.

In 2017, Kidapawan City commenced formal collection proceedings against the Parent Company to collect RPT on the non-power plant assets and the State-owned land where the MAGP is located. This prompted the Parent 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 Parent Company a preliminary injunction, and the case is ongoing trial before the RTC as of December 31, 2023.

b) Franchise Taxes

▪ 2000-2004, 2006-2007

The Province of Leyte assessed the Parent Company for franchise taxes in respect of the operations of its geothermal power plants in the province from 2000-2004, 2006, and 2007. The Parent 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 Parent 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 December 31, 2023.

In December 2008, the Parent Company received another Consolidated Notice of Assessment and Demand for Payment from the Province of Leyte, demanding from the Parent 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 Parent 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.”

- 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 December 31, 2023.

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.

c) Input Value-Added Tax

In 2009, the Parent 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 Parent 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 December 31, 2023, 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 Parent 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 Act 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 Act 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 December 31, 2023.

d) 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%) preferential income tax rate under Section 15(e) of the RE Act 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 10% preferential income tax rate in taxable year 2013 pursuant to Rule 5, Section 13(E) of the implementing rules and regulations of the RE Act. 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 December 31, 2023.

Civil Cases

As of December 31, 2023, there are civil cases to which EDC is a party. The Parent Company does not believe that an adverse decision on these cases poses a material risk to the Parent Company's operations.

Labor Cases

As of December 31, 2023, there are pending labor cases against the Parent Company, most of which deal with plaintiffs' claims of illegal dismissal and back wages. The Parent Company does not believe that these cases pose a material risk to the Parent Company's operations.

PART II – SECURITIES OF THE REGISTRANT

Market Information

The Parent 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 Parent 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 Parent 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 Parent 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 Parent Company's outstanding voting shares were tendered pursuant to the Tender Offer, accepted and thereafter purchased by the Parent 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 Parent Company, and accordingly, ordered the delisting of the Parent 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 Parent 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 Parent Company's equity restructuring.

As a result of the increase in the par value of its common share, the Parent Company will pay affected shareholders whose common shares in the Parent 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 December 31, 2023, actual count of common stockholders of record is 1,834 and public float was at 0.11% (or 29.319486 common shares).

List of Top 20 Stockholders of Parent Company as of December 31, 2023

Rank	Name	Number of Shares			Percentage
		Preferred	Common	Total	
1	Red Vulcan Holdings Corporation	9,375	7,494.999999	16,869.999999	63.861%
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%
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 SCAA/C 12107074001	-	0.833827	0.833827	0.003%

Parent Company's Share Capital

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 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 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, First Gen, Northern Terracotta Power Corp. 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.

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 Board 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 Board, 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.

On December 29, 2023, the SEC approved the application for, and issued the Parent 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 Parent Company's equity restructuring.

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 9,375 outstanding voting preferred shares equivalent to 35.5% voting interest, and 7,494.999999 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.

Details of the number of non-voting preferred shares, voting preferred shares and common shares as of December 31, 2023 are as follows:

	Common	Voting preferred	Non-voting preferred
Par value	₱1,000,000.00	₱10,000.00	₱10.00
Number of shares:			
Authorized	27,000	15,000	300,000,000
Issued	19,076.25	9,375	—
Less: Treasury stock	2,034.68	—	—
Outstanding	17,041.57	9,375	—

Each common share is equal in all respects to every other common share. All the common shares have full voting and dividend rights. The rights of EDC's shareholders include the right to notice of shareholders' meetings, the right of inspection of the Parent Company's corporate books, and other shareholders' rights contained in the Revised Corporation Code, the SEC Code of Corporate Governance, and the Parent Company's Manual on Corporate Governance. Notice of shareholders' meetings is provided by mail by hand or by publication.

Holders of common shares are entitled to receive annual cash dividends of at least 30% 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 Parent Company restrict the distribution of dividends to the Parent 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).

The following are the features of the preferred shares:

Voting Preferred Shares

- Voting
- Cumulative dividend rate of 8% per annum;
- Fixed annual dividends at the rate as may be determined and revised from time to time by the Board;
- Non-participating in any further dividends distributed to common shareholders;
- Redeemable at par in the event that restrictions on foreign share ownership are lifted;
- Non-convertible;
- No pre-emptive rights;
- Preference over common shares in case of liquidation or dissolution; and
- Generally not transferrable and assignable.

Non-voting Preferred Shares

- Non-voting;
- Cumulative dividends at rate to be determined by the Board at the time of issuance;
- Non-participating in any further dividends distributed to common shareholders;
- Redeemable at the option of EDC. Once redeemed, non-voting preferred shares shall become treasury shares which may be re-issued or resold by EDC;
- Non-convertible;
- No pre-emptive rights;
- Preference over voting preferred shares and common shares in case of liquidation or dissolution; and
- Transferrable and assignable, subject to legal and regulatory restrictions.

Cash 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

Recent Sale of Unregistered or Exempt Securities

In 2020, the Parent 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 Parent 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 Parent 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 Parent 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 Parent 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 Parent 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 Parent Company signed a bilateral corporate term loan agreement with BDO Unibank, Inc. for ₱5.0 billion, where the Parent Company drew ₱2.0 billion to (1) to fund various capital expenditures; and (2) for general corporate purposes.

PART III – FINANCIAL INFORMATION

Management Discussion and Analysis of Results of Operations and Financial Condition

The following discussion focuses on the results of operations and financial condition of the Group.

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	₱47,171.6	₱48,700.4	₱42,368.4
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 Parent 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 Parent 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	₱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	3,782.1
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	0.0
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	₱166,253.1	₱149,996.5	₱139,238.7

	As at December 31		
(Amounts in Million Pesos)	2023	2022	2021
LIABILITIES AND EQUITY			
Total current liabilities	₱29,835.3	₱24,804.4	₱26,387.2
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 Parent Company	80,984.5	73,305.1	65,828.9
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	₱166,253.1	₱149,996.5	₱139,238.7

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 ave. 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	
	December 2023	December 2022	Amount	%	December 2023	December 2022
(Amounts in PHP millions)						
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 Parent 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 Parent 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 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 440.5% 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:

	PHP: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.

Year Ended December 31, 2022 vs. December 31, 2021 Results

	HORIZONTAL ANALYSIS Favorable (Unfavorable) Variance				VERTICAL ANALYSIS	
(Amounts in PHP 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 Parent 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 Parent 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:

	PHP: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.

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.

Balance Sheet

As of December 31, 2023 vs. December 31, 2022 Balances

(Amounts in PHP 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	-	0.0%	0.1%	0.1%
Common stock	19,076.3	19,076.3	-	0.0%	11.5%	12.7%
Treasury Stock	(14,730.7)	(14,730.7)	-	0.0%	-8.9%	-9.8%
Additional paid-in capital	8,715.1	8,715.1	-	0.0%	5.2%	5.8%
Equity reserve	(3,706.4)	(3,706.4)	-	0.0%	-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 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 the ₱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 noncurrent 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	
	2022	2021	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 31, 2022 vs. December 31, 2021 Balances

(Amounts in PHP millions)	December 2022	December 2021	HORIZONTAL ANALYSIS		VERTICAL ANALYSIS	
			Increase (Decrease)		December 2022	December 2021
			Amount	%		
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 to the net redemption from Investment Management Agreement (“IMA”) 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 to 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 Parent 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)
- 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 PHP millions)	2023	2022	2021
a) Cash and Cash Equivalents			
Cash on hand and in bank (Peso)	5,252.2	6,915.6	6,492.6
Cash in bank (US\$)	436.5	855.6	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
Loans and notes receivable	45.3	43.6	44.6
Advances to employees	52.0	42.0	38.0
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
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 impairment of goodwill, property, plant and equipment and exploration and evaluation	282.4	-	-
Provision for 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 of the Subsidiaries

Green Core Geothermal Inc. (GCGI)

(Amounts in PHP 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 lower cash and cash equivalents (₱ 889.7 million), trade and other receivables (₱729.4 million), offset by higher 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 (₱48.4 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 PHP 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 (loss) 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 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 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 (₱208.3 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 USD 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 (\$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 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 \$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 (\$14.0 million) and increase in cumulative translation adjustments (US\$1.4 million)

Unified Leyte Geothermal Energy Inc. (ULGEI)

(Amounts in PHP 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 (Siklab)

(Amounts in PHP 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 equivalents (₱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 higher 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 PHP 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.

Top Eight (8) Key Performance Indicators

Ratio	December 2023	December 2022
Current Ratio	1.31:1	1.40:1
Debt-to-Equity Ratio	0.67:1	0.71:1
Net Debt-to-Equity Ratio	0.46:1	0.47:1
Return on Assets (%)	9.10	7.70
Return on Equity (%)	18.11	15.51
Solvency Ratio	0.39	0.35
Interest Rate Coverage Ratio	5.78	5.70
Asset-to-Equity Ratio	1.99	1.98

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). 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). 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 the bulk 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 USD. Any USD movement therefore affects the debt portfolio of the Group.

Inflation and Interest Rates ²³

As of December 2023, the Philippines' average inflation rate increased from 5.8% in 2022 to 6.0% in 2023.

Bangko Sentral ng Pilipinas ("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% US dollar and 40% 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

²³ Source: The data here were based on the Philippine Statistics Authority (PSA) and Bangko Sentral ng Pilipinas (BSP) websites

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 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.

All material off-balance sheet transactions and other relationships with unconsolidated entities or other persons

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.

Any significant elements of income or loss (from continuing operations)

There were no significant elements of income or loss from continuing operations.

Seasonal aspects that have material effect on the FS

FG Hydro's sale of electricity is affected by seasonality or cyclicalities of interim operations.

For Burgos Wind, 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.

Audit and audit-related fees

The following table sets out the aggregate fees billed for each of the last three 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 ²⁴	1,398,679	1,605,529	10,528,402
	₱15,502,517	₱16,013,664	₱24,330,102

Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

Since 1987, the Commission on Audit ("COA") of the Philippines had served as the independent auditor of the Group to audit the Parent 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.

PART IV – MANAGEMENT AND CERTAIN SECURITY HOLDERS

Directors and Executive Officers of the Registrant

Directors

EDC's Amended Articles of Incorporation provide for eleven (11) seats in the Board of Directors ("Board"). The Parent Company's Amended By-Laws further provide that the Parent Company shall have three (3) independent directors, for as long as the Parent 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.

²⁴ 2021 mainly pertains to services related to mergers and acquisitions and international tax advisories

As of December 31, 2023, the following are the directors of the Parent Company²⁵:

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 EDC, and Chairman and Chief Executive Officer of the publicly-listed companies Lopez Holding Corporation, FPH and First Gen. 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, Teach for the Philippines, and Endeavor Philippines.

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).

²⁵ 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.

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, Oscar M. Lopez Center for Climate Change Adaptation and Disaster Risk Management Foundation, Inc., 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 Parent Company, and also a Director and President and Chief Operating Officer of various EDC subsidiaries including, BGI, ULGEI, and EDC Geothermal Corp. He is also a Senior Vice-President in First Gen. He is also 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 Parent 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 is currently a director of several of subsidiaries of EDC, including BGI, GCGI and EBWPC. He also sits as a director of First Gen, a publicly-listed company, and several First Gen subsidiaries.

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. He previously 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 Macquarie Asset Management’s (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 our portfolio businesses. It provides functional expertise and hands-on support to our 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, APLNG. 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 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 been based in Singapore since 2014.

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, is 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 corporate member of Kabalikat 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, is 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

As of December 31, 2023, the Parent Company's senior management is composed of the following:

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	54	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

OFFICER	NATIONALITY	POSITION	AGE	YEAR POSITION WAS ASSUMED
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	46	2019
Edwin H. Alcober	Filipino	Vice President, Head of Production Optimization of Integrated Subsurface	51	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
Glenn L. Tee	Filipino	Vice President, Chief Audit Executive, Head of Internal Audit	52	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	42	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., 54
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 Parent Company from February 28, 2017 to October 3, 2017. He is also an Executive Vice-President in First Gen and FPHC, both publicly-listed companies of the Lopez Group.

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 Parent 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 charterholder since 2005.

Ma. Elizabeth D. Nasol, 66
Senior Vice President, Head of Human Resource Management

Ms. Nasol, Filipino, joined EDC in February 2013 as Vice-President for the Human Resources Management Group.

Prior to her appointment in EDC, 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.

Among her executive roles before joining the Lopez Group were as Vice-President for Corporate Human Resource of Roxas Holdings Inc. and all its subsidiaries, and as the Head of the Center for Excellence of Globe Telecommunications, Inc. She was also the Vice-President and Head of Organization and People Development in San Miguel Corporation where she established her career as an HR professional and well-respected leader.

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 then became a "Certified Total Rewards Fellow" (2018) by the Asian Total Rewards Institute which is based in Singapore. She also received her Certification as a Team Coach from Leaders International Management Inc. (2023).

Ms. Nasol has 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 also an active member of the People Management Association of the Philippines (“PMAP”) where she was conferred the title “Diplomate in People Management” in 2017. She likewise remains a member of the PMAP Board of Trustees and was the Head of its Leadership Committee in 2019 (when it was also named the PMAP “Committee of the Year”). She was a member of the PMAP Foundation Board of Trustees when the “Kapwa Diwa” initiative was launched in 2020 to focus on creating awareness for inculcating the Filipino values of “Malasakit sa Kapwa”. As an elected member of the PMAP Board of Trustees, she has been assigned as the Trustee in charge of the Data and Research Committee since 2021 and was elected Vice President and Chairman of the Annual Conference in 2022. She then went on to serve as the President of PMAP for 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, 46
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. He also holds a Master's Degree in Business Administration from Harvard University.

Edwin H. Alcober, 51
Vice President, Head of Production Optimization of Integrated Subsurface

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 Subsurface

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 (3) 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 joined EDC in 2011. He is currently the Vice President and Head of Business Development and International Business of the Parent 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 has more than ten (10) years of experience in research, business planning, and business development from different industries (including oil and gas, power, and food) prior to joining EDC. 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, 52

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 Parent 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 joined the Parent 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 graduated from 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 Parent 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 Parent 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 Parent 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 Parent 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 (3) years.

Mr. De Vera obtained his Bachelor of Science degree in Computer Science, majoring in Computer Engineering, from De L Salle University in Manila.

Gabriel S. Vergara, 39
Vice President, Head of Enterprise Commercial

Mr. Vergara, Filipino, is currently a Vice President of the Parent 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 Officer of the Apollo Transformation Program 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. He also took postgraduate studies in International Political Economy and Development in Fordham University.

Joseph P. Guevarra, 42
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 Senior Legal Counsel and concurrently Head of Insurance Management of EDC, as well as the Corporate Secretary of EDC's geothermal subsidiaries. He joined EDC in June 2013.

Prior to joining EDC, 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.

Atty. Policarpio is also a Vice President and Senior Counsel at First Gen. She joined EDC in August 2015, when she was seconded from First Gen. She currently heads the Legal and Regulatory Affairs.

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, 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.

Significant Employees

No single person or employee is expected to make a significant contribution to the Parent Company’s business as the Parent Company considers the collective efforts of all its employees as instrumental to the success of the Parent 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 Parent Company.

Involvement in Certain Legal Proceedings

To the best of the Parent Company's knowledge, there has been no occurrence during the past five (5) years and up to the date of this Annual Report 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 Parent 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 Parent Company are as follows:

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			
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

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% of declared cash dividend;
- Group Life Insurance Coverage; and
- Group Hospitalization Insurance Coverage.

The Parent 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 Parent 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, Messrs. Puno, Cainglet and Avante are seconded to EDC and receives their salaries from First Gen.

Warrants

As of the date hereof, there are no outstanding warrants held by the Parent Company's president, named executive officers, and all directors and officers, as a group.

Security Ownership of Certain Record and Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners (of more than 5%) as of December 31, 2023

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 6th 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 - First Gen (First Gen is a major stockholder of Red Vulcan) Proxy - Federico R. Lopez, Chairman of First Gen	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 as of December 31, 2023

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%
-	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 December 31, 2023, the aggregate amount of common shares registered in the names of the directors and key executive officers of the Parent Company is 11.000012 or 0.065% of total common shares.

Voting Trust Holders of 5% or more

The Parent Company knows of no persons holding more than 5% of common shares under a voting trust or similar agreement.

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							
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							
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

Related Party	Nature of Transaction	Terms	Transactions for the years ended December 31			Outstanding Balances as of December 31	
			2023	2022	2021	2023	2022
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	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							
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 or 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 ₱17.0 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 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.

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

PART V – CORPORATE GOVERNANCE

EDC recognizes that good corporate governance strengthens and stabilizes a company. The Parent 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 Parent 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 of Directors (the "Board") of the Parent Company 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, Chief Executive Officer ("CEO"), and the President and Chief Operating Officer ("COO") 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 Parent Company, leading to efforts to enhance performance throughout the organization.

The Parent Company also conducts annually a CG Manual Compliance Monitoring among its different functional groups to determine compliance with the Group'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 Parent Company had no substantial deviation from its Manual on Corporate Governance. Please refer to the Parent 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 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 executive officers an opportunity to learn and integrate corporate governance principles and be provided with useful insights on various and current

governance issues. For 2023, the Group-sponsored corporate governance seminar was conducted by SGV & Co. on November 16, 2023.

To align the activities of the Parent 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 Parent Company. For 2023, the Board Strategic Update was held on October 6, 2023.

More information on the governance of the Parent Company is available at its website: www.energy.com.ph.

PART VI – EXHIBITS AND SCHEDULES

Exhibits

Exhibit 1 – Audited Consolidated Financial Statements for the years ended December 31, 2023 and 2022, and the Audited Parent Company Financial Statements received by the BIR

Exhibit 2 – Index to Consolidated Financial Statements

2.1 Group Structure

2.2 Reconciliation of retained earnings available for dividend declaration

2.3 Financial Soundness Indicator

Exhibit 3 – Supplementary Schedules (Schedules A - G)

Exhibit 4 – 2023 Audit and Governance Committee Report

Exhibit 5 – Material Service Contracts and Agreements with the Government

Reports on SEC Form 17-C

The Group filed the following reports on SEC Form 17-C during the period January to December 2023.

	Description	Date of Filing
1	Administrative penalty for the late application of the Safety Officer's Permit for the Burgos Solar Power Project Phases 1 and 2.	February 6, 2023
2	Promotion of Mr. Glenn Tee from Assistant Vice President to Vice President; and Approval of the proposed reverse stock split of the Parent Company's shares of stock.	March 1, 2023
3	Setting of the Annual Stockholders' Meeting on May 12, 2023 to be held in person at the principal office of the Parent Company and/or remotely.	March 14, 2023
4	Death of Parent Company's Chairman Emeritus, Mr. Oscar M. Lopez.	April 24, 2023
5	Election of the directors, officers and members of the Board committees for 2023-2024; Increase in the par value per (i) common share from Php1.00 to Php1,000,000.00 and (ii) voting preferred share from Php0.01 to Php10,000.00, while maintaining the current authorized capital stock, and the corresponding amendment of the Seventh Article of the Amended Articles of Incorporation of the Parent Company; Amendment of the (i) Management Services Agreements, (ii) Power Plant Operations Services Agreements, and (iii) Shared Services Agreements with Bac-Man Geothermal Inc. and Green Core Geothermal Inc.; Appointment of SGV	May 12, 2023

	Description	Date of Filing
	& Co, as the Parent Company's external auditor for 2023-2024; and Declaration of regular cash dividends.	
6	Decision of the Board and stockholders of Energy Development Corporation Peru S.A.C, a subsidiary of the Parent Company, to no longer pursue exploration and development activities in Peru.	May 25, 2023
7	Changes in Management of the Parent Company effective July 1, 2023.	June 14, 2023
8	Retirement of Mr. Emmanuel C. Portugal, Vice President and Chief Digital Transformation Officer, effective June 30, 2023.	July 3, 2023
9	Approved price for the payment of the fractional shares (as treasury shares), based on a third-party valuation and fairness opinion report, in relation to the Parent Company's previous disclosures on the reverse stock split of the Parent Company's shares of stock.	July 10, 2023
10	Imposition of penalty on Bac-Man Geothermal Inc., a subsidiary of the Parent Company, from the Philippine Electricity Market Corporation, for breach of real-time dispatch schedules or system operator instructions for two one-hour trading intervals in December 2014 and December 2017.	July 17, 2023
11	Decommissioning of the Parent Company's 19.500MW Tongonan-1 Topping Cycle Power Plant, consisting of three Ormat Energy Conversion units located in Barangay Lim-ao. Kananga, Leyte, due to deficient high-pressure steam caused by natural steam decline.	July 25, 2023
12	Promotion of Miguel Lorenzo S. De Vera, Ryan Z. Velasco, and Gabriel S. Vergara from Assistant Vice President to Vice President; Public offering, issuance, and listing of the second tranche of the Parent Company's shelf-registered ASEAN Green Bond Program of up to Php10.0 Billion Fixed Rate Bonds; and Declaration of special cash dividends.	November 28, 2023
13	Retirement of Ms. Regina Victoria J. Pascual as Vice President of the Parent Company effective January 1, 2024.	December 18, 2023

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation Code and Section 177 of the Revised Corporation Code, this report is signed on behalf of the Issuer by the undersigned, thereunto duly authorized, in the City of Pasig on March 1, 2024.

By:



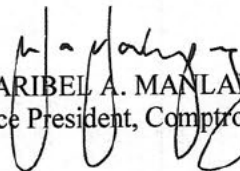
FRANCIS GILES B. PUNO
Vice Chairman and Chief Executive Officer



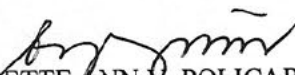
JEROME H. CAINGLET
President and Chief Operating Officer



ERWIN O. AVANTE
Senior Vice President and Chief Financial Officer/
Treasurer and Compliance Officer for SEC



MARIBEL A. MANLAPAZ
Vice President, Comptroller



BERNADETTE ANN V. POLICARPIO
Vice President and Corporate Secretary

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:

<u>NAMES</u>	<u>ID NO.</u>	<u>DATE OF ISSUE</u>	<u>PLACE OF ISSUE</u>
Francis Giles B. Puno			
Jerome H. Cainglet			
Erwin O. Avante			
Maribel A. Manlapaz			
Bernadette Ann V. Policarpio			

Doc. No. 40
Page No. 39
Book No. I
Series of 2024.




ATTY. CHRISTINE C. FLORES
Notary Public for Mandaluyong City
Appointment No. 0734-21 (until December 31, 2025)
Roll of Attorneys No. 85714
33rd Floor, The Podium West Tower, 12 ADB Avenue
Ortigas Center, Mandaluyong City 1550
PTR No. 043601201-1 (at Mandaluyong City)
IBP No. 360816 (at Mandaluyong City)



Donna Gracia Piano <mantuano.dgp@energy.com.ph>

SEC eFast Initial Acceptance

1 message

noreply-cifssost@sec.gov.ph <noreply-cifssost@sec.gov.ph>

Fri, Mar 8, 2024 at 7:41 PM

Greetings!

SEC Registration No: 0000066381

Company Name: ENERGY DEVELOPMENT CORPORATION

Document Code: AFS

This serves as temporary receipt of your submission.

Subject to verification of form and quality of files of the submitted report.

Another email will be sent as proof of review and acceptance.

Thank you.

REMINDER: TO ALL FILERS OF REPORTS IN THE e-FAST Please strictly follow the instruction stated in the form. Filings not in accordance with the prescribed template for the following reports will be automatically reverted by the system to the filer. 1. General Information Sheet (GIS-Stock) 2. General Information Sheet (GIS-Non-stock) 3. General Information Sheet (GIS- Foreign stock & non-stock) 4. Broker Dealer Financial Statements (BDFS) 5. Financing Company Financial Statements (FCFS) 6. Investment Houses Financial Statements (IHFS) 7. Publicly – Held Company Financial Statement 8. General Form for Financial Statements 9. Financing Companies Interim Financial Statements (FCIF) 10. Lending Companies Interim Financial Statements (LCIF) Per Section 18 of SEC Memorandum Circular No. 3 series of 2021, the reckoning date of receipt of reports is the date the report was initially submitted to the eFast, if the filed report is compliant with the existing requirements. A report, which was reverted or rejected, is considered not filed or not received. A notification will be sent to the filer, stating the reason for the reports rejection in the remarks box.

SECURITIES AND EXCHANGE COMMISSION

SEC Headquarters, [7907 Makati Avenue](#),
Salcedo Village, Barangay Bel-Air, Makati City,
1209, Metro Manila, Philippines

THIS IS AN AUTOMATED MESSAGE - PLEASE DO NOT REPLY DIRECTLY TO THIS EMAIL

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		
Jerome H. Cainglet		
Erwin O. Avante		

Doc. No.: 21
Page No.: 6
Book No.: I
Series of 2024.




ATTY. JOSEPH MICHAEL E. PANGAMBAN
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. 5436053-01.11.2024/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.



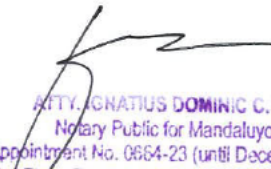
IN WITNESS WHEREOF, I have hereunto signed this Secretary's Certificate this 08 March 2024 at Mandaluyong City.


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. [REDACTED] expiring on [REDACTED] issued by [REDACTED] 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

						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

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**

[illegible]

(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
Total comprehensive income	-	-	-	-	-	(3,202,940)	660,623,158	968,733,038	11,145,108,488	-	12,771,261,744	156,802,078	12,928,063,822
Appropriation of retained earnings (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)	-	-	-
Cash dividend (Note 19)	-	-	-	-	-	-	-	-	(5,293,500,000)	-	(5,293,500,000)	-	(5,293,500,000)
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	-	-	-	-	-	-	-	-	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 P85.8 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	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	(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)
(charges) - net									
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	₱78,631,583	₱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	₱78,631,583	₱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).

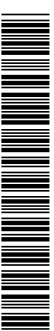
Prepaid expenses include prepaid insurance and rentals while advances to suppliers pertains mainly to the advances made by the Group for the purchase of parts and supplies, and other goods and services.

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)	-	-	(129,045,085)	
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	43,078,953	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)	14,782,935	(7,084,623,980)	(109,936,107)	
Foreign exchange adjustments	-	1,701,779,518	-	144,314,355	110,828	-	594,413	237,835	-	(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
US\$50 Million Mizuho Loan				
BPI	March 24, 2027	6.57283% until next repricing date in March 2024	2,763,484,308	2,756,034,890
▪ ₱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	—
UBP ₱1.0 Billion Term Loan	March 24, 2032	5.831567% until next repricing date in March 2027	844,681,246	943,473,759
SBC ₱2.6 Billion Term Loan	April 19, 2032	5.7829% until next repricing date in April 2027	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						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%	2.6%	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	(₱839,287,688)	₱—
	(10% or ₱5.5370)	839,287,688	—
Euro	10% or ₱6.14738	(59,218,339)	—
	(10% or ₱6.14738)	59,218,339	—
JPY	10% or ₱0.04174	(20,744,826)	—
	(10% or ₱0.04174)	20,744,826	—
NZD	10% or ₱3.51738	(3,161,435)	—
	(10% or ₱3.51739)	3,161,435	—
IDR	10% or ₱0.00036	1,405,579	—
	(10% or ₱0.00036)	(1,405,579)	—
AUD	10% or ₱3.79467	(1,183,803)	—
	(10% or ₱3.79467)	1,183,803	—
SGD	10% or ₱0.4.20898	(337,706)	—
	(10% or ₱4.20898)	337,706	—
CHP	10% or ₱0.00630	267,950	—
	(10% or ₱0.00630)	(267,950)	—
PEN	10% or ₱1.49487	187,929	—
	(10% or ₱1.49487)	(187,929)	—
GBP	10% or ₱0.55636	(114,835)	—
	(10% or ₱0.55636)	114,835	—
CAD	10% or ₱4.20039	(17,500)	—
	(10% or ₱4.20039)	17,500	—
HKD	10% or ₱0.71121	(4,240)	—
	(10% or ₱0.71121)	4,240	—

2022			
	Foreign Currency Appreciates (Depreciates) By	Effect on Income Before Income Tax	Effect on Equity
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)	—
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	—

(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.

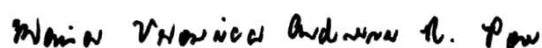


INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

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

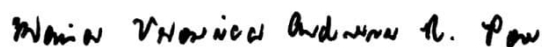


INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

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

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

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2023

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)

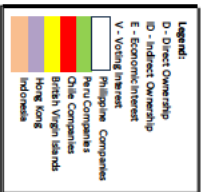
SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2023

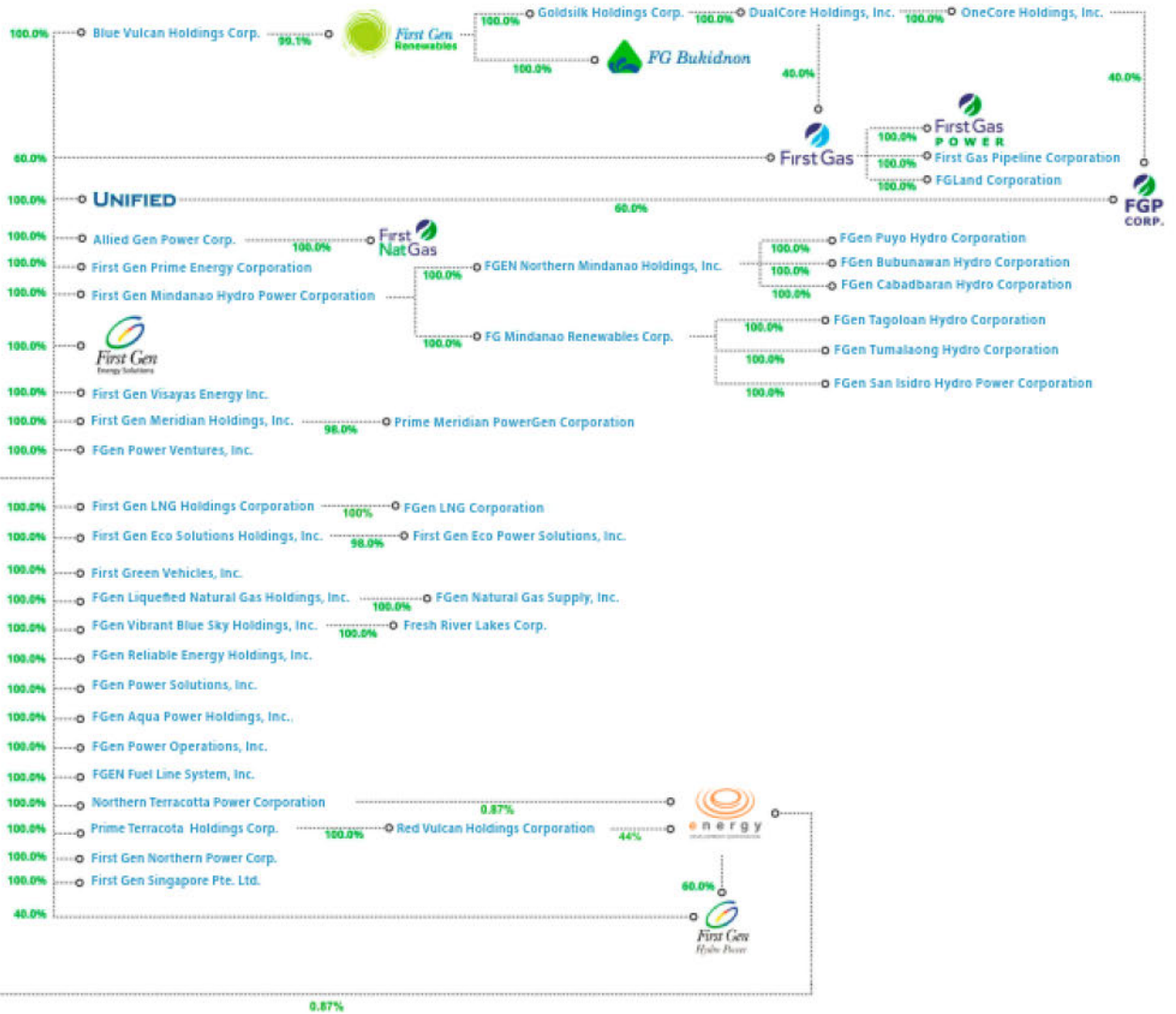
Unappropriated Retained Earnings, beginning of reporting period		₱7,812,675,364
Add: Category A: Items that are directly credited to		
Unappropriated Retained Earnings		
Reversal of Retained Earnings Appropriation/s	8,465,919,674	
Effect of restatements or prior-period adjustments	—	
Others: Transfer 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)





Legend:



- First Philippine Holdings Corporation



- First Gen Corporation



- First Gas Holdings Corporation



- First Gas Power Corporation



- Unified Holdings Corporation



- FGP Corp.



- First NatGas Power Corp.



- First Gen Energy Solutions Inc.



- First Gen Renewables Inc.



- FG Bukidnon Power Corporation



- Energy Development Corporation



- First Gen Hydro Power Corporation

Corporate Structure
is 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
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.

60%
Rockwell IPI
Development Corp.

70.0%
Rockwell MFA Corp.
Development Corp.

38.49%
Rockwell Carmelray
Development Corp.

70.00%
Rockwell Nepo
Development Corp



100%
First Philippine
Industrial Park



100%
FPDP Property Developers
and Management Corporation



100%
FPIP Utilities Incorporated



100%
Grand Batangas Resort
Development Incorporated



100%
First Industrial Township, Inc.



57.7%
First Industrial Township Water, Inc.

100%
First Batangas Hotel Corp.

Energy Solutions



100%
First Philec

100%
First Philippine
Electric Corporation



99.15%
Philippine Electric
Corporation



100%
First Philec, Inc.



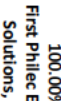
100%
First Philippine
Power Systems



100%
First Philec Manufacturing
Technologies Corporation



89.04%
First Philec Solar
Corporation

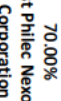


100.00%
First Philec Energy
Solutions, Inc.

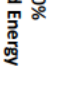
100%
First PV Ventures Corporation



70.00%
First Philec Nexolon
Corporation



100%
First Philec Nexolon
Solutions



100%
FP Island Energy
Corp.



100%
PI Energy Inc.

Construction

100%
First Balfour, Inc.

First Balfour

100%
ThermaPrime
Drilling
Corporation

100%
Therma One
Transport
Corporation

100%
Therma One
Torreverde
Corp.

100%
First Balfour
Management
Services, Inc.



100%
TT Transport

100%
ThermaOne Towage, Inc.

Other Businesses

30.00%
Panay Electric
Company

66.92%
InfoPro Business
Solutions Inc.

98%
XIBS
Corporation

100%
First Philippine
Industrial
Corporation

100%
First Philippine
Realty Corporation

100%
First Philippine
Properties Corp.

100%
First Philippine
Properties Corp.

100%
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Properties Corp.

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Properties Corp.

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Properties Corp.

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Properties Corp.

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Properties Corp.

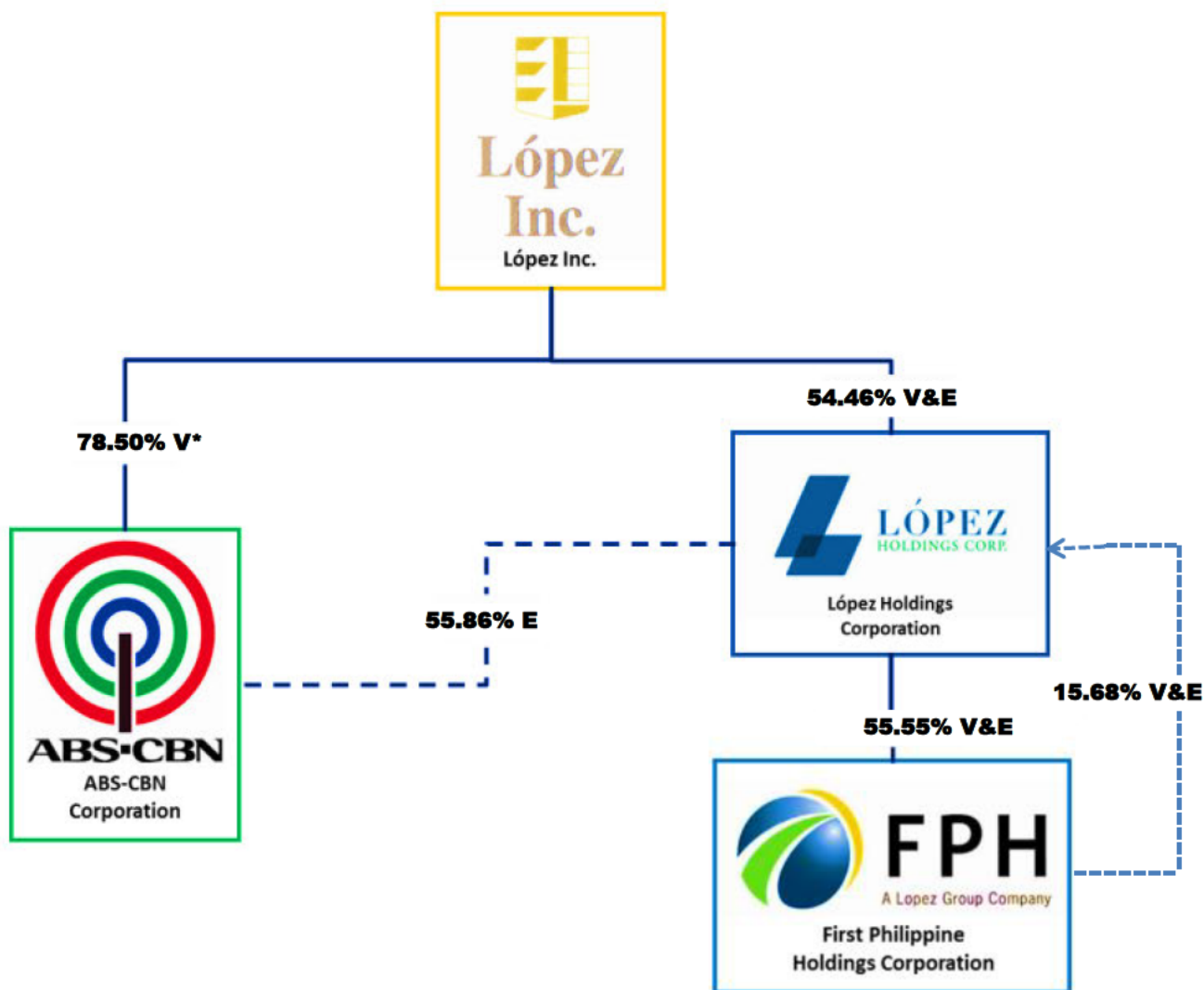
100%
First Philippine
Properties Corp.

100%
First Philippine
Properties Corp.

100%
First Philippine
Properties Corp.

100%
First Philippine
Properties Corp.

**LOPEZ HOLDINGS CORPORATION AND SUBSIDIARIES
MAP OF RELATIONSHIP OF THE COMPANIES WITHIN THE GROUP
DECEMBER 31, 2023**



* voting rights include preferred shares



Donna Gracia Piano <mantuano.dgp@energy.com.ph>

SEC eFast Initial Acceptance

1 message

noreply-cifssost@sec.gov.ph <noreply-cifssost@sec.gov.ph>

Fri, Mar 8, 2024 at 4:14 PM

Greetings!

SEC Registration No: 0000066381

Company Name: ENERGY DEVELOPMENT CORPORATION

Document Code: AFS

This serves as temporary receipt of your submission.

Subject to verification of form and quality of files of the submitted report.

Another email will be sent as proof of review and acceptance.

Thank you.

REMINDER: TO ALL FILERS OF REPORTS IN THE e-FAST Please strictly follow the instruction stated in the form. Filings not in accordance with the prescribed template for the following reports will be automatically reverted by the system to the filer. 1. General Information Sheet (GIS-Stock) 2. General Information Sheet (GIS-Non-stock) 3. General Information Sheet (GIS- Foreign stock & non-stock) 4. Broker Dealer Financial Statements (BDFS) 5. Financing Company Financial Statements (FCFS) 6. Investment Houses Financial Statements (IHFS) 7. Publicly – Held Company Financial Statement 8. General Form for Financial Statements 9. Financing Companies Interim Financial Statements (FCIF) 10. Lending Companies Interim Financial Statements (LCIF) Per Section 18 of SEC Memorandum Circular No. 3 series of 2021, the reckoning date of receipt of reports is the date the report was initially submitted to the eFast, if the filed report is compliant with the existing requirements. A report, which was reverted or rejected, is considered not filed or not received. A notification will be sent to the filer, stating the reason for the reports rejection in the remarks box.

SECURITIES AND EXCHANGE COMMISSION

SEC Headquarters, [7907 Makati Avenue](#),
Salcedo Village, Barangay Bel-Air, Makati City,
1209, Metro Manila, Philippines

THIS IS AN AUTOMATED MESSAGE - PLEASE DO NOT REPLY DIRECTLY TO THIS EMAIL



Owen Christopher L Dulpina <dulpina.ocl@energy.com.ph>

Your BIR AFS eSubmission uploads were received

eafs@bir.gov.ph <eafs@bir.gov.ph>

Fri, Mar 8, 2024 at 3:58 PM

To: TAXOPS1000@energy.com.ph

Cc: TAXOPS1000@energy.com.ph

Hi ENERGY DEVELOPMENT CORPORATION,

Valid files

- EAFS000169125ITRTY122023.pdf
- EAFS000169125RPTTY122023.pdf
- EAFS000169125TCRTY122023-01.pdf
- EAFS000169125OTHTY122023.pdf
- EAFS000169125AFSTY122023.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-955LF5DL0PW21VNMSNMSVMSR40Q4WVS42Y**

Submission Date/Time: **Mar 08, 2024 03:58 PM**

Company TIN: **000-169-125**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.



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 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 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.

Francis Giles B. Puno
Vice Chairman/Chief Executive Officer

Jerome H. Cainglet
President/Chief Operating Officer

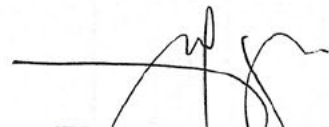
Erwin O. Avante
Senior Vice President/Chief Financial Officer/
Treasurer

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		
Jerome H. Cainglet		
Erwin O. Avante		

Doc. No.: 20
Page No.: 1
Book No.: 1
Series of 2024




ATTY. JOSEPH MICHAEL E. PANGANIBAN
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
Origas 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.



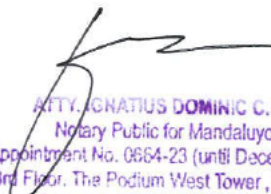
IN WITNESS WHEREOF, I have hereunto signed this Secretary's Certificate this 08 March 2024 at Mandaluyong City.


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. [REDACTED] expiring on [REDACTED] issued by [REDACTED] 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

						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	)											

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	A	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

The Stockholders and Board of Directors
Energy Development Corporation
Rockwell Business Center Tower 3
Ortigas Avenue, Pasig City, Philippines

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of Energy Development Corporation (a subsidiary of Red Vulcan Holdings Corporation; the Parent Company), which comprise the parent company statements of financial position as at December 31, 2023 and 2022, and the parent company statements of income, parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including material accounting policy information.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Parent Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended 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 Parent Company 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 parent company 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.

Responsibilities of Management and Those Charged with Governance for the Parent Company Financial Statements

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



In preparing the parent company financial statements, management is responsible for assessing the Parent 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 Parent Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company 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 parent company 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 parent company 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 Parent 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 Parent 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 parent company 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 Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the parent company financial statements, including the disclosures, and whether the parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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.

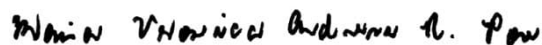
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the parent company financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 39 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Energy Development Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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)

PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6 and 32)	₱8,753,964,029	₱9,912,415,123
Financial assets at fair value through profit or loss (Notes 8, 22 and 32)	316,655,922	11,684,337
Trade and other receivables (Notes 3, 7, 22 and 32)	8,474,767,769	18,250,256,543
Due from related parties (Notes 22 and 32)	709,418,551	696,362,345
Parts and supplies inventories (Notes 3 and 10)	7,287,691,925	6,882,962,773
Other current assets (Notes 11 and 32)	4,117,265,722	516,926,966
Total Current Assets	29,659,763,918	36,270,608,087
Noncurrent Assets		
Property, plant and equipment (Notes 3 and 12)	75,735,555,170	66,481,618,549
Investments in and deposits to subsidiaries (Notes 3 and 14)	14,378,428,401	15,425,990,851
Exploration and evaluation assets (Notes 3, 13 and 34)	2,082,965,529	1,964,511,736
Deferred tax assets - net (Notes 3 and 31)	578,108,585	515,195,828
Intangible assets (Notes 3 and 15)	130,143,925	153,973,071
Financial assets at fair value through other comprehensive income (Notes 3, 9, 22 and 32)	15,220,022,482	6,233,352,225
Other noncurrent assets (Notes 3, 16 and 32)	3,665,743,500	3,594,644,730
Total Noncurrent Assets	111,790,967,592	94,369,286,990
TOTAL ASSETS	₱141,450,731,510	₱130,639,895,077

LIABILITIES AND EQUITY

Current Liabilities		
Trade and other payables (Notes 3, 17, 22 and 32)	₱16,243,960,380	₱11,619,679,872
Due to related parties (Notes 22 and 32)	63,065,362	2,018,799
Income tax payable	73,548,329	204,089,730
Current portion of:		
Long-term debts (Notes 18 and 32)	7,798,921,267	7,800,226,827
Lease liability (Notes 3, 22, 32 and 33)	145,243,038	149,350,794
Total Current Liabilities	24,324,738,376	19,775,366,022
Noncurrent Liabilities		
Long-term debts - net of current portion (Notes 18 and 32)	39,825,399,055	36,268,350,181
Lease liability - net of current portion (Notes 3, 22, 32 and 33)	144,033,069	230,073,821
Net retirement and other post-employment benefits (Notes 3 and 30)	2,426,498,526	1,612,761,986
Provisions and other long-term liabilities (Notes 3 and 19)	2,284,464,499	2,033,766,786
Total Noncurrent Liabilities	44,680,395,149	40,144,952,774
Total Liabilities	69,005,133,525	59,920,318,796

(Forward)



	December 31	
	2023	2022
Equity		
Preferred stock (Note 20)	₱93,750,000	₱93,750,000
Common stock (Note 20)	19,076,250,000	19,076,250,000
Treasury stock (Note 20)	(14,730,745,981)	(14,730,745,981)
Additional paid-in capital (Note 20)	8,715,108,001	8,715,108,001
Net accumulated unrealized loss on financial assets at fair value through other comprehensive income (Note 9)	(1,902,804,205)	(990,659,462)
Retained earnings (Note 20)		
Appropriated	43,795,570,044	37,261,489,718
Unappropriated	17,398,470,126	21,294,384,005
Total Equity	72,445,597,985	70,719,576,281
TOTAL LIABILITIES AND EQUITY	₱141,450,731,510	₱130,639,895,077

See accompanying Notes to the Parent Company Financial Statements.



ENERGY DEVELOPMENT CORPORATION
(A Subsidiary of Red Vulcan Holdings Corporation)
PARENT COMPANY STATEMENTS OF INCOME

	Years Ended December 31	
	2023	2022
REVENUES		
Sale of electricity (Notes 3, 5, 22, 23, 33 and 35)	₱19,587,343,896	₱19,537,116,274
Sale of steam (Notes 3, 5, 22, 23 and 35)	10,490,948,338	9,999,929,451
	30,078,292,234	29,537,045,725
COSTS OF SALES OF ELECTRICITY AND STEAM		
(Notes 5, 10, 12, 15, 22, 24, 26 and 30)	(12,769,290,877)	(11,254,457,965)
GENERAL AND ADMINISTRATIVE EXPENSES		
(Notes 5, 7, 10, 12, 15, 16, 22, 25, 26 and 30)	(3,008,999,069)	(5,380,774,590)
FINANCIAL INCOME (EXPENSE)		
Interest income (Notes 5, 6, 9, 11, 27 and 32)	482,963,016	123,850,025
Interest expense (Notes 5, 18, 19, 27, 32 and 33)	(2,637,361,232)	(2,262,427,298)
	(2,154,398,216)	(2,138,577,273)
OTHER INCOME (CHARGES)		
Dividend (Notes 5 and 22)	755,734,364	8,586,300,887
Income from insurance claims (Notes 5 and 33)	747,556,450	107,998,948
Foreign exchange gains (Notes 5, 28 and 32)	50,694,537	21,964,163
Miscellaneous income (charges) - net (Notes 5, 12, 16, 18, 22, 29 and 32)	(3,576,224,801)	170,005,929
	(2,022,239,450)	8,886,269,927
INCOME BEFORE INCOME TAX	10,123,364,622	19,649,505,824
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 31)		
Current	1,056,139,371	1,251,565,866
Deferred	7,106,916	(94,573,862)
	1,063,246,287	1,156,992,004
NET INCOME	₱9,060,118,335	₱18,492,513,820
Basic/Diluted Earnings Per Share for Net Income Attributable to Equity Holders of the Parent Company (Note 21)	₱514,425.51	₱1,067,915.72

See accompanying Notes to the Parent Company Financial Statements.



ENERGY DEVELOPMENT CORPORATION
(A Subsidiary of Red Vulcan Holdings Corporation)

PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2023	2022
NET INCOME	₱9,060,118,335	₱18,492,513,820
OTHER COMPREHENSIVE INCOME (LOSS)		
<i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:</i>		
Changes in fair value of debt instruments at fair value through other comprehensive income (Note 9)	11,907,435	(20,899,368)
Fair value adjustments on hedging transactions net of tax effect amounting to nil and ₱63,673,764 in 2023 and 2022, respectively (Note 32)	–	118,614,716
NET OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS	11,907,435	97,715,348
<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 ₱70,019,673 in 2023 and ₱16,970,676 in 2022 (Note 31)	(630,177,057)	152,736,088
Changes in fair value of equity instruments designated at fair value through other comprehensive income (Note 9)	(923,237,178)	(646,829,334)
NET OTHER COMPREHENSIVE LOSS NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS	(1,553,414,235)	(494,093,246)
TOTAL OTHER COMPREHENSIVE LOSS, NET OF TAX	(1,541,506,800)	(396,377,898)
TOTAL COMPREHENSIVE INCOME, NET OF TAX	₱7,518,611,535	₱18,096,135,922

See accompanying Notes to the Parent Company Financial Statements.



ENERGY DEVELOPMENT CORPORATION

(A Subsidiary of Red Vulcan Holdings Corporation)

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	Preferred Stock (Note 20)	Common Stock (Note 20)	Treasury Stock (Note 20)	Paid-in Capital (Note 20)	Additional Loss on Financial Assets at FVOCI (Note 9)	Unappropriated Retained Earnings (Note 20)	Appropriated Retained Earnings (Note 20)	Total Equity
Balances, January 1, 2023	₱93,750,000	₱19,076,250,000	(₱14,730,745,981)	₱8,715,108,001	(₱990,659,462)	₱21,294,384,005	₱37,261,489,718	₱70,719,576,281
Total comprehensive income:								
Net income	–	–	–	–	–	9,060,118,335	–	9,060,118,335
Changes in fair value of equity instruments designated at FVOCI recognized in equity (Note 9)	–	–	–	–	(923,237,178)	–	–	(923,237,178)
Changes in fair value of debt instruments at FVOCI recognized in equity (Note 9)	–	–	–	–	11,907,435	–	–	11,907,435
Transfer of net accumulated unrealized loss on financial assets at FVOCI to retained earnings (Note 9)	–	–	–	–	(815,000)	815,000	–	–
Remeasurements of retirement and other other post-employment benefits (Note 30)	–	–	–	–	–	(630,177,057)	–	(630,177,057)
Total other comprehensive loss	–	–	–	–	(912,144,743)	(629,362,057)	–	(1,541,506,800)
Appropriation of retained earnings (Note 20)	–	–	–	–	–	8,430,756,278	–	7,518,611,535
Reversal of appropriation of retained earnings (Note 20)	–	–	–	–	–	(15,000,000,000)	15,000,000,000	–
Cash dividend (Note 20)	–	–	–	–	–	(5,792,589,831)	(8,465,919,674)	(5,792,589,831)
Balances, December 31, 2023	₱93,750,000	₱19,076,250,000	(₱14,730,745,981)	₱8,715,108,001	(₱1,902,804,205)	₱17,398,470,126	₱43,795,570,044	₱72,445,597,985



	Preferred Stock (Note 20)	Common Stock (Note 20)	Treasury Stock (Note 20)	Additional Paid-in Capital (Note 20)	Fair value adjustments on hedging transactions (Note 32)	Net Accumulated Loss on Financial Assets at FVOCI (Note 9)	Unappropriated Retained Earnings (Note 20)	Appropriated Retained Earnings (Note 20)	Total Equity
Balances, January 1, 2022	₱93,750,000	₱19,076,250,000	(₱14,729,043,061)	₱8,715,108,001	(₱118,614,716)	(₱316,420,760)	₱31,303,459,532	₱13,894,154,283	₱57,918,643,279
Total comprehensive income:									
Net income	-	-	-	-	-	-	18,492,513,820	-	18,492,513,820
Fair value adjustments on hedging transactions (Note 32)	-	-	-	-	118,614,716	-	-	-	118,614,716
Changes in fair value of equity instruments designated at FVOCI recognized in equity (Note 9)	-	-	-	-	-	(646,829,334)	-	-	(646,829,334)
Transfer of net accumulated unrealized loss on financial assets at FVOCI to retained earnings (Note 9)	-	-	-	-	-	(6,510,000)	6,510,000	-	-
Changes in fair value of debt instruments at FVOCI recognized in equity (Note 9)	-	-	-	-	-	(20,899,368)	-	-	(20,899,368)
Remeasurements of retirement and other post-employment benefits (Note 30)	-	-	-	-	-	-	152,736,088	-	152,736,088
Total other comprehensive income	-	-	-	-	118,614,716	(674,238,702)	159,246,088	-	(396,377,898)
Appropriation of retained earnings (Note 20)	-	-	-	-	118,614,716	(674,238,702)	18,651,759,908	-	18,096,135,922
Reversal of appropriation of retained earnings (Note 20)	-	-	-	-	-	-	(30,000,000,000)	30,000,000,000	-
Cash dividend (Note 20)	-	-	-	-	-	-	6,632,664,565	(6,632,664,565)	-
Acquisition of treasury stock (Note 20)	-	-	(1,702,920)	-	-	-	(5,293,500,000)	-	(5,293,500,000)
	-	-	-	-	-	-	-	-	(1,702,920)
Balances, December 31, 2022	₱93,750,000	₱19,076,250,000	(₱14,730,745,981)	₱8,715,108,001	₱-	(₱990,659,462)	₱21,294,384,005	₱37,261,489,718	₱70,719,576,281

See accompanying Notes to the Parent Company Financial Statements.



ENERGY DEVELOPMENT CORPORATION**(A Subsidiary of Red Vulcan Holdings Corporation)****PARENT COMPANY STATEMENTS OF CASH FLOWS**

	Years Ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱10,123,364,622	₱19,649,505,824
Adjustments for:		
Depreciation and amortization (Notes 12, 15, 24 and 25)	4,803,371,243	4,465,345,149
Mark-to-market loss (gain) on financial assets at FVPL (Notes 8 and 29)	3,999,027,891	(258,668)
Provisions for (reversal of) impairment of receivables, due from related parties, prepaid taxes, and others (Notes 7, 16, 22 and 25)	(3,534,098,367)	676,543,058
Interest expense (Notes 18, 19, 27, 32 and 33)	2,637,361,232	2,262,427,298
Provision for impairment of investment in subsidiary (Notes 14 and 25)	1,293,291,251	—
Interest income (Notes 6, 9, 11, 27 and 32)	(482,963,016)	(123,850,025)
Net change in retirement and other post-employment benefits	113,539,811	82,290,876
Provision for (reversal of) impairment of parts and supplies inventories (Notes 10 and 25)	(70,567,079)	17,516,685
Unrealized foreign exchange losses (gains) - net (Note 28)	(39,552,771)	159,440,309
Loss on direct write-off of input VAT claims (Notes 16 and 29)	33,931,194	4,054,157
Loss (gain) on disposal and retirement of property, plant and equipment (Notes 12 and 29)	(141,209)	(4,811,678)
Realized loss (income) from redemption of financial assets at FVPL (Notes 8 and 29)	524	(30,633,200)
Operating income before working capital changes	18,876,565,326	27,157,569,785
Decrease (increase) in:		
Trade and other receivables	9,611,030,018	(10,252,001,412)
Due from related parties	2,852,807,888	591,332,633
Parts and supplies inventories	(334,162,073)	(1,250,342,078)
Other current assets	(3,201,006,735)	464,401,240
Increase (decrease) in:		
Trade and other payables	4,659,411,781	1,258,338,967
Due to related parties	61,046,561	(1,151,330)
Provisions and other long-term liabilities	152,981,050	(52,409,143)
Net cash generated from operations	32,678,673,816	17,915,738,662
Income tax paid, including creditable withholding tax	(1,586,012,792)	(1,130,332,779)
Net cash flows from operating activities	31,092,661,024	16,785,405,883

(Forward)

	Years Ended December 31	
	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Property, plant and equipment (Note 12)	(₱13,856,353,044)	(₱6,453,118,171)
Financial assets at FVOCI (Notes 9 and 16)	(9,160,000,000)	(2,764,856,758)
Financial assets at FVPL (Note 8)	(4,304,000,000)	(1,032,500,000)
Intangible assets (Note 15)	(68,393,995)	(53,448,138)
Proceeds from:		
Sale of financial assets at FVOCI (Note 9)	37,000,000	33,950,000
Sale of property, plant and equipment (Notes 12 and 29)	4,426,776	5,034,033
Redemption of financial assets at FVPL (Note 8)	–	1,466,134,070
Additions to:		
Investments in and deposits to subsidiaries (Note 14)	(245,728,801)	(258,759,595)
Exploration and evaluation assets (Note 13)	(115,348,193)	(72,159,209)
Other noncurrent assets	18,371,876	(1,321,060,522)
Interest received	433,564,593	106,957,760
Net cash flows used in investing activities	(27,256,460,788)	(10,343,826,530)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from availment of long-term debts - net of transaction cost (Note 18)	11,909,940,000	13,581,462,961
Payments of:		
Long-term debts (Note 18)	(8,450,883,824)	(10,411,846,401)
Dividends (Note 20)	(5,792,589,831)	(5,293,500,000)
Interest and other financial charges (Note 37)	(2,519,396,611)	(2,212,667,033)
Lease liability (Note 33)	(133,678,444)	(69,457,371)
Acquisition of treasury stock (Note 20)	–	(1,702,920)
Net cash flows used in financing activities	(4,986,608,710)	(4,407,710,764)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,150,408,474)	2,033,868,589
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(8,042,620)	71,477,163
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	9,912,415,123	7,807,069,371
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	₱8,753,964,029	₱9,912,415,123

See accompanying Notes to the Parent Company Financial Statements.



ENERGY DEVELOPMENT CORPORATION

(A Subsidiary of Red Vulcan Holdings Corporation)

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

1. Corporate Information and Authorization for Issuance of the Parent Company Financial Statements

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 is 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 Philippine Renewable Energy Holdings Corporation (PREHC) owns 34.9%.

Nature of Operations

The Parent Company operates 13 geothermal energy projects in four (4) Geothermal RE Service Contracts (GRESs) areas, namely:

1. Bacon-Manito Geothermal Project (BMGP)
2. Mt. Apo Geothermal Project (MGP)
3. Southern Negros Geothermal Project (SNGP)
4. Tongonan Geothermal Project (TGP)

These GSCs are entered into with the Department of Energy (DOE) pursuant to the provisions of Presidential Decree 1442 (P.D. 1442). These GSCs were replaced by Geothermal Renewable Energy Service Contracts (GRESs) on October 23, 2009 in accordance with the provisions of Republic Act (R.A.) 9513 or the Renewable Energy Act of 2008 (RE Law) (see Note 35).

EDC sells electricity to National Power Corporation (NPC) under its 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).

The PPAs for Unified Leyte A, Unified Leyte B and Mindanao I expired in July 2021, July 2022 and February 2022, respectively. The PPA for Mindanao II will expire in June 2024 (see Note 23). EDC sells steam to its wholly owned subsidiaries, and is backed by long-term offtake agreements: (i) Green Resource Sales Contracts (GRSCs) with Green Core Geothermal Inc. (GCGI); and (ii) Steam Sales Agreement (SSAs) with Bac-Man Geothermal Inc. (BGI). Also, EDC sells electricity through ancillary service to the National Grid Corporation of the Philippines (NGCP) under the Ancillary Services Procurement Agreement (ASPA) which expired in September 2022. Generated electricity in excess of contracted levels is sold to the Wholesale Electricity Spot Market (WESM).



EDC also operates the 6.82-megawatt (MW) Burgos Solar Project (Phases 1 and 2) located in Burgos, Ilocos Norte. The 6.82 MW Burgos Solar Project was granted a Feed-in-Tariff (FIT) Certificate of Compliance (FIT COC) by the Energy Regulatory Commission (ERC) that entitles the project to an applicable FIT rate, subject to adjustments as may be approved by the ERC, for the entire duration of the FIT eligibility period.

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 Parent Company Financial Statements

The parent company financial statements were reviewed and recommended for approval by the Audit and Governance Committee to the Board of Directors (BOD) on February 22, 2024. The same parent company financial statements were also approved and authorized for issuance by the BOD on March 1, 2024.

2. Basis of Preparation

The parent company 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 parent company financial statements are presented in Philippine peso (₱), which is the Parent Company's functional currency. All values are rounded to the ₱, except when otherwise indicated.

Statement of Compliance

The financial statements of the Parent 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 2023. The Parent 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 parent company financial statements.

- 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 parent company financial statements require 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 Parent Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the parent company financial statements:

Determination of Functional Currency

The Parent Company's transactions are denominated or settled in various currencies such as the Philippine peso (₱), United States dollar (US\$) and Japanese yen (JP¥). The Parent Company has determined that its functional currency is the ₱, which is the currency that most faithfully represents the economic substance of the Parent Company's underlying transactions, events and conditions.

Applicability of Philippine Interpretation IFRIC-12, Service Concession Arrangements, on the Geothermal Renewable Energy Service Contracts and Solar Energy Service Contracts

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) and Solar Energy Service Contracts (SESCs) entered into by the Parent Company are outside the scope of Philippine Interpretation IFRIC-12 since the Parent 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.

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 Parent 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 33 to the parent company financial statements.

Applicability of PFRS 16, Leases on the Parent Company's PPAs, GRSCs and SSA

The Parent Company has three (3) 25-year PPAs with NPC covering the Parent Company's Unified Leyte and Mindanao Geothermal Power Projects (Mindanao I and Mindanao II). The Parent Company also has GRSCs with GCGI covering the steam field facilities for Tongonan and Palinpinon geothermal plants, and an SSA with BGI covering the steam field facilities for Bacon-Manito geothermal plants.

Based on management's judgment, the PPAs, GRSCs and SSA with NPC, GCGI and BGI, respectively, 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 Parent 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 Parent 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 Parent Company's promise to transfer the good or service to the customer is separately identifiable from the other promises in the contract.

The Parent 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, GRSCs, SSA, 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.

The combined performance obligation qualifies as a series of distinct goods or services that are substantially the same and have the same pattern of transfer since the delivery of energy every month are distinct services which are all recognized over time and have the same measure of progress.

b) Revenue Recognition

The Parent 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 Parent Company determines, at contract inception, whether it will transfer control of a promised good or service over time. If the Parent Company does not satisfy a performance obligation over time, the performance obligation is satisfied at a point in time.

The Parent Company concluded that revenue from sale of steam and electricity from contracts with customers are to be recognized over time, since customers simultaneously receive and consume the benefits as the Parent Company supplies power.

c) Identifying Methods for Measuring Progress of Revenue Recognized Over Time

The Parent Company determines the appropriate method of measuring progress which is either through the use of input or output methods. Input method recognizes revenue on the basis of the efforts or inputs to the satisfaction of a performance obligation while output method recognizes revenue on the basis of direct measurements of the value to the customer of the goods or services transferred to date.



The Parent Company determined that the output method is the best method in measuring progress as actual steam and electricity is supplied to customers. The Parent Company recognizes revenue based on contracted and actual kilowatt hours (kwh) dispatched which are billed on a monthly basis.

Contractual Cash Flows Characteristics

If the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the Parent Company assesses whether the cash flows from the financial asset represent solely payments of principal and interest (SPPI) on the principal amount outstanding.

In making this assessment, the Parent Company determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time. In addition, interest can include a profit margin that is consistent with a basic lending arrangement. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual terms that introduce exposure to risks or volatility in the contractual cash flows that is unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

Evaluation of Business Model in Managing Financial Instruments

The Parent Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Parent Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and
- The expected frequency, value and timing of sales are also important aspects of the Parent Company's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Parent Company's original expectations, the Parent Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

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 36).



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 Parent Company based its assumptions and estimates on parameters available when the parent company 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 Parent 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 Parent Company in accordance with the contract and the cash flows that the Parent Company expects to receive.

The Parent 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 Parent Company to identify whether the credit risk of financial assets has significantly increased.

The information about the ECLs on the Parent 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 Parent 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 Parent 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 Parent 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 Parent Company's historical observed default rates. The Parent 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 Parent 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 Parent 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 Parent 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 five (5) years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

The Parent 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 Parent 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. In 2023, the Parent Company recognized a reversal of impairment of parts and supplies amounting to ₱70.6 million while in 2022, provision for impairment of parts and supplies amounted to ₱17.5 million (see Notes 10 and 25). The carrying amounts of parts and supplies inventories as of December 31, 2023 and 2022 amounted to ₱7,287.7 million and ₱6,883.0 million, respectively (see Note 10).

Estimating Useful Lives of Property, Plant and Equipment (excluding land and construction in progress)

The Parent Company estimates the useful lives of property, plant and equipment (excluding land and construction in progress) 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 was recognized in 2023 and 2022. The carrying amount of the property, plant and equipment (excluding land and construction in progress) amounted to ₱55,054.0 million and ₱53,982.2 million as of December 31, 2023 and 2022, respectively (see Note 12).

Impairment of Non-financial Assets

Prepaid taxes, property, plant and equipment and intangible assets

The Parent Company assesses whether there are any indicators of impairment for all non-financial assets at each balance sheet date. These non-financial assets 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 Parent 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 Parent 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 Parent Company provides an allowance for impairment of prepaid taxes based on the assessment of management and the Parent Company's legal counsel.

In 2023, the Parent Company recognized a reversal of impairment of prepaid taxes amounting to ₱129.1 million while in 2022, provision for impairment of prepaid taxes amounted to ₱91.9 million in 2022 (see Notes 16 and 25). The carrying amount of prepaid taxes as of December 31, 2023 and 2022 amounted to ₱2,929.4 million and ₱2,426.5 million, respectively (see Note 16).

Loss on direct write-off of input VAT claims amounted to ₱33.9 million and ₱4.1 million in 2023 and 2022, respectively, are included in "Miscellaneous income (charges) - net" in the parent company statements of income (see Notes 16 and 29).

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 Parent Company last recognized an impairment loss for that asset.

The carrying amount of property, plant and equipment as of December 31, 2023 and 2022 amounted to ₱75,735.6 million and ₱66,481.6 million, respectively (see Note 12). The carrying amount of intangible assets as of December 31, 2023 and 2022 amounted to ₱130.1 million and ₱154.0 million, respectively (see Note 15).

Investments in and deposits to subsidiaries

The Parent Company performs impairment review on its investments in and deposits to subsidiaries whenever an impairment indication exists. This requires an estimation of the value in use of the subsidiaries and associates. Estimating the value in use requires the Parent Company to make an estimate of the expected future cash flows of the subsidiaries and associates and to make use of a suitable discount rate to calculate the present value of those future cash flows.

Impairment loss on its investments in and deposits to subsidiaries was recognized in the parent company statements of income amounting to ₱1,293.3 million and nil in 2023 and 2022, respectively (see Note 14).

The carrying amount of investments in and deposits to subsidiaries as of December 31, 2023 and 2022 amounted to ₱14,378.4 million and ₱15,426.0 million, respectively (see Note 14).

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 Parent 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 Parent 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 Parent Company considers important which could trigger an impairment review of exploration and evaluation assets include the following:

- the period for which the Parent 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 Parent 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 Parent 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 2023 and 2022.

As of December 31, 2023 and 2022, the carrying amount of exploration and evaluation assets amounted to ₱2,083.0 million and ₱1,964.5 million, respectively (see Notes 13 and 34).

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. The 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 ₱2,426.5 million and ₱1,612.8 million, respectively. The detailed information with respect to the Parent Company's net retirement and other post-employment benefits is presented in Note 30 to the parent company financial statements.



Provision for Rehabilitation and Restoration Costs

In 2009, with the conversion of its GSCs to GRESCs, the Parent Company has made a judgment that the GRESCs are subject to the provision for rehabilitation and restoration costs. 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 Parent Company adjusted its provision for rehabilitation and restoration costs to ₱1,529.2 million and ₱1,335.1 million, respectively, presented under “Provisions and other long-term liabilities” account in the parent company statements of financial position (see Note 19). The revision in the estimate is mainly attributable to changes in discount rates.

Provision for Liabilities on Regulatory Assessments and Other Contingencies

The Parent Company has pending assessments from various regulatory agencies and outstanding legal cases. The Parent 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, believes that the Parent Company’s positions on these assessments are consistent with the relevant laws, and these assessments would not have a material adverse effect on the Parent Company’s 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 ₱410.3 million and ₱413.7 million, respectively, are recorded and recognized as part of “Others” under “Provisions and other long-term liabilities” (see Note 19). Interest on liability from litigation amounted to ₱7.8 million in both 2023 and 2022 (see Notes 19 and 27).

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 23). 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 in revenue for the period and a corresponding liability to NPC is recognized. As of December 31, 2023 and 2022, the Parent Company’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 17).

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 tax assets are recognized to the extent that it is probable that sufficient future taxable profit 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 ₱1,504.3 million and ₱1,428 million as of December 31, 2023 and 2022, respectively (see Note 31). As of December 31, 2023 and 2022, the Parent Company's deductible temporary differences pertaining to the fair value loss related to the investment in BGI and GCGI's preferred shares and provision for asset impairment related to the investments in Peru, Chile and ULGEI for which no deferred income tax asset was recognized are disclosed in Note 31.

4. Summary of Material Accounting Policy Information

Current versus Noncurrent Classification

The Parent Company presents assets and liabilities in the parent company statement of financial position based on current/noncurrent classification. An asset as 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 Parent Company classifies all other liabilities as noncurrent. Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

Cash and Cash Equivalents

Cash and cash equivalents in the parent company 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, which 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

Prepaid expenses are expenses paid in advance and recorded as asset before these are utilized. This account is comprised of 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 19).

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 begins when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation 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 the Parent Company statement of income 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 Parent Company's policy is to classify right-of-use (ROU) assets as part of property, plant and equipment. The Parent 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 Parent 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, 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.

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.

Investments in and Deposits to Subsidiaries

Investments in the following subsidiaries are carried at cost less accumulated impairment losses, if any. 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

(Forward)



	December 31, 2023 and 2022	
	Direct	Indirect
Energy Development Corporation Peru S.A.C. ³	—	100.00
EDC Geotérmica 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 Geotérmica S.A.C. ³	—	100.00
EDC Progreso Geotérmica 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 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. 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

A subsidiary is an entity in which the Parent Company has control. Under the cost method, the Parent Company recognizes income from the investments in subsidiary when its right to receive dividends is established.

Included under investments are the Parent Company's deposits for future subscription to shares of stocks of a subsidiary. Such deposits represent advances to the subsidiary that will be settled by the exchange of fixed number of the subsidiary's shares.

Exploration and Evaluation Assets

The Parent 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 Parent Company statement of financial position pending the determination of whether the well has 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 the Parent Company statement of income 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 Parent 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, computer software and licenses, investments in and deposits to subsidiaries, exploration and evaluation assets, and input VAT, the Parent 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 Parent 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 the parent company statement of income in the expense categories consistent with the function of the impaired asset.

For non-financial assets, 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 Parent 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.

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 Parent Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Parent 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 Parent 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 Parent Company commits to purchase or sell the asset.

Subsequent Measurement

For 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 (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 Parent Company's financial assets at amortized cost includes cash and cash equivalents, trade and other receivables, short-term investments, due from related parties 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 Parent Company's debt instruments at fair value through OCI includes in government securities, government bonds and notes, and corporate bonds.



Financial Assets Designated at FVOCI (Equity Instruments)

Upon initial recognition, the Parent 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 Parent Company statement of income when the right of payment has been established, except when the Parent 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 Parent Company elected to classify irrevocably its quoted equity investments under this category.

Financial Assets at FVPL

Financial assets at FVPL are carried in the parent company statement of financial position at fair value with net changes in fair value recognized in the parent company statement of income.

This category includes derivative instruments, financial asset at FVPL and unquoted equity investments which the Parent Company had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are also recognized as other income in the parent company 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 Parent Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Parent 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 Parent 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 Parent Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Parent 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 Parent 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 is required to pay.



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 Parent 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 Parent 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 Parent Company applies a simplified approach in calculating ECLs. Therefore, the Parent Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Parent 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 Parent 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 Parent 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 Parent 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 Parent Company determines the ratings by reference to a comparable bank.

For debt instruments at FVOCI, the Parent Company also applies the low credit risk simplification. The Parent 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 Parent 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 Parent 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 Parent 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 Parent 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 Parent 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 amortised 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 Parent 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 parent company 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 Parent 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 parent company 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 Parent 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 parent company statement of income.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the parent company 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 Parent Company measures financial instruments, such as derivatives, financial asset at FVPL and financial asset at FVOCI 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 Parent 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 Parent 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 parent company 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 parent company financial statements on a recurring basis, the Parent 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.

Derivative Financial Instruments and Hedge Accounting

Initial recognition and subsequent measurement

The Parent Company uses call spread swaps to manage its 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 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 Parent Company formally designates and documents the hedge relationship to which the Parent 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 Parent 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 Parent Company actually hedges and the quantity of the hedging instrument that the Parent 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 parent company 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 parent company 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.

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 Parent Company assesses whether embedded derivatives are required to be separated from the host contracts when the Parent 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 Parent 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 Parent Company maintains funded, non-contributory defined benefits retirement plans. The Parent Company also provides post-employment medical and life insurance benefits which are unfunded.

The Parent 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 parent company statement of financial position with a corresponding debit or credit to retained earnings through OCI 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 Parent Company, nor can they be paid directly to the Parent 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 Parent 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 Parent Company's obligation under the GRESCs to restore the existing sites of the Parent 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 exploration and evaluation assets and "FCRS and production wells" under property, plant and equipment. 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 parent company 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 parent company statement of income as "Interest expense".



For closed sites or areas, changes to estimated costs are recognized immediately in the parent company statement of income. 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 Parent 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 Parent 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 the parent company statement of income, 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 parent company statement of income.

Contingencies

Contingent liabilities are not recognized in the parent company 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 parent company financial statements but disclosed when an inflow of economic benefits is probable.

Capital Stock

Capital stock is measured at par value for all stocks 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 Parent Company'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 dividends such as (1) amount pertaining to the treasury stocks; and (2) remeasurement gains on retirement benefits.

Dividend on Preferred and Common Stocks

The Parent Company may pay dividends on 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. The Parent Company 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 Parent Company assesses at contract inception all arrangements to determine whether it 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.

Parent Company as a Lessee

The Parent Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Parent 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 Parent 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 Parent Company and payments of penalties for terminating the lease, if the lease term reflects the Parent 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 Parent Company uses its 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 Parent 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.

Parent Company as a Lessor

Leases in which the Parent 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 Parent Company expects to be entitled in exchange for those goods or services. The Parent 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.

The Parent Company has contracts with customers in the form of PSAs, ASPAs, spot market sales and sale of electricity covered by the FIT scheme.

Sale of electricity with customers is consummated whenever the electricity generated by the Parent Company is transmitted through the transmission line designated by the buyer, for a consideration. Revenues from sale of electricity using 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 and electric cooperatives, and PPAs with NPC. Revenue from sale of electricity using solar power is based on the applicable FIT rate as approved by the Energy Regulatory Commission (ERC). Revenue from sale of steam under the GRSCs and SSA is based on sales price and is recognized when the steam generated by the Parent Company or its by-product passes to the flowmeters installed at the interface point for conversion by the buyer into power.

Revenue from contracts with customers is recognized monthly based on the actual energy delivered except for ancillary services, which is recognized monthly based on the capacity scheduled and/or dispatched and provided.

The Parent 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

Dividend income is recognized when the Parent Company's right to receive the payment is established.

Management, Technical and Shared Service Fees

Management, technical and shared service fees are recognized when services are rendered.

Income Related to Replacement Power

Income related to replacement power is recognized when the related services are rendered.

Interest Income

Interest income is recognized as interest accrues, using the EIR method.

Costs of Sales of Electricity and Steam

These include expenses incurred by the departments directly responsible for the generation of revenues from electricity and steam (i.e., Plant Operations, Production, Maintenance, Transmission and Dispatch, Wells Drilling and Maintenance Department) at operating project locations. Costs of sale of electricity and steam also includes cost of replacement power. Costs of sale of electricity and steam 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 the parent company statement of income 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 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 future 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 future 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.



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 parent company 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 parent company 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 and 2022, the Parent Company does not have any dilutive potential common shares. Hence, diluted EPS is the same as basic EPS.

Foreign Currency-Denominated Transactions

Transactions in foreign currencies are initially recorded at the functional currency spot rate prevailing at the date the transaction for initial recognition.

Monetary assets and monetary liabilities denominated in foreign currencies are first qualified at the closing rate of exchange prevailing at financial reporting date. All differences are taken to the parent company statement of income as part of "Foreign exchange losses" account.

Nonmonetary items that are measured at historical cost in a foreign currency are translated using the exchange rate as at the date of the transactions. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Operating Segments

The Parent Company's operating businesses are organized and managed separately according to the geographical segments. The Parent Company's identified operating segments are consistent with the segments reported to the BOD which is the Parent Company's Chief Operating Decision Maker (CODM). Financial information on the operating segment is presented in Note 5 to the parent company financial statements.

Events After the Financial Reporting Date

Events after the financial reporting date that provide additional information about the Parent Company's financial position at the financial reporting date (adjusting events) are reflected in the parent company financial statements. Events after the financial reporting date that are not adjusting events are disclosed in the notes to the parent company financial statements.



Future Changes in Accounting Policies

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Parent Company does not expect that the future adoption of the said pronouncements to have a significant impact on its parent company financial statements. The Parent Company 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 Parent 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.

- 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 Parent 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 Parent Company's identified reportable segments below are consistent with the segments reported to the BOD, which is the CODM of the Parent Company.

- a. Leyte Geothermal Facilities - This segment pertains to Leyte Geothermal Production Field and Power Plants. This includes projects in Tongonan, Mahanagdong, Upper Mahiao, Malitbog and other projects in Leyte Province.
- b. Negros Island Geothermal Facility - This segment refers to Southern Negros Geothermal Production Field and Power Plants. Power plant included in Negros Island is Nasulo.
- c. Bacon-Manito Geothermal Facility - This segment relates to Bacon-Manito Geothermal Production Field.
- d. Mt. Apo Geothermal Business Facility - This segment refers to Mt. Apo Geothermal Production Field and Power Plants.
- e. Solar Business Facility - This segment pertains to solar projects commercially operating in Northern Luzon.
- f. Others - This refers to other renewable energy projects, foreign investments and head office of the Parent 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 parent company financial statements. EBITDA is calculated as revenue from sale of electricity and steam minus costs of sales of electricity and steam 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 and 2022, three (3) customers accounted for 37.5%, 12.9% and 10.9%; and two (2) customers accounted for 27.8% and 25.5%; respectively, of the total revenues of the Parent Company. Sales to these customers are included in the Leyte, Negros, Mt. Apo, Mindanao and Solar segments.

Financial information on the operating segments are summarized as follows:

	Leyte	Negros Island	Bacon-Manito	Mt. Apo	Solar	Others	Total
Year ended							
December 31, 2023							
Segment revenue from external customers	₱17,503,150,161	₱6,940,746,292	₱2,667,206,222	₱2,863,661,605	₱103,527,954	₱-	₱30,078,292,234
Segment expenses	(9,625,739,243)	(1,671,375,336)	(1,465,762,874)	(2,248,316,506)	(51,193,040)	-	(15,062,386,999)
Unallocated expenses	-	-	-	-	-	(715,902,947)	(715,902,947)
Interest income	286,873,049	91,205,535	48,886,536	53,585,237	2,412,659	-	482,963,016
Interest expense	(1,402,958,689)	(507,970,197)	(337,811,914)	(325,087,850)	(11,376,346)	(52,156,236)	(2,637,361,232)
Other income (charges) - net	692,458,697	(7,733,336)	(23,637,999)	(3,959,825)	(1,556)	(2,679,365,431)	(2,022,239,450)
Benefit from (provision for) income tax	(399,514,870)	(554,355,233)	(40,811,208)	4,902,632	(3,552,413)	(69,915,195)	(1,063,246,287)
Segment result	₱7,054,269,105	₱4,290,517,725	₱848,068,763	₱344,785,293	₱39,817,258	(₱3,517,339,809)	₱9,060,118,335
EBITDA	₱9,718,964,855	₱5,071,367,405	₱1,378,713,893	₱1,188,196,702	₱81,799,865	(₱715,902,947)	₱16,723,139,773
Unallocated income							68,859,563
							₱16,791,999,336



	Leyte	Negros Island	Bacon-Manito	Mt. Apo	Solar	Others	Total
Year ended							
December 31, 2022							
Segment revenue from external customers	P18,095,631,099	P6,836,212,996	P2,457,597,494	P2,044,656,193	P102,947,943	P-	P29,537,045,725
Segment expenses	(9,945,457,372)	(2,292,819,598)	(1,637,971,113)	(2,186,405,968)	(46,063,249)	-	(16,108,717,300)
Unallocated expenses	-	-	-	-	-	(526,515,255)	(526,515,255)
Interest income	73,475,485	19,096,620	13,213,564	16,553,085	1,510,603	668	123,850,025
Interest expense	(1,106,816,859)	(350,396,749)	(256,201,615)	(291,343,913)	(12,110,195)	(245,557,967)	(2,262,427,298)
Other income (charges) - net	(53,323,815)	(174,803,348)	(23,407,409)	(17,040,667)	(96,293)	9,154,941,459	8,886,269,927
Benefit from (provision for) income tax	(750,937,630)	(425,551,079)	(55,939,621)	19,540,545	(2,121,074)	58,016,855	(1,156,992,004)
Segment result	P6,312,570,908	P3,611,738,842	P497,291,300	(P414,040,725)	P44,067,735	P8,440,885,760	P18,492,513,820
EBITDA	P11,225,733,667	P5,311,106,044	P1,238,815,205	P671,423,564	P88,464,754	(P526,466,438)	P18,009,076,796
Unallocated expenses							52,141,266
							P18,061,218,062

	Leyte	Negros Island	Bacon-Manito	Mt. Apo	Solar	Eliminations	TOTAL
As of and for the year ended							
December 31, 2023							
Segment assets	P103,721,785,252	P27,813,053,345	P7,342,751,587	P15,107,903,351	P461,240,824	(P54,913,792,429)	P99,532,941,930
Unallocated corporate assets							41,917,789,580
Total assets							P141,450,731,510
Segment liabilities	P48,003,406,652	P16,901,555,423	P9,067,036,597	P9,863,803,634	P289,169,463	(P54,913,792,430)	P29,211,179,339
Unallocated corporate liabilities							39,793,954,186
Total liabilities							P69,005,133,525
Capital expenditure	P5,126,886,546	P1,897,459,546	P761,830,294	P426,957,347	P-	P-	P8,213,133,733
Unallocated capital expenditure							5,713,346,510
Total capital expenditure							P13,926,480,243
Depreciation and amortization	P2,929,790,537	P659,657,011	P355,394,535	P758,631,583	P31,038,014	P-	P4,734,511,680
Unallocated depreciation and amortization							68,859,563
Total depreciation and amortization							P4,803,371,243
Other non-cash items	(P1,088,236,600)	(P857,660,562)	(P178,123,989)	(P185,779,981)	(P1,573,063)	P-	(P2,311,374,195)

	Leyte	Negros Island	Bacon-Manito	Mt. Apo	Solar	Eliminations	TOTAL
As of and for the year ended							
December 31, 2022							
Segment assets	P92,618,054,014	P32,214,967,931	P7,000,248,615	P11,883,221,454	P551,825,755	(P40,200,397,387)	P104,067,920,382
Unallocated corporate assets							26,571,974,695
Total assets							P130,639,895,077
Segment liabilities	P40,532,197,746	P24,145,067,173	P9,231,122,525	P6,711,921,435	P424,323,928	(P40,200,397,387)	P40,844,235,420
Unallocated corporate liabilities							19,076,083,376
Total liabilities							P59,920,318,796
Capital expenditure	P2,833,041,198	P1,166,083,182	P1,132,506,906	P597,124,235	P-	P-	P5,728,755,521
Unallocated capital expenditure							929,664,277
Total capital expenditure							P6,658,419,798
Depreciation and amortization	P2,633,313,155	P664,266,313	P355,302,597	P729,325,843	P30,995,945	P-	P4,413,203,853
Unallocated depreciation and amortization							52,141,296
Total depreciation and amortization							P4,465,345,149
Other non-cash items	P442,246,785	P103,446,333	P63,886,228	P83,847,496	P632,901	P-	P694,059,743



The following table shows the Parent Company's reconciliation of EBITDA to the net income for the years ended December 31, 2023 and 2022.

	2023	2022
EBITDA	₱16,791,999,336	₱18,061,218,062
Add (deduct):		
Depreciation and amortization (Notes 12, 15, 24 and 25)	(4,803,371,243)	(4,465,345,149)
Miscellaneous income (charges) - net (Notes 8, 12, 16, 22, 29 and 32)	(3,576,224,801)	170,005,929
Reversal of (provision for) impairment of receivables, due from related parties, prepaid taxes and others (Notes 7, 16, 19, 22, 25 and 33)	3,534,098,367	(676,543,058)
Interest expense (Notes 18, 19, 27 and 32)	(2,637,361,232)	(2,262,427,298)
Provision for impairment of investment in a subsidiary (Notes 14 and 25)	(1,293,291,251)	—
Provision for income tax (Note 31)	(1,063,246,287)	(1,156,992,004)
Dividend income (Note 22)	755,734,364	8,586,300,887
Income from insurance claims (Note 33)	747,556,450	107,998,948
Interest income (Notes 6, 9, 11, 27 and 32)	482,963,016	123,850,025
Reversal of (provision for) impairment of parts and supplies inventories (Notes 10 and 25)	70,567,079	(17,516,685)
Foreign exchange gains (Notes 28 and 32)	50,694,537	21,964,163
Net income	₱9,060,118,335	₱18,492,513,820

Segment information is measured in conformity with the accounting policies adopted for preparing and presenting the parent company 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.

Disaggregation of revenues

	2023	2022
Revenue from sale of electricity and steam from contracts with customers (Note 23)	₱30,078,292,234	₱29,537,045,725
Revenue presented as other income:		
Dividend (Note 22)	755,734,364	8,586,300,887
Managements fees (Notes 22 and 29)	583,919,975	570,078,693
	1,339,654,339	9,156,379,580
	₱31,417,946,573	₱38,693,425,305



Set out below is the disaggregation of the Parent Company's revenue from contracts with customers for the years ended December 31, 2023 and 2022:

Types of contracts	2023	2022
Revenue from:		
Sales under GRSCs and SSA	₱10,490,948,338	₱9,999,929,451
Sales under PSAs	10,116,233,337	3,159,625,986
Sales to WESM	8,114,834,872	8,121,063,017
Sales under PPAs	1,266,928,134	8,204,455,371
Sales under FIT	89,347,553	25,090,934
Ancillary services	—	26,880,966
	₱30,078,292,234	₱29,537,045,725

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information for the year ended December 31, 2023 and 2022:

	Leyte	Negros Island	Bacon-Manito	Mt. Apo	Solar	Total
Year ended						
December 31, 2023						
Revenue from contracts with customers	₱17,503,150,161	₱6,940,746,292	₱2,667,206,222	₱2,863,661,605	₱103,527,954	₱30,078,292,234
Revenue from sales under GRSCs and SSA	₱3,255,720,192	₱4,568,021,924	₱2,667,206,222	₱—	₱—	₱10,490,948,338
Revenue from sales under PSAs	8,607,839,660	710,304,558	—	798,089,119	—	10,116,233,337
Revenue from sales to WESM	5,639,590,309	1,662,419,810	—	798,644,352	14,180,401	8,114,834,872
Revenue from sales under PPAs	—	—	—	1,266,928,134	—	1,266,928,134
Revenue from sales under FIT	—	—	—	—	89,347,553	89,347,553
Revenue from contracts with customers	₱17,503,150,161	₱6,940,746,292	₱2,667,206,222	₱2,863,661,605	₱103,527,954	₱30,078,292,234
Year ended						
December 31, 2022						
Revenue from contracts with customers	₱18,095,631,099	₱6,836,212,996	₱2,457,597,494	₱2,044,656,193	₱102,947,943	₱29,537,045,725
Revenue from sales under GRSCs and SSA	₱3,181,102,377	₱4,361,229,580	₱2,457,597,494	₱—	₱—	₱9,999,929,451
Revenue from sales under PPAs	6,643,910,332	—	—	1,560,545,039	—	8,204,455,371
Revenue from sales to WESM	6,172,983,135	1,870,222,873	—	—	77,857,009	8,121,063,017
Revenue from sales under PSAs	2,097,635,255	577,879,577	—	484,111,154	—	3,159,625,986
Revenue from ancillary services	—	26,880,966	—	—	—	26,880,966
Revenue from sales under FIT	—	—	—	—	25,090,934	25,090,934
Revenue from contracts with customers	₱18,095,631,099	₱6,836,212,996	₱2,457,597,494	₱2,044,656,193	₱102,947,943	₱29,537,045,725



6. Cash and Cash Equivalents

	2023	2022
Cash on hand and in banks	₱2,664,725,119	₱4,163,691,361
Cash equivalents	6,089,238,910	5,748,723,762
	₱8,753,964,029	₱9,912,415,123

Cash in banks earns interest at the respective bank deposit rates ranging from 0.10% to 2.15% for the years ended December 31, 2023 and 2022. 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 Parent Company. Total interest earned on cash and cash equivalent, net of final tax, amounted to ₱410.7 million and ₱119.4 million in 2023 and 2022, respectively (see Note 27).

7. Trade and Other Receivables

	2023	2022
Trade receivables:		
Third parties (Note 36)	₱2,275,182,964	₱3,091,668,149
Related parties (Note 22)	5,665,890,960	8,688,882,141
	7,941,073,924	11,780,550,290
Others:		
Non-trade accounts receivable (Notes 22 and 33)	1,405,472,134	814,435,843
Advances to employees	50,310,117	41,368,699
Loans and notes receivables	41,955,214	39,077,764
Dividend receivable (Note 22)	—	7,100,000,000
	1,497,737,465	7,994,882,306
	9,438,811,389	19,775,432,596
Less allowance for impairment	964,043,620	1,525,176,053
	₱8,474,767,769	₱18,250,256,543

Trade receivables are non interest-bearing and are generally collectible in 30 to 60 days. Majority of the Parent Company's trade receivables came from revenues from sale of steam to GCGI and BGI.

Non-trade receivables are non interest-bearing and include receivables from insurance claims, management fees (see Note 22), 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	₱1,525,176,053	₱1,508,119,546
Provision for impairment loss (Note 25)	8,509,053	17,099,338
Recoveries (Notes 22 and 25)	(569,641,486)	—
Reversal of impairment loss (Note 25)	—	(42,831)
Balances at end of year	₱964,043,620	₱1,525,176,053



8. Financial Assets at Fair Value Through Profit or Loss

In January 2014, the Parent Company entered into an investment management agreement (IMA) with Investment Manager whereby the Parent Company availed of the services 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 Parent Company.
- The IMA is considered as an agency and not a trust agreement. The Parent 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 Parent Company.

In addition, the Parent Company has a investments in Institutional Cash Reserve Fund (ICRF), a money unit investment trust fund and mutual funds.

Fund investments include quoted government securities and other quoted securities.

The Parent Company accounts for the entire investment as a financial asset to be carried at fair value through profit or loss.

On February 27, 2023, EDC and ULGEI executed a subscription agreement for the issuance of one (1) common share of ULGEI with a par value of ₱1.00 per share for a total subscription price of ₱4.3 billion. The Parent Company had not irrevocably elected to classify at FVOCI the investment in ULGEI share and accounted for this as financial asset to be carried at FVPL.

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	₱11,684,337	₱414,426,539
Additions for the year (Note 22)	4,304,000,000	1,032,500,000
Mark-to-market gain (loss) (Note 29)	(3,999,027,891)	258,668
Realized income (loss) from redemption (Note 29)	(524)	30,633,200
Redemptions for the year	—	(1,466,134,070)
Balances at end of year	₱316,655,922	₱11,684,337



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	₱6,233,352,225	₱4,170,174,169
Additions for the year	9,160,000,000	2,764,856,758
Reclass from deposit for future stock subscription (Note 16)	775,000,000	—
Changes in fair value of equity instruments	(923,237,178)	(646,829,334)
Disposals during the year	(37,000,000)	(33,950,000)
Changes in fair value of debt instruments	11,907,435	(20,899,368)
Balances at end of year	₱15,220,022,482	₱6,233,352,225

Financial assets at FVOCI consists of the following as of December 31, 2023 and 2022:

	2023	2022
Equity instruments designated at FVOCI		
<i>Unquoted equity instrument</i>		
BGI	₱8,956,732,995	₱5,944,324,848
GCGI	5,980,304,405	—
<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
Others	6,750,000	9,762,302
	15,032,787,400	6,023,087,150
Debt instruments at FVOCI		
<i>Quoted debt instruments</i>		
Government bonds and notes	187,172,510	175,256,220
Corporate bonds	62,572	35,008,855
	187,235,082	210,265,075
Total	₱15,220,022,482	₱6,233,352,225

In 2022, the Parent Company subscribed to additional 26,650,000 redeemable preferred shares of BGI for a total subscription price of ₱2,665.0 million.

On October 6, 2022, the Parent Company entered into an agreement to subscribe to 7,750,000 redeemable preferred shares of BGI with par value of ₱1.0 per share for a total subscription price of ₱775.0 million accounted as deposit for future stock subscription. In March 27, 2023 the Securities and Exchange Commission approved the increase in authorized stock application of BGI the subscribed preferred shares are reclassified to FVOCI.

On February 6, 2023, EDC and GCGI executed a subscription agreement for 70,000,000 redeemable preferred shares of GCGI with par value of ₱1.0 per share for a total subscription price of ₱7,000.0 million.

The Parent Company elected to classify irrevocably its investments in BGI and GCGI's redeemable preferred shares, including all the quoted equity investments at FVOCI.



The movements of the net accumulated unrealized loss related to financial assets at FVOCI in 2023 and 2022 are presented in the parent company statements of comprehensive income with details as follows:

	2023	2022
Balances at beginning of year	(P990,659,462)	(P316,420,760)
Changes in fair value of equity instruments at FVOCI	(923,237,178)	(646,829,334)
Changes in fair value of debt instruments at FVOCI	11,907,435	(20,899,368)
Transfer of net accumulated unrealized loss on financial assets at FVOCI to retained earnings	(815,000)	(6,510,000)
Balances at end of year	(P1,902,804,205)	(P990,659,462)

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, 2023 and 2022, and interest rates ranging from 2.4% to 6.1% for both years (see Note 27).

10. Parts and Supplies Inventories

	2023	2022
Parts and Supplies Inventories:		
At Cost	P5,895,518,319	P5,544,519,578
At NRV	1,392,173,606	1,338,443,195
	P7,287,691,925	P6,882,962,773

Allowance for inventory obsolescence:

	2023	2022
Balances at beginning of year	P585,011,996	P567,495,311
Provision (reversal) of impairment (Note 25)	(70,567,079)	17,516,685
Balances at end of year	P514,444,917	P585,011,996

Parts and supplies inventories include items that are carried at net realizable value amounting to P1,392.2 million and P1,338.4 million as of December 31, 2023 and 2022, respectively, and have costs amounting to P1,906.6 million and P1,923.5 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 P1,321.3 million and P1,114.6 million in 2023 and 2022, respectively (see Notes 24 and 25).

Details of parts and supplies inventories issued are as follows:

	2023	2022
Cost of sales of electricity and steam (Note 24)	P1,242,743,457	P951,089,179
General and administrative expenses (Note 25)	78,551,777	163,542,962
	P1,321,295,234	P1,114,632,141



11. Other Current Assets

	2023	2022
Short-term investments	₱2,760,111,078	₱—
Prepaid expenses	829,150,932	386,277,461
Advances to suppliers	201,172,802	32,911,082
Withholding tax certificates	210,465,388	22,731,708
Others	116,365,522	75,006,715
	₱4,117,265,722	₱516,926,966

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 ₱67.9 million and ₱2.5 million in 2023 and 2022, respectively (see Note 27).

Prepaid expenses include prepaid insurance and rentals while advances to contractors pertains mainly to advances made by the Parent Company for the purchase of parts and supplies.

Others pertain to funds set aside as required under the Energy Regulations No. 1-94 (ER 1-94) program to host communities and customers security deposits.



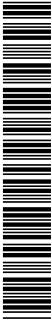
12. Property, Plant and Equipment

2023

	Land	Power Plants	FCRS and Production Wells	Buildings, Improvements and Other Structures	Exploration, Machinery and Equipment	Transportation Equipment	Furniture, Fixtures and Equipment	Laboratory Equipment	Assets - Buildings, Improvements, Structures	Construction in Progress	Total
Cost											
Balances at beginning of year	₱861,487,376	₱33,194,940,416	₱57,998,885,529	₱6,034,124,617	₱3,084,771,899	₱136,372,579	₱1,436,620,981	₱796,361,471	₱535,842,799	₱11,678,908,208	₱115,758,315,875
Additions	43,065,533	3,595,968	-	5,437,460	73,957,115	32,867,488	152,765,090	164,189,419	12,438,372	13,424,387,012	13,912,703,457
Disposals/retirements (Note 29)	-	-	-	-	(5,864,864)	(13,969,336)	(25,685,746)	(161,552)	-	-	(45,681,498)
Reclassifications/adjustments	-	876,520,732	4,092,038,146	323,844,372	33,137,427	-	62,016,776	(3,907,589)	3,134,944	(5,285,366,412)	101,418,396
Balances at end of year	904,552,909	34,075,057,116	62,090,923,675	6,363,406,449	3,186,001,577	155,270,731	1,625,717,101	956,481,749	551,416,115	19,817,928,808	129,726,756,230
Accumulated Depreciation, Amortization and Impairment											
Balances at beginning of year	17,627,581	20,385,635,315	21,278,626,311	2,614,875,945	2,609,039,531	69,899,673	1,362,097,412	675,324,293	240,248,832	23,322,433	49,276,697,326
Depreciation and amortization (Notes 24 and 25)	-	1,988,235,243	2,068,338,784	320,658,816	87,694,156	19,375,859	75,251,496	67,474,514	97,436,753	-	4,724,465,621
Disposals/retirements (Note 29)	-	-	-	-	(4,281,678)	(11,312,327)	(25,660,379)	(141,547)	-	-	(41,395,931)
Reclassifications	-	(8,052,542)	-	8,050,516	31,434,044	-	2,026	-	-	-	31,434,044
Balances at end of year	17,627,581	22,365,818,016	23,346,965,095	2,943,585,277	2,723,886,053	77,963,205	1,411,690,555	742,657,260	337,685,585	23,322,433	53,991,201,060
Net Book Value	₱886,925,328	₱11,709,239,100	₱38,743,958,580	₱3,419,821,172	₱462,115,524	₱77,307,526	₱214,026,546	₱213,824,489	₱213,730,530	₱19,794,606,375	₱75,735,555,170

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	Assets - Buildings, Improvements, Structures	Construction in Progress	Total
Cost											
Balances at beginning of year	₱818,406,828	₱31,063,819,197	₱54,022,413,162	₱5,749,313,664	₱3,085,200,613	₱96,357,877	₱1,399,759,805	₱790,431,715	₱368,313,118	₱11,878,282,622	₱109,272,298,601
Additions	43,080,548	1,449,525	7,379,439	6,330,000	3,877,082	41,145,897	64,566,911	51,427,279	167,529,681	6,271,633,436	6,658,419,798
Disposals/retirements (Note 29)	-	-	-	-	(52,796,041)	(1,131,195)	(22,285,368)	(264,166)	-	-	(76,476,770)
Reclassifications/adjustments	-	2,129,671,694	3,969,092,928	278,480,953	48,490,245	-	(5,420,367)	(45,233,357)	-	(6,471,007,850)	(95,925,754)
Balances at end of year	861,487,376	33,194,940,416	57,998,885,529	6,034,124,617	3,084,771,899	136,372,579	1,436,620,981	796,361,471	535,842,799	11,678,908,208	115,758,315,875
Accumulated Depreciation, Amortization and Impairment											
Balances at beginning of year	17,627,581	18,620,440,628	19,326,136,222	2,317,809,781	2,564,863,890	56,073,953	1,326,110,400	614,468,400	140,187,345	23,322,433	45,007,040,633
Depreciation and amortization (Notes 24 and 25)	-	1,765,194,687	1,952,490,089	297,066,164	125,576,779	14,956,909	58,236,879	61,120,049	100,061,487	-	4,374,703,043
Disposals/retirements (Note 29)	-	-	-	-	(52,609,203)	(1,131,189)	(22,249,867)	(264,156)	-	-	(76,254,415)
Reclassifications	-	-	-	-	(28,791,935)	-	-	-	-	-	(28,791,935)
Balances at end of year	17,627,581	20,385,635,315	21,278,626,311	2,614,875,945	2,609,039,531	69,899,673	1,362,097,412	675,324,293	240,248,832	23,322,433	49,276,697,326
Net Book Value	₱843,859,795	₱12,809,305,101	₱36,720,259,218	₱3,419,248,672	₱475,732,368	₱66,472,906	₱74,523,569	₱121,037,178	₱295,593,967	₱11,655,585,775	₱66,481,618,549



Construction in Progress

The Parent 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 ongoing rehabilitation activities in the plants, retrofitting projects and other constructions.

Estimated Rehabilitation and Restoration Costs

FCRS and production wells include the estimated rehabilitation and restoration costs of the Parent Company's steam field contract areas at the end of the contract period. These were based on technical estimates of probable costs, which may be incurred by the Parent Company in the rehabilitation and restoration of the said steam field contract areas from 2031 up to 2044, using a risk-free discount rate and adjusted the cash flows to settle the provision.

Also, the Parent Company has recorded an estimated provision for asset retirement obligation relating to the removal and disposal of all 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
Property, plant and equipment	₱4,724,465,621	₱4,374,703,043
Intangible assets (Note 15)	92,223,141	119,434,041
Capitalized depreciation	(13,317,519)	(28,791,935)
	₱4,803,371,243	₱4,465,345,149
Costs of sale of electricity and steam (Note 24)	₱4,490,194,914	₱4,171,703,686
General and administrative expenses (Note 25)	313,176,329	293,641,463
	₱4,803,371,243	₱4,465,345,149

Additions

Additions to property, plant and equipment include non-cash right-of-use assets - buildings, improvements and other structures additions amounting to ₱12.4 million and ₱167.5 million in 2023 and 2022, respectively.

Reclassifications

The reclassifications in the cost of property, plant and equipment include adjustments to the provision for rehabilitation and restoration costs amounting to ₱88.1 million and ₱124.7 million in 2023 and 2022, respectively (see Note 19). Meanwhile, the reclassifications in the accumulated depreciation of property, plant and equipment include capitalized depreciation charges amounting to ₱13.3 million and ₱28.8 million in 2023 and 2022, respectively. Other reclassifications were due to the results of reassessment made by the Parent Company on the nature of the assets.



13. Exploration and Evaluation Assets

	2023	2022
Cost		
Balances at January 1	₱1,964,511,736	₱1,900,949,880
Additions	115,348,193	72,159,209
Adjustments (Note 19)	3,105,600	(8,597,353)
Balances at December 31	₱2,082,965,529	₱1,964,511,736

Carrying amount of exploration and evaluation assets per project are as follows:

	2023	2022
Rangas/Kayabon	₱1,853,881,408	₱1,782,106,732
Amacan	81,588,453	46,040,307
Dauin/Bacong	81,247,411	79,830,590
Others	66,248,257	56,534,107
	₱2,082,965,529	₱1,964,511,736

14. Investments in and Deposits to Subsidiaries

The detailed carrying values of investments in and deposits to subsidiaries which are accounted for at cost are as follows:

	2023	2022
FG Hydro	₱5,836,061,024	₱5,836,061,024
EWEHI	3,495,573,630	3,495,573,630
EHIL	3,134,921,841	4,182,484,291
EGC	1,551,812,910	1,551,812,910
EBSEHI	292,500,000	292,500,000
EWEHI 2	41,500,000	41,500,000
EDC Chile Limitada	26,058,996	26,058,996
	₱14,378,428,401	₱15,425,990,851

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 distribution utilities (DUs) under the PSAs and Power Supply Contracts (PSCs), and to NGCP through ancillary services under the ASPA.

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 Energy 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 all 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.

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 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 70%-owned subsidiary of EDC Geotermica S.A.C. (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% indirectly-owned subsidiary by the Parent Company through acquisition of Hot Rock Entities.

On May 25, 2023, the Board of Directors (the "Board") 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 Parent Company recognized provision for impairment loss on the investment in EHIL amounting to ₱1,293.3 million. No similar impairment loss was recorded in 2022.



- 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 SAC.

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.

In 2023 and 2022, the Parent Company made additional deposits for future stock subscription in EHIL amounting to ₱245.7 million and ₱258.8 million, respectively. As of December 31, 2023 and 2022, deposits for future stock subscription amounted to ₱3,134.9 million and ₱4,182.5 million, respectively.

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.



- GCGI holds a RES license and a GEOP operating permit which are valid until June 2025 and 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.

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

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 mechanical completion has been achieved on November 2023, and the test and commissioning the works is in the final stage.

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. 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. 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 bid 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.

- 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.

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.

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.

15. Intangible Assets

This account consists of computer software and licenses. Movements in the account balance follow:

	2023	2022
Cost		
Balances at January 1	₱743,759,168	₱690,311,030
Additions	68,393,995	53,448,138
Balances at December 31	812,153,163	743,759,168
Accumulated Amortization		
Balances at January 1	589,786,097	470,352,056
Amortization (Notes 12, 24 and 25)	92,223,141	119,434,041
Balances at December 31	682,009,238	589,786,097
Net Book Value	₱130,143,925	₱153,973,071



16. Other Noncurrent Assets

	2023	2022
Prepaid taxes	₱3,414,954,430	₱3,084,672,776
Advances to contractors	632,494,617	182,702,943
Long-term receivables and special deposits (Notes 32 and 36)	236,403,473	233,793,922
Prepaid expenses - net of current portion	7,666,887	7,555,607
Deposit for future stock subscription (Note 9)	—	775,000,000
Tax credit certificates	—	104,279,271
Others	13,754,662	13,290,246
	4,305,274,069	4,401,294,765
Less allowance for impairment	639,530,569	806,650,035
	₱3,665,743,500	₱3,594,644,730

Prepaid Taxes

Prepaid taxes include input VAT and real property tax (RPT) payments under protest.

Input VAT

Input VAT represents VAT from purchases of goods or services that the Parent 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, 2023 and 2022, this input VAT amounted to ₱2,353.9 million and ₱1,883.8 million, respectively.

Input VAT also includes the outstanding input VAT claims that were applied by the Parent Company for refund with the BIR/Supreme Court (SC). As of December 31, 2023 and 2022, the outstanding input VAT claims for refund that are pending with the BIR/SC amounted to ₱814.4 million and ₱611.2 million, respectively.

RPT payments under protest

RPT payments under protest to certain local government units amounted to ₱246.7 million and ₱589.7 million as of December 31, 2023 and 2022.

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.

Deposit for future stock subscription

This pertains to the deposit for the subscription of 7,750,000 preferred shares of BGI with par value of ₱1.00 per share at a subscription price of ₱100 per share. On March 27, 2023, BGI's application for increase in authorized stock was approved by the SEC. Upon the approval of the application, this was transferred to financial assets at FVOCI (see Note 9).

Long-term receivables

Long-term receivables include receivable from TransCo arising from FIT rate adjustments (see Note 36).

Tax credit certificates (TCCs)

The Company classified a portion of their TCCs as current assets totaling to ₱17.4 million as of December 31, 2023 and 2022 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 ₱104.3 million. As of December 31, 2022, the same TCC was presented under “Other Noncurrent Assets”.

Allowance for Impairment

The rollforward analysis of the allowance for impairment of prepaid taxes and long-term receivables is presented below:

	2023		
	Prepaid taxes	Long-term receivables	Total
Balances at beginning of year	₱658,160,513	₱148,489,522	₱806,650,035
Provision for (reversal of) impairment (Note 25)	(129,102,029)	5,445,511	(123,656,518)
Write-off	(43,462,948)	–	(43,462,948)
Balances at end of year	₱485,595,536	₱153,935,033	₱639,530,569

	2022		
	Prepaid taxes	Long-term receivables	Total
Balances at beginning of year	₱591,499,481	₱94,225,650	₱685,725,131
Provision for impairment (Note 25)	91,861,527	54,263,872	146,125,399
Write-off	(25,200,495)	–	(25,200,495)
Balances at end of year	₱658,160,513	₱148,489,522	₱806,650,035

Loss on direct write-off of input VAT claims amounting to ₱33.9 million and ₱4.1 million in 2023 and 2022, respectively, were recognized as part of “Miscellaneous income - net” in the parent company statements of income (see Notes 3 and 29).

17. Trade and Other Payables

	2023	2022
Trade payables:		
Third parties	₱9,503,108,797	₱6,836,458,724
Related parties (Note 22)	3,425,544,017	1,526,179,131
	12,928,652,814	8,362,637,855
Others:		
Accrued interest on long-term debts (Note 18)	605,580,927	556,727,095
Withholding and other taxes payable	393,081,557	255,631,630
SSS and other contributions payable	44,233,540	26,303,437
Government share payable (Notes 24 and 35)	41,096,939	75,189,422
Dividends payable (Note 20)	10,904,712	11,813,526
Other payables (Notes 3 and 25)	2,220,409,891	2,331,376,907
	3,315,307,566	3,257,042,017
	₱16,243,960,380	₱11,619,679,872

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 Parent 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 35).

Government share is allocated between the DOE and LGUs where the geothermal resources are located and payable within 60 days after the end of each quarter. Government share expense amounted to ₱265.6 million and ₱280.5 million in 2023 and 2022, respectively (see Note 24).

“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), deferred output and other accruals (see Note 25).

18. Long-term Debts

The details of the Parent Company’s long-term debts as of December 31, 2023 and 2022 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
▪ IFC 2 - ₱3.3 Billion	October 15, 2025	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 3 - ₱4.8 Billion	March 15, 2033	7.8048%	3,108,177,056	3,431,796,837
2013 Peso Fixed-Rate Bonds				
▪ ₱4.0 billion	May 3, 2023	4.7312%	–	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 12, 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%	2,494,412,165	2,483,127,054
▪ Series B	June 25, 2026	3.7305%	2,481,995,667	2,475,235,123
• US\$50 Million Mizuho Loan	March 24, 2027	6.57283% until next repricing date in March 2024	2,763,484,308	2,756,034,890

(Forward)



Creditor/Project	Maturities	Interest Rate	2023	2022
BPI				
▪ P2.0 Billion Term Loan	March 21, 2032	7.75% until next repricing date in March 2024	₱1,895,021,866	₱1,989,306,921
▪ P2.0 Billion Term Loan	March 21, 2032	6.6060% until next repricing date in March 2024	1,888,412,890	—
▪ P3.0 Billion Term Loan	March 21, 2032	6.0202% until next repricing date in March 2024	2,977,675,988	—
UBP ₱1.0 Billion Term Loan	March 24, 2032	5.831567% until next repricing date in March 2027	844,681,246	943,473,759
SBC ₱2.6 Billion Term Loan	April 19, 2032	5.7829% until next repricing date in April 2027	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				
▪ P2.0 Billion Term Loan	September 3, 2032	6.6871% until next repricing date in March 2024	1,794,706,375	1,988,681,067
▪ P3.0 Billion Term Loan	September 3, 2032	6.6871% until next repricing date in March 2024	2,683,575,152	—
CBC				
▪ P2 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 ₱2.0 Billion Term Loan	September 1, 2033	6.6992% until next repricing date in March 2024	1,985,219,658	—
Total			47,624,320,322	44,068,577,008
Less current portion			7,798,921,267	7,800,226,827
Noncurrent portion			₱39,825,399,055	₱36,268,350,181

The Parent 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= ₱55.37 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	₱269,866,790	₱230,599,091
Additions	90,060,000	135,037,039
Amortization (Note 27)	(115,937,139)	(95,769,340)
Balances at end of year	₱243,989,651	₱269,866,790

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 (3)-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 (2)-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.

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 June 30, 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 5.44% per annum maturing on April 12, 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 5.49% 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 made a drawdown of ₱3.0 billion from the loan facility at a fixed interest rate of 5.13% per annum. On July 29, 2020, EDC made a drawdown of 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 made a drawdown of ₱4.5 billion from the loan facility at a fixed rate of 4.25% per annum until next repricing date in September 2025.

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 until next repricing date in September 2025 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.



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 7.75% per annum 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.

US\$50 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.

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 ₱2.0 Billion Term Loan

On September 5, 2022, EDC secured a ₱2.0 billion loan at a six (6)-month floating rate of 6.6871% per annum until its next repricing date in March 2024, maturing on September 3, 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 7.0488% per annum until its next repricing date in April 2024, maturing on October 5, 2032 with China Banking Corporation.

BDO ₱3.0 Billion 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 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 priced at a six (6)-month floating rate of 7.0488% per annum until its next repricing date in April 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.



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.

Unused Credit Facilities

As of December 31, 2023 and 2022, the Parent Company has ₱4,895.6 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 Parent Company's loans are subject to certain financial covenants, which include among others, maintenance of certain level of debt to equity ratio in its peso bonds, and debt incurrence ratio and equity distribution restriction ratio for certain loans subject to certain exceptions and conditions.

As of December 31, 2023 and 2022, the Parent Company is in compliance with the loan covenants for all of its outstanding debts.

19. Provisions and Other Long-term Liabilities

	2023	2022
Provision for rehabilitation and restoration costs (Notes 3, 12 and 13)	₱1,529,248,049	₱1,335,116,216
Provision for sick leave and vacation leave	317,221,368	284,985,387
Customer Deposit	27,706,097	—
Others (Notes 3 and 27)	410,288,985	413,665,183
	₱2,284,464,499	₱2,033,766,786

Provision for rehabilitation and restoration costs

This account includes the provision for rehabilitation and restoration costs of the Parent 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 13).



Details of the movement of provision for rehabilitation and restoration costs are as follows:

	2023	2022
Balances at beginning of year	₱1,335,116,216	₱1,391,119,415
Effect of revision of estimate (Notes 12 and 13)	102,626,369	(137,416,523)
Accretion of interest (Note 27)	91,505,464	81,413,324
Balances at end of year	₱1,529,248,049	₱1,335,116,216

Provision for sick leave and vacation leave

This account consists of provision for the 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 Parent 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, 2023 and 2022 are as follows:

	2023	2022
Balances at beginning of year	₱284,985,387	₱288,781,021
Expense (reversal)	32,235,981	(3,795,634)
Balances at end of year	₱317,221,368	₱284,985,387

Customer Deposits

This account includes refundable deposits from customers pursuant to the power supply agreements (PSAs) entered into by EDC and its customers.

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 ₱410.3 million and ₱413.7 million, respectively. Details of provision for pending assessments are as follows:

	2023	2022
Balances at beginning of year	₱413,665,183	₱454,007,645
Accretion of interest (Notes 3 and 27)	7,811,107	7,811,107
Reversal	(11,187,305)	(48,153,569)
Balances at end of year	₱410,288,985	₱413,665,183



20. Equity

Capital Stock

As required under the Philippine Constitution, the Parent Company is subject to the nationality requirement that at least 60% of its capital stock must be owned by Filipino citizens since it is engaged in the exploration and exploitation of the country's energy resources. The Parent Company is compliant with the said nationality requirement as of December 31, 2023 and 2022.

Beginning December 13, 2006, the 15.0 billion common shares of the Parent Company were listed and traded on the PSE at an Initial Public Offering (IPO) price of ₱3.2 per share.

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 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 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.

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 (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 BOD, 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 BOD 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 and 2022.

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	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 BOD, 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 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, 2023 and 2022, 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
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

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

Appropriation of Retained Earnings

On December 31, 2018, the BOD of the Parent Company approved a resolution to appropriate ₱20.0 billion out of the Parent 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 Parent 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 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 Parent 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 Parent Company 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 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 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 BOD 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.

21. Basic/Diluted Earnings Per Share

The basic/diluted earnings per share amounts were computed as follows:

	2023	2022
Net income	₱9,060,118,335	₱18,492,513,820
Less dividend on preferred shares (Note 20)	293,500,000	293,500,000
(a) Net income attributable to common shareholders	8,766,618,335	18,199,013,820
(b) Weighted average number of common shares outstanding	17,041.57	17,041.62
Basic/diluted earnings per share (a/b)	₱514,425.51	₱1,067,915.72

The Parent Company does not have any dilutive potential common shares as at December 31, 2023 and 2022.



The weighted average number of common shares outstanding for the years ended December 31, 2023 and 2022 have retrospectively considered the effect of the reverse stock split approved by the SEC on December 29, 2023.

22. 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 or common significant influence.

Following are the amounts of transactions and outstanding balances as of and for the years ended December 31, 2023 and 2022:

Related Party	Nature of Transaction	Terms	Transactions for the years ended December 31		Outstanding balances as of December 31	
			2023	2022	2023	2022
Trade receivables (Note 7)						
Subsidiaries						
GCGI (Note 23)	Sale of steam	Payable on demand, unsecured and will be settled in cash. Expected to be settled 12 months from the financial reporting date	₱7,823,742,116	₱7,542,331,957	₱4,273,831,651	₱6,760,755,998
BGI (Note 23)	Sale of electricity	- do -	3,081,741,483	762,275,364	2,879,976	218,889,914
	Sale of steam	- do -	2,667,206,222	2,457,597,494	1,323,223,504	1,053,987,703
	Sale of electricity	- do -	1,227,821,223	90,811,586	1,096,999	29,486,855
FGHPC	- do -	- do -	26,032,152	63,582,198	995,763	15,157,320
EBWPC	- do -	- do -	—	7,139,027	91,407	216,984
ULGEI ¹	- do -	- do -	—	—	—	538,195,837
Entity under common control						
First GES	Sale of electricity	- do -	589,864,471	475,504,816	63,771,660	72,191,530
					₱5,665,890,960	₱8,688,882,141

¹Gross of allowance for impairment as of December 31, 2023 and 2022 amounting to nil and ₱538,195,837, respectively.

Related Party	Nature of Transaction	Terms	Transactions for the years ended December 31		Outstanding balances as of December 31	
			2023	2022	2023	2022
Nontrade receivables (Notes 7 and 29)						
Subsidiaries						
GCGI	Management, shared service and power plant operation service fee	Payable on demand, unsecured and will be settled in cash	₱362,793,164	₱351,796,947	₱383,200,348	₱371,585,600
BGI	- do -	- do -	156,719,102	151,968,966	82,259,586	164,256,647
EDC Geotermica SAC	Technical services rendered	- do -	—	—	—	2,058,276
ULGEI ¹	Management and shared service fee	- do -	—	—	234,333	30,068,111
ESPC	- do -	- do -	4,031,614	4,031,614	—	—
EBWPC	Shared service fee	- do -	60,376,095	62,281,166	—	—
					₱465,694,267	₱567,968,634

¹Gross of allowance for impairment as of December 31, 2023 and 2022 amounting to nil and ₱30,068,111, respectively.



Related Party	Nature of Transaction Terms	Transactions for the years ended December 31		Outstanding balances as of December 31		
		2023	2022	2023	2022	
Due from related parties						
<i>Affiliate</i>						
Thermaprime	Interest-free advances	Payable on demand, unsecured and will be settled in cash	₱–	₱–	₱1,941,250	₱1,941,250
<i>Subsidiaries</i>						
EWEHI	Interest-free advances	- do -	17,752	17,590	637,639,971	637,658,791
First GES	Other services	- do -	16,989,195	–	35,074,571	18,085,376
EDC Geotermica SpA	Interest-free advances	- do -	–	–	18,003,881	18,003,881
EGC	- do -	- do -	17,752	17,590	4,685,342	4,667,590
EPWPC	- do -	- do -	24,368	27,821	4,196,395	4,168,917
PT EDC Indonesia	- do -	- do -	–	–	2,801,024	2,801,024
EHKIL	- do -	- do -	–	1,248,239	1,248,239	1,248,239
First Gen Corp.	Other services	- do -	1,130,910	–	1,130,910	–
EBSEHI	- do -	- do -	25,258	34,291	743,562	718,305
EHIL	- do -	- do -	56,100	55,740	362,820	306,720
EDC Siklab	- do -	- do -	331,171	75,108	331,171	–
EDC Sinag Power	- do -	- do -	25,423	34,107	241,830	216,407
EPBWPC	- do -	- do -	56,100	33,726	237,941	213,574
EBBWPC	- do -	- do -	25,693	33,726	237,711	212,019
BEDC	- do -	- do -	18,952	17,590	195,555	176,603
IIREC	- do -	- do -	24,868	29,726	190,334	165,466
EBWPC	- do -	- do -	93,254	70,097,670	93,254	–
EDC HKL	- do -	- do -	–	3,183	62,790	62,790
EDC CHILE	- do -	- do -	–	–	–	4,856,280
EDC GEO PERU SAC	- do -	- do -	–	–	–	680,381
GCGI	- do -	- do -	–	141,613,922	–	158,000
EWEHI2	- do -	- do -	–	17,383	–	17,383
BGI	- do -	- do -	–	13,255	–	3,349
MIREC ¹	- do -	- do -	–	10,200	–	–
ULGEI ¹	- do -	- do -	–	70,000,000	–	–
					₱709,418,551	₱696,362,345

¹Net of allowance for impairment amounting to P5,536,661 and P2,871,400,756 as of December 31, 2023 and 2022, respectively. Provision for impairment recognized in 2023 and 2022 amounted to P5,536,661 and P49,116,189, respectively.

Related Party	Nature of Transaction	Terms	Transactions for the years ended December 31		Outstanding balances as of December 31	
			2023	2022	2023	2022
Due to related parties						
<i>Subsidiaries</i>						
GCGI	Interest-free advances	Payable on demand, unsecured and will be settled in cash	₱17,429,204	₱8,547,048	₱16,744,223	₱—
BGI	- do -	- do -	68,329,064	—	43,399,768	—
<i>Entities under common control</i>						
First Gen	Interest-free advances	Payable on demand, unsecured and will be settled in cash	—	22,245,966	1,608,946	2,018,799
First Philippine Holdings Corp	- do -	- do -	1,312,425	—	1,312,425	—
					₱63,065,362	₱2,018,799



Related Party	Nature of Transaction	Terms	Transactions for the years ended December 31		Outstanding balances as of December 31	
			2023	2022	2023	2022
Trade and other payables (Note 17)						
Entities under common control						
First Balfour	Civil works and other services	Unsecured and will be settled in cash	₱3,538,927,226	₱1,605,395,497	₱3,023,767,794	₱1,154,916,041
InfoPro Business Solutions, Inc	- do -	- do -	176,289,336	149,714,655	29,261,304	25,812,057
Silverlink Security & Investigative Services, Inc.	- do -	- do -	122,686,567	110,622,869	33,903,943	22,601,723
TG Services Inc	Purchase of services and utilities	- do -	100,314,058	87,526,278	32,331,448	18,785,069
Powerlink Security & Investigative Services, Inc.	- do -	- do -	40,423,269	55,237,413	25,039,529	30,073,303
First GES	- do -	- do -	235,087,661	85,611,288	23,069,148	8,272
Skycable	- do -	- do -	2,873,088	2,796,294	1,115,371	1,432,256
Adtel	- do -	- do -	957,776	995,454	957,776	—
First Philec Manufacturing Technologies Corp.	- do -	- do -	—	—	328,720	328,720
PI Energy Inc.	- do -	- do -	4,049,559	627,690	2,594,300	60,100
FPRC	- do -	- do -	2,797,729	1,245,308	679,817	689,677
Goldlink Security & Investigative Services, Inc.	- do -	- do -	478,816	683,193	77,512	532,231
First Philippine Industrial Corporation (FPIC)	- do -	- do -	—	—	18,516	36,898
Securities Transfer Services Inc	- do -	- do -	—	—	36,720	6,120
ABS-CBN Publishing, Inc.	- do -	- do -	—	—	3,600	3,600
FG Hydro	- do -	- do -	—	123,601,000	—	—
ABS-CBN Corp.	- do -	- do -	—	—	—	—
First Gen	Consultancy fee	- do -	95,764,705	92,891,765	—	—
Affiliate						
Thermaprime	Work fees	- do -	1,160,777,545	1,839,532,425	252,358,519	270,893,064
Other related party						
PREHC Directors	Directors' Fee	- do -	—	2,074,818	—	—
					₱3,425,544,017	₱1,526,179,131

Related Party	Nature of Transaction	Terms	Transactions for the years ended December 31		Outstanding balances as of December 31	
			2023	2022	2023	2022
Dividends Payable						
Affiliates						
Philippine Renewable Energy Holdings Corp.	Dividend	Unsecured and will be settled in cash	₱2,977,681,382	₱2,706,983,074	₱—	₱—
Red Vulcan	- do -	- do -	2,714,051,234	2,494,001,122	—	—
First Gen	- do -	- do -	48,059,418	43,690,380	—	—
North Terracotta Power Corp	- do -	- do -	47,795,533	—	—	—
					₱—	₱—

Related Party	Nature of Transaction	Terms	Transactions for the years ended December 31		Outstanding balances as of December 31	
			2023	2022	2023	2022
<i>Entities under common control</i>						
<i>Subsidiaries</i>						
EGC	Dividend income	- do -	₱-	₱7,100,000,000	₱-	₱7,100,000,000
EWEHI	- do -	- do -	755,734,364	1,486,300,887	-	-
					₱-	₱7,100,000,000

Lease liability						
Entity under common control						
Rockwell Land Corporation	Lease	Unsecured and will be settled in cash	₱135,779,398	₱17,107,828	₱200,497,998	₱104,859,150
Financial assets at FVOCI						
Subsidiary						
BGI (Note 9)	Investment in preferred shares	Unsecured and will be settled in cash	₱2,549,939,673	₱2,189,522,211	₱8,956,732,995	₱5,944,324,848
GCGI	- do -	Unsecured and will be settled in cash	5,980,304,405	-	5,980,304,405	-
					₱8,530,244,078	₱5,944,324,848
Financial assets at FVTPL						
Subsidiary						
ULGEI ¹	Investment in preferred shares	Unsecured and will be settled in cash	₱4,300,000,000	₱-	₱4,300,000,000	₱-

¹Gross of allowance for impairment as of December 31, 2023 and 2022 amounting to ₱4,000,000,000 and nil, respectively.



The amounts outstanding are unsecured and will be settled in cash. Entities under common control consists of subsidiaries (direct or indirect) of Lopez, Inc., the Parent 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 another 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 and ₱92.9 million in 2023 and 2022, respectively, and were included in the "Purchased services and utilities" under "General and administrative expenses" account (see Note 25).

ii. First Balfour, Inc. (First Balfour)

Following the regular bidding process, the Parent Company awarded to First Balfour procurement contracts for various works such as civil, structural and mechanical/piping works in the Parent Company's geothermal power plants.

As of December 31, 2023 and 2022, the outstanding balance amounted to ₱3,023.8 million and ₱1,154.9 million, respectively, recorded under "Trade and other payables" account in the parent company statements of financial position (see Note 17).

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 ₱252.4 million and ₱270.9 million, respectively, recorded under "Trade and other payables" account in the parent company statements of financial position (see Note 17).

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 ₱200.5 million and ₱104.9 million, respectively.

v. GCGI

GCGI and EDC entered into GRSCs whereby EDC agreed to sell geothermal steam to GCGI and GCGI agreed to pay EDC remuneration for actual net electricity generation as defined in the GRSCs (see Note 36).



Except for the independent directors, EDC and GCGI have the same key management personnel. Its administrative and finance functions are handled by EDC for which employee costs were charged to GCGI.

In addition, GCGI avails of or grants interest-free advances from or to EDC for working capital and administrative requirements.

In 2014, the Parent Company conducted a transfer pricing study in relation to its power plant services, management services and shared services to its subsidiaries, GCGI, BGI and EBWPC.

The fees are subject to an annual escalation based on Consumer Price Index and were in accordance to results of the transfer pricing study. The Power Plant Services, Management Services and Shared Services contracts are subject to an annual review to determine sufficiency of services provided by EDC.

As of December 31, 2023 and 2022, total trade and other non-trade receivables from GCGI amounted to ₱4,659.9 million and ₱7,351.2 million, respectively. In addition, as of December 31, 2023 and 2022, total outstanding due to GCGI amounted to ₱16.7 million and nil, respectively.

vi. BGI

EDC sells steam to BGI under the SSA. In addition, BGI avails of or grants interest-free advances from or to EDC for its continuing rehabilitation of BMGPP, working capital requirements and regular administrative expenses.

As of December 31, 2023 and 2022, total trade and other non-trade receivables from BGI amounted to ₱1,406.58 million and ₱1,247.7 million, respectively. In addition, as of December 31, 2023 and 2022, total outstanding due to BGI amounted to ₱43.4 million and nil, respectively.

vii. EBWPC

As of December 31, 2023 and 2022, total trade receivables arising from shared services rendered to EBWPC amounted to ₱0.1 million and ₱0.2 million, respectively.

viii. ULGEI

In 2015, the Parent Company entered into management agreement, shared service and power supply agreements, effective for the whole year of 2015, two (2) years starting 2015 and from October to March 25, 2016, respectively. The management agreement, shared service and power supply agreements were extended until December 31, 2017. Under the latest contract, the Parent Company agrees to continue with the current terms of the management agreement, shared services and power supply agreements until September 31, 2021.

In 2023, the Parent Company was able to recover from ULGEI trade and other receivable totaling to ₱538.2 million and advances totaling to ₱2,871.4 million. These trade and other receivable and advances from ULGEI had been fully provided with allowance as of December 31, 2022. As a result of the recovery, the related allowance for impairment was reversed (see Note 25).



- ix. FG Hydro, EBWPC, EGC, EWEHI, ULGEI, EDC Sinag Iloilo, EDC HKL, EDC Geotermica SPA, EDC Geotermica SAC, EDC Peru Holdings SAC, EHIL, Siklab Iloilo, SNGI and BEDC

These subsidiaries availed of interest-free advances from the Parent Company for payment of administrative expenses and other working capital requirements.

In 2023, EDC Geothermic advances from the Parent Company had been fully provided with allowance.

- x. EDC Chile Limitada

EDC Chile Limitada availed of interest-free advances from the Parent Company for payment of exploration activities and administrative expenses of EDC Geotermica SPA.

In 2023, this advances from Parent company had been fully provided with allowance.

- xi. EDC Siklab

In 2017, the Parent Company entered into management agreement and shared service agreements with EDC Siklab, effective until December 31, 2023.

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.

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
Short-term employee benefits	₱473,277,561	₱331,142,425
Post-employment benefits (Note 30)	20,063,823	14,498,523
	₱493,341,384	₱345,640,948



23. Revenue from Sale of Electricity and Steam

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 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. Geothermal Resources Sales Contracts and Steam Sales Agreement

The geothermal energy currently produced by the Parent Company's geothermal projects is supplied to the power plants owned and operated by NPC and GCGI pursuant to SSA and GRSCs, respectively.

Tongonan I, Palinpinon I and Palinpinon II

Upon turnover of NPC/PSALM of these power plants to GCGI on October 24, 2009, Tongonan I, Palinpinon I and Palinpinon II GRSCs became effective. Under these GRSCs, GCGI agrees to pay EDC remuneration for actual net electricity generation of the plant with steam prices in US\$ per kilowatt hour tied to coal indices. These GRSCs will terminate in 2031.

The Parent Company's revenue from GRSCs amounted to ₱7,823.7 million and ₱7,542.3 million in 2023 and 2022, respectively (see Note 22).



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 was for a period of 25 years, which commenced in May 1993. The SSA expired in May 2018.

On June 1, 2018, the Parent Company and BGI entered into 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 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.

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 expired in March 2019.

On April 30, 2019, the Parent Company and BGI entered into 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 until December 25, 2023. On December 22, 2023, this was further extended from December 25, 2023 to December 25, 2024 or until a new SSA takes effect whichever is earlier.

The Parent Company's revenue from SSAs amounted to ₱2,667.2 million and ₱2,457.6 million in 2023 and 2022, respectively (see Note 22).

c. Power supply agreements (PSAs)

The Parent Company entered into various PSAs with private distribution utilities, electric cooperatives, and industrial customers with contract periods ranging from one (1) year and 11 months to 10 years as of December 31, 2023 and eight (8) months to 10 years as of December 31, 2022. The remaining periods of these contracts ranges from six (6) months to nine (9) years as of December 31, 2023 and six (6) months to 10 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.

d. Spot market sales

Electricity in excess of contracted capacity are sold to the spot market at spot market rate.

e. Feed-in-tariff (FIT)

The Parent Company was issued a FIT COC by the ERC which entitles it to an applicable FIT rate, as prescribed by the ERC. The Parent Company also signed an agreement with



National Transmission Corporation (TransCo), the FIT administrator. This agreement enumerates 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 an applicable FIT rate, subject to adjustments as may be approved by the ERC, for the entire duration of its FIT eligibility period.

f. Ancillary services procurement agreements (ASPAs)

The Parent Company entered into an ASPA with NGCP effective for a period of five (5) years, which commenced in September 2017. The ASPA expired last September 2022.

24. Costs of Sales of Electricity and Steam

	2023	2022
Depreciation and amortization (Notes 12 and 15)	₱4,490,194,914	₱4,171,703,686
Purchased services and utilities (Note 22)	2,118,224,223	2,031,871,858
Rental, insurance and taxes (Note 33)	1,774,445,643	1,297,082,761
Personnel costs (Notes 26 and 30)	1,633,788,322	1,430,508,635
Parts and supplies issued (Note 10)	1,242,743,457	951,089,179
Repairs and maintenance	1,115,661,278	1,027,061,845
Government share (Notes 17 and 35)	265,576,547	280,502,767
Business and related expenses	128,656,493	64,637,234
	₱12,769,290,877	₱11,254,457,965

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.

25. General and Administrative Expenses

	2023	2022
Provision for (reversal of) impairment of receivables, due from related parties, prepaid taxes and others (Notes 5, 7, 16,19, 22 and 33)	(₱3,534,098,367)	₱676,543,058
Purchased services and utilities (Note 22)	2,419,371,131	2,055,346,282
Personnel costs (Notes 26 and 30)	1,930,373,049	1,651,636,674
Provision for impairment of investment in subsidiary (Note 14)	1,293,291,251	—
Business and related expenses	626,585,962	287,298,151
Depreciation and amortization (Notes 12 and 15)	313,176,329	293,641,463
Rental, insurance and taxes (Note 33)	(140,392,253)	189,323,582
Repairs and maintenance	92,707,269	45,925,733
Parts and supplies issued (Note 10)	78,551,777	163,542,962
Provision for (reversal of) impairment of parts and supplies inventories (Notes 3 and 10)	(70,567,079)	17,516,685
	₱3,008,999,069	₱5,380,774,590



Business and related expenses cover the expenses incurred by the Parent Company for local and foreign travel, company meeting expenses and advertising, among other business expenses.

26. Personnel Costs

	2023	2022
Salaries and other benefits	₱3,244,394,378	₱2,795,066,641
Net retirement and other post-employment benefits cost (Note 30)	276,315,200	252,446,680
Social security costs	43,451,793	34,631,988
	₱3,564,161,371	₱3,082,145,309
	2023	2022
Costs of sale of electricity and steam (Note 24)	₱1,633,788,322	₱1,430,508,635
General and administrative expenses (Note 25)	1,930,373,049	1,651,636,674
	₱3,564,161,371	₱3,082,145,309

27. Interest Income and Interest Expense

Interest income consists of the following:

	2023	2022
Interest income on cash and cash equivalents, and other short-term investments (Notes 6 and 11)	₱478,566,478	₱121,859,770
Others	4,396,538	1,990,255
	₱482,963,016	₱123,850,025

Others include interest income from FIT rate adjustments (see Note 36), financial assets at FVOCI, and overdue accounts.

Interest expense consists of the following:

	2023	2022
Interest on long-term debts including amortization of transaction costs (Notes 18 and 32)	₱2,527,082,648	₱2,157,471,537
Interest accretion on provision for rehabilitation and restoration costs (Notes 3, 12, 13 and 19)	91,505,464	81,413,324
Interest expense on lease liability (Note 33)	10,962,013	15,731,330
Interest on liability from litigation (Notes 3 and 19)	7,811,107	7,811,107
	₱2,637,361,232	₱2,262,427,298

Interest on liability from litigation is related to land expropriation cases (see Notes 3 and 19).



28. Foreign Exchange Gains

	2023	2022
Realized foreign exchange gains - net	₱11,141,766	₱181,404,472
Unrealized foreign exchange gains (losses) - net	39,552,771	(159,440,309)
Net foreign exchange gains	₱50,694,537	₱21,964,163

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 debts including accrued interest, trade payables, short-term placements 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 Parent Company as of December 31, 2023 and 2022 is detailed in Note 32 to the parent company financial statements.

29. Miscellaneous Income (Charges) - net

	2023	2022
Mark-to-market gain (loss) on financial assets at FVPL (Note 8)	(₱3,999,027,891)	₱258,668
Management fees (Notes 5 and 22)	583,919,975	570,078,693
Loss on direct write-off of input VAT claims (Notes 3 and 16)	(33,931,194)	(4,054,157)
Gain on disposal and retirement of property, plant and equipment - net (Note 12)	141,209	4,811,678
Realized income (loss) from redemption of financial asset at FVPL (Notes 8)	(524)	30,633,200
Derivative losses - net (Note 32)	—	(242,246,733)
Expense related to replacement power (Note 22)	—	(123,601,000)
Others - net (Note 22)	(127,326,376)	(65,874,420)
	(₱3,576,224,801)	₱170,005,929

Others include bank and other charges.

30. Retirement and Other Post-Employment Benefits Plan

The Parent Company has a funded, non-contributory, defined benefit retirement plan. The plan covers all permanent employees and is administered by a trustee bank. The Parent Company also provides post-employment medical and life insurance benefits which are unfunded.

The following tables summarize the components of net benefit expense recognized in the parent company statements of income and the funded status and amounts recognized in the parent company statements of financial position:

	2023	2022
Current service cost	₱163,905,690	₱170,230,671
Net interest	112,409,510	82,216,009
Retirement and other post-employment benefit expense (Note 26)	₱276,315,200	₱252,446,680



	2023	2022
Present value of defined benefits obligation	₱4,249,623,646	₱3,339,251,265
Fair value of plan assets	(1,823,125,120)	(1,726,489,279)
Net retirement and other post-employment benefits liability	₱2,426,498,526	₱1,612,761,986

Changes in the present value of the defined benefit obligation are as follows:

	2023	2022
Defined benefits obligation at beginning of year	₱3,339,251,265	₱3,403,106,568
Current service cost	163,905,690	170,230,671
Interest cost on benefits obligation	232,745,813	164,710,358
Benefits paid	(160,845,113)	(140,971,720)
Remeasurements arising from:		
Deviations of experience from assumptions	573,475,792	50,009,079
Changes in financial assumptions	101,090,199	(307,833,691)
Defined benefits obligation at end of year	₱4,249,623,646	₱3,339,251,265

Changes in the fair value of plan assets are as follows:

	2023	2022
Fair value of plan assets at beginning of year	₱1,726,489,279	₱1,702,928,694
Interest income	120,336,303	82,494,349
Contributions to the plan	162,775,389	170,155,804
Benefits paid	(160,845,113)	(140,971,720)
Return on plan assets, excluding interest income	(25,630,738)	(88,117,848)
Fair value of plan assets at end of year	₱1,823,125,120	₱1,726,489,279
Actual return on plan assets	(₱94,705,565)	(₱5,623,499)

The retirement benefits fund of the Parent Company is 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 committee of the Parent Company.

Management reviews the performance of the defined benefit retirement plan on a regular basis. The overall investment policy and strategy of the Parent 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 Parent 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 the 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
Property	134,168,543	135,525,645
Financials - banks	119,313,721	105,689,248
Transportation services	47,479,384	42,316,000

(Forward)



	2023	2022
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
Service-exchange traded fund	16,849,218	—
Retail	7,195,502	10,041,922
	590,046,078	578,661,859
Quoted in debt instruments		
Government securities	978,484,924	765,549,266
Corporate bonds	67,169,800	116,564,342
	1,045,654,724	882,113,608
Unquoted investments		
Cash and cash equivalents	173,587,668	253,146,398
Receivables and other assets	13,836,650	12,567,414
	187,424,318	265,713,812
Fair value of plan assets	₱1,823,125,120	₱1,726,489,279

- 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 do not include investments in equity securities of related parties.
- Investments in corporate bonds consist of both short-term and long-term corporate notes and bonds, which bear interest ranging from 3.0% to 6.37% and have maturities from 2023 to 2028.
- Investments in government securities consist of retail treasury bonds and fixed rate treasury notes that bear interest ranging from 3.82% to 7.0% and have maturities from 2023 to 2033.
- Cash and cash equivalents include regular savings and time deposits.
- Other financial assets held by the Plan are primarily accrued interest income on cash deposits and debt securities held by the Plan; and dividend receivable from equity securities. Liabilities of the Plan pertain to trust fee payable and other accrued expenses payable.

The Parent Company expects to contribute ₱504.5 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%	6.97%
Future salary increase rate	6.00%	5.00%
Medical costs trend rate	6.00%	6.00%



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 if all other assumptions were held constant:

2023		
	Increase/Decrease in Percentage Point	Increase (Decrease) in Defined Benefit Obligation
Discount rate	+1%	(₱313,227,126)
	-1%	363,191,397
Future salary increases	+1%	354,615,631
	-1%	(316,336,651)
Medical costs trend	+1%	2,675,396
	-1%	(2,355,429)
2022		
	Increase/Decrease in Percentage Point	Increase (Decrease) in Defined Benefit Obligation
Discount rate	+1%	(₱239,150,710)
	-1%	268,956,376
Future salary increases	+1%	269,929,586
	-1%	(244,687,286)
Medical costs trend	+1%	2,124,090
	-1%	(2,635,101)

The estimated weighted average duration of benefit payment is 15 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	₱338,293,365	₱195,981,469
One (1) year up to five (5) years	1,843,525,317	1,521,516,584
More than five (5) years up to 10 years	3,064,229,131	2,778,609,671
More than 10 years up to 15 years	1,793,909,158	1,713,792,023
More than 15 years	5,561,237,494	4,394,559,048



31. Income Tax

- a. The components of the Parent Company's recognized deferred tax assets and liabilities follows:

	2023			
	Beginning of Year	Charged to Income	Charged to OCI	End of Year
Deferred income tax assets on:				
Impairment loss on property, plant and equipment	₱618,728,783	₱570,038	₱—	₱619,298,821
Accrued retirement benefits	161,276,199	81,276,162	70,019,673	312,572,034
Allowance for impairment loss	229,028,570	(69,818,775)	—	159,209,795
Provision for rehabilitation and restoration costs	146,457,368	10,105,869	—	156,563,237
Provision for impairment of parts and supplies inventories	58,969,227	(7,056,707)	—	51,912,520
Others	213,513,807	(8,785,571)	—	204,728,236
	1,427,973,954	6,291,016	70,019,673	1,504,284,643
Deferred income tax liabilities on:				
Differences between the carrying amount of nonmonetary assets and liabilities and the related tax base	(783,186,109)	6,541,099	—	(776,645,010)
Unrealized foreign exchange gains - net	(129,592,017)	(19,939,031)	—	(149,531,048)
	(912,778,126)	(13,397,932)	—	(926,176,058)
	₱515,195,828	(₱7,106,916)	₱70,019,673	₱578,108,585

	2022			
	Beginning of Year	Charged to Income	Charged to OCI	End of Year
Deferred income tax assets on:				
Impairment loss on property, plant and equipment	₱618,728,783	₱—	₱—	₱618,728,783
Allowance for impairment loss	215,230,429	13,798,141	—	229,028,570
Accrued retirement benefits	176,664,163	1,582,712	(16,970,676)	161,276,199
Provision for rehabilitation and restoration costs	139,111,941	7,345,427	—	146,457,368
Provision for impairment of parts and supplies inventories	57,217,559	1,751,668	—	58,969,227
Others	127,015,754	86,498,053	—	213,513,807
	1,333,968,629	110,976,001	(16,970,676)	1,427,973,954
Deferred income tax liabilities on:				
Differences between the carrying amount of nonmonetary assets and liabilities and the related tax base	(775,227,226)	(7,958,883)	—	(783,186,109)
Unrealized foreign exchange gains - net	(57,474,996)	(8,443,256)	(63,673,765)	(129,592,017)
	(832,702,222)	(16,402,139)	(63,673,765)	(912,778,126)
	₱501,266,407	₱94,573,862	(₱80,644,441)	₱515,195,828

As of December 31, 2023, the Company has NOLCO in taxable year 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
2022	2023-2026	₱455,144,441	₱—	₱—	₱455,144,441	₱—

As of December 31, 2023, the Company did not recognize deferred income tax asset from its NOLCO, which pertain to losses under 25% tax regime.

- b. 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 fair value through other comprehensive income amounted to ₱1,998 million and ₱1,055.7 million as of December 31, 2023 and 2022, respectively. No deferred income tax asset was also 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. There is no corresponding deferred income tax asset recognized since there were no capital gains to offset the said capital loss.

- c. 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
Income before income tax	₱10,123,364,622	₱19,649,505,824
Provision for income tax at statutory tax rates	₱523,776,658	₱3,233,177,752
Adjustments for:		
Non-deductible provisions/(non-taxable gains) - net	969,573,751	6,053,592
Dividend income	(188,933,591)	(2,146,575,222)
NOLCO (25%)	(113,786,110)	—
Interest income - net of final tax	(47,764,236)	(12,187,604)
Non-deductible interest expense	11,885,413	3,010,537
Income tax holiday incentive	5,687,132	11,569,992
Others	(97,192,730)	61,942,957
Provision for income tax	₱1,063,246,287	₱1,156,992,004

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 (see Note 35).

- d. On March 26, 2021, the Office of the President of the Philippines signed into law the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. RA 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Parent Company:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5 million and with total assets not exceeding ₱100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- Minimum corporate income tax rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.

Applying the provisions of the CREATE Act, the Parent Company is subject to a lower RCIT of 25% effective July 1, 2020 on other activities not covered by RE Law. Based on the provisions of Revenue Regulations No. 5-2021 dated April 8, 2021, the prorated RCIT rate of the Parent



Company is 27.50% for the year ended December 31, 2020 for other activities not covered by RE Law.

- e. On December 18, 2008, the BIR issued Revenue Regulations (RR) No. 16-2008 which implemented the provisions of Section 34 (L) of the Tax Code, as amended by Section 3 of R.A. No. 9504, which allows individuals and corporations who are subject to the 30% RCIT rate to adopt the Optional Standard Deduction (OSD) in computing their taxable income. Under RR No. 16-2008, corporations may claim OSD equivalent to 40% of gross income, excluding passive income subjected to final tax, in lieu of the itemized deductions. A corporate taxpayer who elected to avail of the OSD shall signify such in the income tax return (ITR). Otherwise, it shall be considered as having availed of the itemized deductions allowed under Section 34 of the National Internal Revenue Code. Pursuant to Section 3 of RR No. 02-2010 dated February 18, 2010, the election to claim the OSD or the itemized deduction for the taxable year must be signified by checking the appropriate box in the ITR filed for the first quarter of the taxable year adopted by the taxpayer. Once the election is made, the same type of deduction must be consistently applied for all succeeding quarter returns and in the final ITR for the taxable year. Any taxpayer who is required but fails to file the quarterly ITR for the first quarter shall be considered as having availed of the itemized deductions option for the taxable year.

However, pursuant to Section 5(A)(3) of RR No. 2-2014, corporations with income subject to income tax rate under Section 27(A) and 28(A)(1) of the National Internal Revenue Code, as amended, and also with income subject to special/preferential tax rates are mandated to use the itemized deductions.

- f. On February 12, 2014, the Board of Investments (BOI) approved the Income Tax Holiday (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.
- 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 which expired on January 18, 2023.
- i. On June 24, 2021, the Parent Company was registered with the BOI covering its 3.6 MW Mindanao 3 (M3 Binary) Geothermal Project in North Cotabato, and was subsequently granted with an ITH incentive effective for a seven (7)-year beginning March 2022 until March 2029.
- j. 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 Parent Company and its subsidiaries (collectively referred to as 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.

32. Financial Risk Management Objectives and Policies

The Parent Company's financial instruments consist mainly of cash and cash equivalents, trade receivables, financial assets at FVPL and FVOCI, trade payables, long-term debts, and lease liabilities. The main purpose of these financial instruments is to finance the Parent Company's operations and accordingly manage its exposure to financial risks. The Parent Company has various 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 Parent Company's financial instruments are credit risk, foreign currency risk, interest rate risk and liquidity risk. The Parent 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 Parent 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 Parent Company's geothermal and power generation business trades with key customers namely GCGI and BGI. GCGI and BGI are wholly owned subsidiaries of the Parent Company. As a practice, the Parent Company monitors closely its collection from GCGI and BGI, and charges interest on delayed payments following the provision of its respective PSAs, GRSCs and SSAs. Trade receivables balances are monitored on an ongoing basis to ensure that the Parent 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, 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%	1.4%	100.0%	11.2%
Estimated total gross carrying amount at default (Note 7)	₱3,744,709	₱684,686	₱738,759	₱617,090	₱1,282,202	₱873,628	₱7,941,074
Expected credit loss	—	—	—	—	17,875	873,628	891,503



2022

	Trade receivables						
	Days past due						
	Current	<30 days	30-60 days	61-90 days	>91 days	Credit Impaired	Total
	(In Thousand Pesos)						
Expected credit loss rate	0.0%	0.0%	0.0%	0.0%	12.5%	100.0%	12.1%
Estimated total gross carrying amount at default (Note 7)	₱5,040,294	₱224,766	₱613,568	₱589,068	₱4,446,358	₱866,496	₱11,780,550
Expected credit loss	—	—	—	—	556,071	866,496	1,422,567

Financial instruments and cash deposits

With respect to the credit risk arising from other financial assets of the Parent 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 parties, 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 Parent 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, 2023 and 2022, financial assets categorized as neither past due nor impaired are viewed by management as high grade, considering the collectability 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 amount of trade receivable from GCGI and BGI.

The table below shows the risk exposure in respect to credit concentration of the Company as of December 31, 2023 and 2022:

	2023	2022
Trade receivables from GCGI and BGI	₱5,601,032,130	₱8,063,120,470
Total trade receivables	₱7,049,571,110	₱10,357,983,155
Credit concentration percentage	79.45%	77.84%

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 Parent 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 Parent Company's investment in ROP Bonds.



The Parent 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 Parent Company will prepay, refinance or hedge its foreign currency denominated loans, whenever deemed feasible. The Parent Company also enters into derivative contracts to mitigate foreign currency risk.

The Parent Company'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									
	US\$	Japanese Yen (JPY)	Singapore Dollar (SGD)	UK Pound (GBP)	New Zealand Dollar (NZD)	Sweden Kroner (SEK)	Euro	Hongkong Dollar (HKD)	Australian Dollar (AUD)	Peso Equivalent ¹
Financial Assets										
Loans and receivables:										
Cash equivalents	30,508,198	—	—	—	—	—	—	—	—	₱1,689,238,911
Cash on hand and in banks	3,773,921	—	—	—	—	—	—	—	—	208,962,037
Total financial assets	34,282,119	—	—	—	—	—	—	—	—	₱1,898,200,948
Financial Liabilities										
Liabilities at amortized cost:										
Accounts payable	38,729,029	207,383,160	69,059	112,714	172,820	206,405	8,532,960	5,962	311,965	₱2,785,714,290
Long-term debt	49,903,543	—	—	—	—	—	—	—	—	2,763,159,185
Accrued interest on long-term debts	903,764	—	—	—	—	—	—	—	—	50,041,420
Total financial liabilities	89,536,336	207,383,160	69,059	112,714	172,820	206,405	8,532,960	5,962	311,965	₱5,598,914,895

¹ US\$1 = ₱55.3700, JPY1 = ₱0.4174, SGD1 = ₱42.0898, SEK1 = ₱5.5636, NZD1 = ₱35.1739, Euro1 = ₱61.4738, HKD1 = ₱7.1121, GBP1 = ₱70.7590, AUD1 = ₱37.9467 as of December 31, 2023 (see Note 28)

	2022									
	Original Currency									
	US\$	Japanese Yen (JP¥)	Singapore Dollar (SGD)	UK Pound (GBP)	New Zealand Dollar (NZD)	Sweden Kroner (SEK)	Euro	Hongkong Dollar (HKD)	Australian Dollar (AUD)	Peso Equivalent ¹
Financial Assets										
Loans and receivables:										
Cash equivalents	32,131,869	—	—	—	—	—	—	—	—	₱1,791,512,364
Cash on hand and in banks	11,087,495	—	—	—	—	—	—	—	—	618,183,297
Total financial assets	43,219,364	—	—	—	—	—	—	—	—	₱2,409,695,661
Financial Liabilities										
Liabilities at amortized cost:										
Accounts payable	27,591,362	158,055,085	318,076	104,714	115,282	206,405	654,384	5,962	468,644	₱1,686,533,290
Long-term debt	49,390,054	—	—	—	—	—	—	—	—	2,753,742,439
Accrued interest on long-term debts	695,371	—	—	—	—	—	—	—	—	38,770,382
Total financial liabilities	77,676,787	158,055,085	318,076	104,714	115,282	206,405	654,384	5,962	468,644	₱4,479,046,111

¹ US\$1 = ₱55.7550, JPY1 = ₱0.4174, SEK1 = ₱5.3556, SGD1 = ₱41.5796, GBP1 = ₱67.4394, NZD1 = ₱35.4061, Euro1 = ₱59.5545, HKD1 = ₱7.1996, AUD1 = ₱37.8024 as of December 31, 2022 (see Note 28)



The following tables demonstrate the sensitivity to a reasonably possible change in the exchange rates of relevant foreign currencies, with all other variables held constant, of the Parent Company's income before income tax for 2023 and 2022 and equity as of December 31, 2023 and 2022. The impact on the Parent Company'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 ₱5.537	(₱305,972,601)	₱—
	(10% or ₱5.537)	305,972,601	—
JPY	10% or ₱0.04174	(8,656,173)	—
	(10% or ₱0.04174)	8,656,173	—
NZD	10% or ₱3.51739	(607,874)	—
	(10% or ₱3.51739)	607,874	—
EUR	10% or ₱6.14738	(52,455,347)	—
	(10% or ₱6.14738)	52,455,347	—
HKD	10% or ₱0.71121	(4,240)	—
	(10% or ₱0.71121)	4,240	—
SGD	10% or ₱4.20898	(290,668)	—
	(10% or ₱4.20898)	290,668	—
GBP	10% or ₱7.07590	(797,553)	—
	(10% or ₱7.07590)	797,553	—
SEK	10% or ₱0.55636	(114,835)	—
	(10% or ₱0.55636)	114,835	—
AUD	10% or ₱3.79467	(1,183,803)	—
	(10% or ₱3.79467)	1,183,803	—
2022			
	Foreign Currency Appreciates (Depreciates) By	Effect on Income Before Income Tax	Effect on Equity
USD	10% or ₱5.57550	(₱192,117,355)	₱—
	(10% or ₱5.57550)	192,117,355	—
JPY	10% or ₱0.04174	(6,597,219)	—
	(10% or ₱0.04174)	6,597,219	—
EUR	10% or ₱5.95545	(3,897,149)	—
	(10% or ₱5.95545)	3,897,149	—
SGD	10% or ₱4.15796	(1,322,547)	—
	(10% or ₱4.15796)	1,322,547	—
AUD	10% or ₱3.78024	(1,771,587)	—
	(10% or ₱3.78024)	1,771,587	—
GBP	10% or ₱6.74394	(706,185)	—
	(10% or ₱6.74394)	706,185	—
NZD	10% or ₱3.54061	(408,167)	—
	(10% or ₱3.54061)	408,167	—
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)	—

Interest Rate Risk

The Parent Company's exposure to the risk of changes in market interest rates relates primarily to the Parent 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 Parent Company's long-term borrowings and debt instruments at FVOCI are fixed at the inception of the loan agreement.

The Parent 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 Parent Company.

Interest Rate Risk Table

The following tables provide for the effective interest rates and interest payments by period of maturity of the Parent Company'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
		(In Thousand Pesos)					
Floating Rate							
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
		(In Thousand Pesos)					
Floating Rate							
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 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 of the Parent Company's long-term debt subject to floating interest rate to a reasonably possible change in interest rates, with all other variables held constant, of the Parent Company's income (loss) before income tax in 2023 and 2022 and equity as of December 31, 2023 and 2022. While the impact on the Parent Company's equity is due to changes in the interest rate of financial assets at FVOCI designated as cash flow hedges.

2023			
Increase/Decrease in Basis Points	Effect on Income Before Income Tax	Effect on Equity	
		Changes in Fair Value of Financial assets at FVOCI	Fair value adjustments on hedging transactions
+100	(P27,631,592)	(P6,398,925)	P–
-100	27,631,592	6,175,145	–
2022			
Increase/Decrease in Basis Points	Effect on Income Before Income Tax	Effect on Equity	
		Changes in Fair Value of Financial assets at FVOCI	Fair value adjustments on hedging transactions
+100	(P27,537,424)	(P4,977,553)	P–
-100	27,537,424	6,956,791	–

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 Parent Company's profit or loss.



Liquidity Risk

The Parent Company's objective is to maintain a balance between continuity of funding and sourcing flexibility through the use of available financial instruments. The Parent Company manages its liquidity profile to meet its working capital and capital expenditure requirements and service debt obligations. As part of the liquidity risk management program, the Parent Company regularly evaluates and considers the maturity of both its financial investments and financial assets (i.e., trade receivables and 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 Parent Company maintains credit lines with banks on a continuing basis.

Liquidity risk arises primarily when the Parent Company has difficulty collecting its receivables from its major customer, NPC. Other instances that contribute to its exposure to liquidity risk are when the Parent Company finances long-term projects with internal cash generation and when there is credit crunch especially at times when the Parent Company has temporary funding gaps.

The tables below show the maturity profile as of December 31, 2023 and 2022 of the Parent Company'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	₱2,664,725	₱6,089,239	₱—	₱—	₱—	₱—	₱8,753,964
Trade receivables	4,196,365	3,744,709	—	—	—	—	7,941,074
Due from related parties	709,419	—	—	—	—	—	709,419
Financial assets at FVPL	316,656	—	—	—	—	—	316,656
	₱7,887,165	₱9,833,948	₱—	₱—	₱—	₱—	₱17,721,113
Liabilities at amortized cost:							
Accounts payable*	₱—	₱12,834,958	₱—	₱—	₱—	₱—	₱12,834,958
Accrued interest on long-term debts	—	423,506	182,075	—	—	—	605,581
Other payables**	—	499,855	—	—	—	—	499,855
Due to related parties	63,065	—	—	—	—	—	63,065
Long-term debts	—	2,208,884	4,384,035	3,876,749	32,498,938	16,016,959	58,985,565
Lease liability	—	73,788	25,785	53,721	142,336	—	295,630
	₱63,065	₱16,040,991	₱4,591,895	₱3,930,470	₱32,641,274	₱16,016,959	₱73,284,654

*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	₱4,163,691	₱5,748,724	₱—	₱—	₱—	₱—	₱9,912,415
Trade receivables	6,740,256	5,040,294	—	—	—	—	11,780,550
Due from related parties	696,362	—	—	—	—	—	696,362
Financial assets at FVPL	11,684	—	—	—	—	—	11,684
	₱11,611,993	₱10,789,018	₱—	₱—	₱—	₱—	₱22,401,011
Liabilities at amortized cost:							
Accounts payable*	₱—	₱8,266,199	₱—	₱—	₱—	₱—	₱8,266,199
Accrued interest on long-term debts	—	268,667	288,060	—	—	—	556,727
Other payables**	—	875,473	—	—	—	—	875,473
Due to related parties	2,019	—	—	—	—	—	2,019
Long-term debts	—	1,090,377	5,980,073	2,883,768	29,854,973	13,567,398	53,376,589
Lease liability	—	73,919	24,534	51,702	247,589	—	397,744
	₱2,019	₱10,574,635	₱6,292,667	₱2,935,470	₱30,102,562	₱13,567,398	₱63,474,751

*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 Parent Company'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	₱34,806,231	₱31,095,825	₱50,102,606	₱44,764,117
	2023		2022	
	Carrying Amounts	Fair Values	Carrying Amounts	Fair Values
Financial Liabilities				
Liabilities at amortized cost:				
Long-term debts	₱47,624,320,322	₱48,989,265,556	₱44,068,577,008	₱44,746,839,711
Lease liability	289,276,107	213,893,412	379,424,615	250,157,690
	₱47,913,596,429	₱49,203,158,968	₱44,448,001,623	₱44,996,997,401

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 from and to related parties and trade and other payables.

The methods and assumptions used by the Parent Company in estimating the fair value of its financial instruments are:

Long-term Receivables

The fair value of long-term receivables was computed by discounting the expected cash flow using the applicable rate of 5.80% in 2023 and 2022, respectively.

Lease liability

The fair values for the Company's lease liability are estimated using the discounted cash flow methodology with the applicable rates ranging from 6.50% to 6.99% as of December 31, 2023 and 6.05% to 7.78% as of December 31, 2022.

Long-term Debts

The fair values for the Parent Company's long-term debts are estimated using the discounted cash flow methodology with the applicable rates ranging from 4.13% to 6.06% as of December 31, 2023 and 2.03% to 7.80% as of December 31, 2022.

The following tables show the fair value information of financial instruments classified under loans and receivables, financial asset at FVPL, 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	₱31,095,825	₱—	₱—	₱31,095,825
Financial asset at FVPL	316,655,922	316,655,922	—	—
Financial assets at FVOCI:				
Debt investments	187,235,082	187,235,082	—	—
Equity investments	15,032,787,400	—	95,750,000	14,937,037,400
Financial Liabilities				
Liabilities at amortized cost:				
Long-term debts	48,989,265,556	4,882,043,402	—	44,107,222,154
Lease liability	213,893,412	—	—	213,893,412
2022				
	Total	Level 1	Level 2	Level 3
Financial Assets				
Loans and receivables:				
Long-term receivables	₱44,764,117	₱—	₱—	₱44,764,117
Financial asset at FVPL	11,684,337	11,684,337	—	—
Financial assets at FVOCI:				
Debt investments	210,265,075	210,265,075	—	—
Equity investments	6,023,087,151	42,303	78,720,000	5,944,324,848
Financial Liabilities				
Liabilities at amortized cost:				
Long-term debts	44,746,839,711	4,809,804,688	—	39,937,035,023
Lease liability	250,157,690	—	—	250,157,690

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 Parent Company 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	₱8,753,964	₱—	₱—	₱—	₱8,753,964
Trade receivables	7,049,571	—	—	—	7,049,571
Non-trade accounts receivables	1,341,427	—	—	—	1,341,427
Loans and notes receivables	41,955	—	—	—	41,955
Advances to employees	41,814	—	—	—	41,814
Due from related parties	709,419	—	—	—	709,419
Long-term receivables	34,806	—	—	—	34,806
Financial assets at FVOCI:					
Debt investments	—	187,235	—	—	187,235
Equity investments	—	15,032,787	—	—	15,032,787
Financial assets at FVPL	—	—	316,656	—	316,656
Total financial assets	₱17,972,956	₱15,220,022	₱316,656	₱—	₱33,509,634
Financial Liabilities					
Accounts payable*	₱12,834,958	₱—	₱—	₱—	₱12,834,958
Accrued interest on long-term debts	605,581	—	—	—	605,581
Other payables**	499,855	—	—	—	499,855
Due to related parties	63,065	—	—	—	63,065
Long-term debts	47,624,320	—	—	—	47,624,320
Lease liability	289,276	—	—	—	289,276
Total financial liabilities	₱61,917,055	₱—	₱—	₱—	₱61,917,055

*Excluding statutory liabilities to the government.

**Excluding 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	₱9,912,415	₱—	₱—	₱—	₱9,912,415
Trade receivables	10,357,983	—	—	—	10,357,983
Non-trade accounts receivables	7,820,319	—	—	—	7,820,319
Loans and notes receivables	39,078	—	—	—	39,078
Advances to employees	32,876	—	—	—	32,876
Due from related parties	696,362	—	—	—	696,362
Long-term receivables	50,103	—	—	—	50,103
Financial assets at FVOCI:					
Debt investments	—	210,265	—	—	210,265
Equity investments	—	6,023,087	—	—	6,023,087
Financial assets at FVPL	—	—	11,684	—	11,684
Total financial assets	₱28,909,136	₱6,233,352	₱11,684	₱—	₱35,154,172
Financial Liabilities					
Accounts payable*	₱8,266,199	₱—	₱—	₱—	₱8,266,199
Accrued interest on long-term debts	556,727	—	—	—	556,727
Other payables**	875,473	—	—	—	875,473
Due to related parties	2,019	—	—	—	2,019
Long-term debts	44,068,577	—	—	—	44,068,577
Lease liability	379,425	—	—	—	379,425
Total financial liabilities	₱54,148,420	₱—	₱—	₱—	₱54,148,420

*Excluding statutory liabilities to the government.

**Excluding non-financial liabilities.

The following table demonstrates the income, expense, gains or losses attributable to the Parent Company's financial instruments in 2023 and 2022:

	2023		2022	
	Effect on Profit or Loss	Effect on Equity	Effect on Profit or Loss	Effect on Equity
Loans and receivables				
Interest income on:				
Cash in banks and cash equivalents and other short-term investments (Notes 6 and 11)	₱478,566,478	₱—	₱121,924,774	₱—
Provision for expected credit losses (Notes 7 and 22)	(569,641,486)	—	(66,717,658)	—
Dividend income	755,734,364	—	8,586,300,887	—
	₱664,659,356	₱—	₱8,641,508,003	₱—
Financial assets at FVOCI				
Equity investments:				
Net loss recognized	₱—	₱11,907,435	₱—	(₱20,899,368)
Debt investments:				
Net loss recognized in equity	—	(923,237,179)	—	(653,339,334)
	₱—	(₱911,329,744)	₱—	(₱674,238,702)
Financial assets at FVPL				
Gain on financial asset at FVPL	₱911,329,744	₱—	₱5,819,419	₱—
Derivatives designated as cash flow hedges				
Fair value adjustments on hedging transactions	₱—	₱—	₱—	₱118,614,716
Financial liabilities at amortized cost				
Interest expense on:				
Long-term debts including amortization of transaction costs (Note 27)	(₱2,527,082,648)	₱—	(₱2,157,471,537)	₱—
Lease liability (Note 27)	(10,962,013)	—	(15,731,330)	—
	(₱2,538,044,661)	₱—	(₱2,173,202,867)	₱—



Derivative Financial Instruments

The Parent Company engages in derivative transactions, particularly 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.

Derivatives Designated as Accounting Hedges

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 million and ₱40.9 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 CSS amounted to nil and nil, respectively. 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:

	2023	2022
Balance at beginning of year	₱—	(₱118,614,716)
Changes in fair value	—	182,288,480
Balance before tax	—	63,673,764
Tax	—	(63,673,764)
Balance at end of year	₱—	₱—

Fair Value Changes of Derivatives

The tables below summarize the net movement in fair values of the Parent Company’s derivatives as of December 31, 2023 and 2022.

	2023	2022
Balances at beginning of year	₱—	₱40,876,487
Net changes in fair value of derivatives:		
Designated as accounting hedges	—	(40,876,487)
Balances at end of year	₱—	₱—
Presented as:		
Derivative assets	₱—	₱—

The effective portion of the changes in the fair value of the NDCCS designated as accounting hedges were deferred in equity under “Fair value adjustments on hedging transactions” account.



Capital Management

The primary objective of the Parent 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 Parent Company manages and makes adjustment to its capital structure as it deems necessary. To maintain or adjust its capital structure, the Parent 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 Parent Company in 2023 and 2022.

The Parent Company monitors capital using the debt ratio, which is long-term debt divided by long-term debt plus equity. The Parent Company's policy is to keep the debt ratio at not more than 70%. The Parent 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 Parent Company statements of financial position.

The table below shows the total capital considered by the Parent Company and its debt ratio as of December 31, 2023 and 2022.

	2023	2022
Long-term debt	₱47,624,320,322	₱44,068,577,008
Total equity	72,445,597,985	70,719,576,281
Total	₱120,069,918,307	₱114,788,153,289
Debt ratio	39.7%	38.4%

As of December 31, 2023 and 2022, the Parent Company was able to meet its capital management objectives.

33. **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 the Parent Company (see Note 23).

Lease Commitments

On December 23, 2015, the Parent 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. The contract was extended for another five (5) years expiring on June 30, 2025.

On February 14, 2020, Parent Company 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, Parent Company 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, Parent Company 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, Parent Company 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, Parent Company 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.

The Parent Company also has certain leases of assets with lease term of 12 months or less and leases of low value assets. The Parent 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:

	2023	2022
As at January 1	₱379,424,615	₱265,827,215
Additions	12,438,372	167,529,681
Interest on lease liability (Note 27)	10,962,013	15,731,330
Adjustments	20,129,551	(206,240)
Payments	(133,678,444)	(69,457,371)
As at December 31	289,276,107	379,424,615
Current	145,243,038	149,350,794
Noncurrent	₱144,033,069	₱230,073,821

The maturity analysis of lease liabilities is discussed in Note 32.

The following amounts are recognized in profit or loss:

	2023	2022
Expense relating to short-term leases and low value assets	₱166,156,728	₱203,244,637
Depreciation expense for right-of-use assets (Note 12)	97,436,753	100,061,487
Variable lease payments	9,722,983	25,956,212
Interest on lease liability (Note 27)	10,962,013	15,731,330
Total amount recognized in profit or loss	₱284,278,477	₱344,993,666

The Company had total cash outflows for leases of office, parking spaces and warehouses amounting to ₱133.7 million and ₱69.5 million in 2023 and 2022, respectively.

Purchase Commitments

Total purchase commitments as of December 31, 2023 and 2022 amounted to ₱2,356.5 million and ₱1,428.1 million, respectively. These are expected to be settled in the succeeding financial years.



Income from Insurance Claims

Property damages

In 2023 and 2022, the Company recognized income from insurance claims totaling to ₱0.3 million and ₱11.5 million, respectively, relating to property damages caused by calamity 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.

Business interruptions and other claims

In 2023 and 2022, the Company recognized income from insurance claims totaling to ₱747.3 million and ₱96.5 million, respectively, relating to business interruptions caused by calamities and various events which include but are not limited to Typhoon Yolanda and machinery breakdowns of Mahanagdong Geothermal and Upper Mahiao power plants.

As of December 31, 2023 and 2022, outstanding insurance receivable amounted to ₱587.5 million and ₱83.5 million, respectively, which is included in “Non-trade accounts receivable” under “Trade and other receivables” (see Note 7).

Legal Claims

The Parent 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 parent company financial statements (see Notes 3 and 19).

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, 2023, the Parent Company 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 25 years)
2) Gaisano Iloilo, Iloilo City Solar Rooftop Project*	SESC No. 2016-11-352 (expiring in 2042 and renewable for another 25 years)

* SESCO assigned to EDC Siklab Power Corporation in February 2017

35. 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:

- Tongonan, Leyte, dated May 14, 1981
- Southern Negros, dated October 16, 1981
- Bac-Man, Sorsogon, dated October 16, 1981
- Mt. Apo, Kidapawan, Cotabato, dated March 24, 1992
- 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 LGU (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 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. GRESC 2009-10-001 for Tongonan Geothermal Project
2. GRESC 2009-10-002 for Southern Negros Geothermal Project
3. GRESC 2009-10-003 for Bacon-Manito Geothermal Project
4. GRESC 2009-10-004 for Mt. Apo Geothermal Project
5. GRESC 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 (converted to the new RE contract template per DOE Department Circular No. DC2019-10-0013, with pre-development period expiring in 2028, 25 year contract period expiring in 2040, renewable for another 25 years).
1. Amacan Geothermal Project (with pre-development period expired in 2023 and under the process of renewal, 25 year contract period expiring in 2041, renewable for another 25 years).
2. Mainit-Sadanga Geothermal Project [with a seven (7)-year pre-development period expiring in October 22, 2028, 25-year contract period expiring in 2046, renewable for another 25 years]
3. Mt. Sembrano Geothermal Power Project (with pre-development period expiring in 2030, 25-year contract period expiring in 2048, renewable for another 25 years)
4. 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 17 and 24 to the parent company financial statements, respectively.

36. 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.

Total FIT revenue adjustment recognized in 2023 and 2022 by the Parent Company amounted to ₱9.5 million and ₱9.1 million, respectively. Those pertaining for 2020 will be recovered from TransCo for a period of five (5) years.

As of December 31, 2023 and 2022, the noncurrent portion of the receivable from TransCo included in “Long-term Receivables” under “Other Noncurrent Assets” amounting to ₱42.8 million and ₱41.7 million, while the current portion amounting to ₱8.5 million and ₱5.3 million, respectively is included under “Trade and Other Receivables” (see Notes 7 and 16). Interest earned on receivable from TransCo amounted to ₱37.2 million in 2023 and ₱36.9 million in 2022 (see Note 27).

37. Changes in Liabilities Arising from Financing Activities

	January 1, 2023	Cash flows	Foreign exchange movement	Others	December 31, 2023
Current and noncurrent portion of long-term debts (Note 18)	₱44,068,577,008	₱3,459,056,176	₱212,624,197	(₱115,937,059)	₱47,624,320,322
Accrued interest on long-term debts (Note 17)	556,727,095	(2,519,396,611)	–	2,524,338,401	605,580,927
Lease liability	379,424,615	(133,678,444)	–	43,529,935	289,276,106
Dividends payable (Note 20)	11,813,526	(5,792,589,831)	–	5,791,681,017	10,904,712
Total liabilities from financing activities	₱45,016,542,244	(₱4,986,608,710)	₱212,624,197	₱8,243,612,294	₱48,530,082,067



	January 1, 2022	Cash flows	Foreign exchange movement	Others	December 31, 2022
Current and noncurrent portion of long-term debts (Note 18)	₱40,631,941,109	₱3,169,616,560	₱177,713,912	₱89,305,427	₱44,068,577,008
Accrued interest on long-term debts (Note 17)	468,700,685	(2,212,667,033)	–	2,300,693,443	556,727,095
Lease liability	265,827,215	(69,457,371)	–	183,054,771	379,424,615
Acquisition of treasury stock (Note 20)	–	(1,702,920)	–	1,702,920	–
Dividends payable (Note 20)	10,054,640	(5,293,500,000)	–	5,295,258,886	11,813,526
Total liabilities from financing activities	₱41,376,523,649	(₱4,407,710,764)	₱177,713,912	₱7,870,015,447	₱45,016,542,244

Others include effects 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.

38. Event After the Financial Reporting Date

On February 23, 2024, the Board of the Parent Company approved the subscription to an aggregate of up to 3,190,000 redeemable preferred shares of BGI with a par value of ₱1 per share for up to ₱319 million inclusive of APIC.

39. Supplementary Information Required Under Revenue Regulations (RR) No. 15-2010

On November 25, 2010, the BIR issued RR No. 15-2010 amending certain provisions of RR No. 21-2002, as Amended, implementing Section 6(H) of the Tax Code of 1997 which authorize the Commission of Internal Revenue to prescribe additional procedural and/or documentary requirements in connection with the preparation and submission of financial statements accompanying the tax returns. This regulation requires that additional disclosures in the notes to Financial Statements shall be made to include information on taxes, duties and license fees paid or accrued during the taxable years.

The Parent Company provides the following disclosures in compliance with BIR RR No. 15-2010 for the year ended December 31, 2023:

- a. The Parent Company is a VAT-registered company with VAT output tax declaration of ₱107,091,723 for the year based on the amount reflected in the *Other (Income) Charges* of ₱892,431,205.

The Parent Company has zero-rated sales amounting to ₱36,315,564,224.

The Parent Company's zero rated sales consist of sale of electricity generated through renewable geothermal sources under Section 108 (B) (7) of Republic Act No. 9337. Meanwhile, VATable sales were derived from sale of scrap materials, rentals and management fees.



- b. Details of the Parent Company's input VAT per VAT return as of December 31, 2023 are as follows:

Balance at January 1	
Input tax carried over from previous period	₱809,122,368
Input tax deferred on capital good	503,689,010
Current year purchases:	
Purchase of capital goods exceeding one million	409,766,648
Importation of goods other than capital goods	109,655,637
Domestic purchases of goods other than capital goods	19,911,651
Domestic purchases of services	379,410,262
Creditable value added tax withheld	21,330,284
Output VAT	(107,091,613)
Deferred input VAT exceeding one million	(310,632,425)
VAT refund applied	(285,069,213)
Balance at December 31	<u>₱1,550,092,609</u>

- c. The landed cost of the Parent Company's importations amounted to ₱3,417,066,504 for the year with paid amount of ₱78,820,081 as customs duties and other taxes.
- d. The Parent Company paid documentary stamp taxes (DST) for the year amounting to ₱118,887,397 related to insurance premiums and advances.

Taxes and licenses, local and national, include real estate taxes, licenses and permit fees for 2023:

Included in cost of sale of electricity:	
Government share	₱265,576,547
Real estate taxes	443,351,453
Business taxes	127,011,477
DST	117,284,645
Other taxes fees and licenses	28,603,917
Fringe benefits taxes	1,461,237
Sub-total	<u>983,289,276</u>
Included in general and administrative expenses:	
Fringe benefits taxes	4,157,912
Business taxes	3,003,895
Other taxes, interests, fees and licenses	66,600,841
Fringe benefits taxes	4,157,912
DST	1,602,752
Real estate taxes	1,017,943
Registration fees	4,500
Sub-total	<u>76,387,843</u>
Total	<u>₱1,059,677,119</u>

- e. The amount of withholding taxes paid during the year amounted to:

Expanded withholding taxes	₱344,954,596
Withholding taxes on compensation and benefits	628,574,110
Final withholding taxes	60,181,391
Total	<u>₱1,033,710,097</u>



- f. During the year, the Parent Company settled with the BIR an audit assessment amounting to ₱125,023,694 which covered all internal revenue taxes for taxable year 2021.



**INDEPENDENT AUDITOR'S REPORT
ON THE SCHEDULE OF RECONCILIATION
OF RETAINED EARNINGS AVAILABLE
FOR DIVIDEND DECLARATION**

The Stockholders and 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 parent company financial statements of Energy Development Corporation (a subsidiary of Red Vulcan Holdings Corporation) as at December 31, 2023 and 2022, and have issued our report thereon dated March 1, 2024. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration is the responsibility of the Company's management. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code ("SRC") Rule 68, and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states, in all material respects, the financial information required to be set forth therein in relation to the basic financial statements taken as a whole.

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

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)

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)	9,020,736,418
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

**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, 2023

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	17,421,012,635	775,261,668
Trade Receivables	N/A	5,906,129,637	37,247,121
Due from related parties	N/A	41,709,163	
Loans and notes receivables	N/A	45,345,974	
Advances to employees	N/A	43,339,275	
Non-trade Accounts Receivables	N/A	891,745,373	
Long term receivables	N/A	1,675,144,611	
Debt Service Reserve Account	N/A	-	
Financial assets at FVOCI			
Debt investments	RCBC Retail Treasury Bonds	61,155,600	
Debt investments	BDP Fixed Rate Treasury Note	24,671,750	
Debt investments	Retail Treasury Bond	101,345,160	
Equity Investments	Wack Wack Golf & Country Club Share	75,000,000	
Equity Investments	Alabang Country Club Share	14,000,000	
Equity Investments	Baguio Country Club Share	6,000,000	
Equity Investments	Club Filipino Share	350,000	
Equity Investments	Metropolitan Club Share	250,000	
Equity Investments	Petron Corp.	62,572	
Equity Investments	Capitol Hills Golf & Country Club Share	150,000	
Equity Investments	Investment in proprietary club membership	6,000,000	
Financial asset at FVPL	BDO Unit Investment Trust Fund	1,140,044	5,814,278
	Investment Management Agreement	16,154,171	
	Credit Suisse	451,597	
Derivative Assets	N/A	267,803,283	
TOTAL		26,598,960,846	818,323,067

ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES**SCHEDULE B - Amounts Receivable from Directors, Officers, Employees and Principal Stockholders (Other than Related Parties)**

As of December 31, 2023

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	85,563,123	11,768,599			97,331,722	-	97,331,722
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.

ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES

SCHEDULE C - Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements

As of December 31, 2023

Name of Subsidiary	Balance at January 1, 2023	Additions	Amounts Collected	Offsetting	Reclassification	Cumulative Translation Adjustment	Current	Non- Current	Amount Eliminated
<u>Energy Development Corporation</u>									
Bac-Man Energy Development Corporation	176,603	18,952	-	-			195,555	-	195,555
Bac-Man Geothermal Inc.	3,349	412,383,590	(387,463,000)	(24,923,938)			-	-	-
EDC Burgos Wind Power Corporation	-	95,324	-	(2,070)			93,254	-	93,254
EDC Geotermica Chile S.P.A.	18,172,619	-	-	-		(44,796)	18,127,823	-	18,127,823
EDC Hong Kong International Limited	306,720	56,100	-	-			362,820	-	362,820
EDC Hong Kong Limited	62,790	-	-	-			62,790	-	62,790
EDC Geothermal Corp.	4,667,590	17,752	-	-			4,685,342	-	4,685,342
EDC Sinag Iloilo Power Corporation	-	-	-	-			-	-	-
EDC Pagudpud Wind Power Corporation	4,168,917	27,478	-	-			4,196,395	-	4,196,395
EDC Wind Energy Holdings Inc.	637,494,061	17,752	-	-			637,511,812	-	637,511,812
First Gen Hyrdro Power Corporation	-	-	-	-			-	-	-
Green Core Geothermal Inc.	158,000	(95,610,877)	96,137,859	(684,981)			0	-	0
EDC Siklab Iloilo Power Corporation	-	-	-	-			-	-	-
PT EDC Indonesia	2,801,024	-	-	-			2,801,024	-	2,801,024
Southern Negros Geothermal, Inc.	-	-	-	-			-	-	-
Unified Leyte Geothermal Energy Inc.	-	-	-	-			-	-	-
EDC Geotermica Peru S.A.C.	680,381	-	-	(680,381)			-	-	-
EDC Chile Limitada	4,856,280	-	-	(4,856,280)			-	-	-
EDC Bright Solar Energy Holdings, Inc.	718,305	25,258	-	-			743,562	-	743,562
EDC Siklab Power Corporation	-	331,171	-	-			331,171	-	331,171
EDC Cleansolar Visayas Power Corporation	-	-	-	-			-	-	-
EDC Bayog Burgos Wind Power Corporation	212,019	25,693	-	-			237,711	-	237,711
EDC Pagali Burgos Wind Power Corporation	213,574	24,368	-	-			237,941	-	237,941
EDC Sinag Power Corporation	216,407	25,423	-	-			241,830	-	241,830
Iloilo 1 Renewable Energy Corporation	165,466	24,868	-	-			190,334	-	190,334
Matnog 1 Renewable Energy Corporation	-	-	-	-			-	-	-
Matnog 2 Renewable Energy Corporation	-	-	-	-			-	-	-
Matnog 3 Renewable Energy Corporation	-	-	-	-			-	-	-
Negros 1 Renewable Energy Corporation	-	-	-	-			-	-	-
EDC Wind Energy Holdings Inc. 2	17,383	(17,383)	-	-			-	-	-
Burgos 3 Renewable Energy Corporation	-	-	-	-			-	-	-
Burgos 4 Renewable Energy Corporation	-	-	-	-			-	-	-
Calaca Renewable Corporation	-	-	-	-			-	-	-
EDC Hong Kong International Investments Limited	1,248,239	-	-	-			1,248,239	-	1,248,239
<u>EDC Chile Limitada</u>									
EDC Geotermica SPA	27,009,586	2,273,819	-	-		(1,081,992)	28,201,413	-	28,201,413
EDC Chile Holdings SPA	3,660,389	1,102,754	-	-		(146,634)	4,616,509	-	4,616,509
<u>EDC Geothermal Corp.</u>									
Unified Leyte Geothermal Energy Inc.	-	-	-	-			-	-	-
Bac-Man Energy Development Corporation	1,000	-	-	-			1,000	-	1,000
<u>Green Core Geothermal Inc.</u>									
Bac-Man Geothermal Inc.	-	12,334	-	(6,167)			6,167	-	6,167
Energy Development Corporation	-	13,447,679	3,981,525	(684,981)			16,744,223	-	16,744,223
EDC Burgos Wind Power Corporation	-	-	-	-			-	-	-
<u>Bac-Man Geothermal Inc.</u>									
First Gen Hyrdro Power Corporation	-	(12,223,100)	-	51,184,457			38,961,357	-	38,961,357
Energy Development Corporation	-	67,558,574	770,490	(24,923,938)			43,405,126	-	43,405,126
Green Core Geothermal Inc.	7,136,274	(7,424,912)	294,805	(6,167)			0	-	0

ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES
SCHEDULE C - Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
As of December 31, 2023

Name of Subsidiary	Balance at January 1, 2023	Additions	Amounts Collected	Offsetting	Reclassification	Cumulative Translation Adjustment	Current	Non- Current	Amount Eliminated
<u>Unified Levte Geothermal Energy Inc.</u> Energy Development Corporation	-						-	-	-
<u>EDC Burgos Wind Power Corporation</u> Energy Development Corporation	-	2,070	-	(2,070)			-	-	-
EDC Wind Energy Holdings Inc.	-						-	-	-
EDC Pagudpud Wind Power Corporation	43,609	-	-	-			43,609	-	43,609
<u>EDC Bright Solar Energy Holdings, Inc.</u> EDC Sinag Power Corporation	11,000						11,000	-	11,000
<u>EDC Hong Kong Limited</u> EDC Chile Limitada	105,961,380						105,961,380	-	105,961,380
EDC Geotermica SPA	26,864,500						26,864,500	-	26,864,500
PT EDC Indonesia	285,398,979	99,845,799					385,244,778	-	385,244,778
PT EDC Panas Bumi	9,544,234	2,741,000					12,285,234	-	12,285,234
<u>PT EDC Indonesia</u> PT EDC Panas Bumi	706,384	1,080					707,464	-	707,464
<u>PT EDC Panas Bumi</u> PT EDC Indonesia	1,143,377						1,143,377	-	1,143,377
<u>EDC Chile Holdings SPA</u> EDC Chile Limitada	606,433,689	27,062,732				(24,293,456)	609,202,965	-	609,202,965
EDC Geotermica SPA	1,659,272,082	37,858,678				(66,469,679)	1,630,661,081	-	1,630,661,081
<u>EDC Geotermica SpA</u> EDC Chile Limitada	37,783,592	3,723,220				(1,513,593)	39,993,218	-	39,993,218
<u>EDC Peru Holdings</u> EDC Energia Verde Peru S.A.C.	125,732,495	8,026,281				2,469,146	136,227,922	-	136,227,922
EDC Peru SAC	67,308	(68,630)				1,322	0	-	0
EDC Geotermica Del Sur	45,303					890	46,193	-	46,193
EDC Energia Azul	51,519					1,012	52,531	-	52,531
EDC Energia Peru	55,785					1,096	56,881	-	56,881
EDC Energia Geotermica	44,057					865	44,922	-	44,922
EDC Progreso Geotermico Peru SAC	51,739					1,016	52,755	-	52,755
EDC Energia Renovable	45,449					893	46,342	-	46,342
Geotermica Crucero	4,816,946					94,596	4,911,542	-	4,911,542
Geotermica Tutupaca	11,199,656					219,940	11,419,596	-	11,419,596
Geotermica Loriscola	276,562					5,431	281,993	-	281,993
<u>EDC Energia Verde Peru S.A.C.</u> EDC Energia Verde Peru S.A.C.	630,596	447,413				12,384	1,090,393	-	1,090,393
<u>Energy Development Corporation Peru SAC</u> EDC Energia Verde Peru S.A.C.	275,555,604	2,371,100				5,411,386	283,338,090	-	283,338,090
TOTAL	3,865,882,821	564,203,355	(286,278,321)	(5,586,517)	-	(85,330,175)	4,052,891,162	-	4,052,891,162

ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES
SCHEDULE D - Long-term Debt
As of December 31, 2023

Title of Issue and Type of Obligation	Amount Authorized by Indenture			Balance at December 31, 2023		Current Portion of Long-Term Debt		Long-Term Debt (Net of Current)		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	\$ 19,018,522	1,053,055,565	\$ 2,738,623	151,637,550	\$ 16,279,899	901,418,015	2% margin + 6M Term SOFR + Credit Adjustment Spread (CAS)	various		various	30 semi annual payments	October 23, 2029
ECA Debt Facility US\$150 Million	\$ 150,008,771	6,721,520,705	44.81	\$ 75,810,278	4,197,615,090	\$ 10,859,571	601,294,437	\$ 64,950,707	3,596,320,653	2.35% margin + 6M Term SOFR + CAS	various		various	30 semi annual payments	October 23, 2029
US\$50 Million Mizho Loan	\$ 50,000,000	2,616,500,000	52.33	\$ 49,903,543	2,763,484,308	\$ -	-	\$ 49,903,543	2,763,484,308	6.57283% until next repricing date in March 2024	\$ 25,000,000	52.33	1,308,250,000	2 bullet payments	March 24, 2027
Domestic Loans:															
IFC 2 - P3.3 Billion	₱ 3,262,500,000	3,262,500,000		₱ 487,095,849	487,095,849	₱ 242,355,460	242,355,460	₱ 244,740,389	244,740,389	4.78% from June 22, 2018 to April 15, 2021; and 4.68% from April 16, 2021 until maturity 7.8048%	₱ 125,606,250		125,606,250	26 semi-annual payments	October 15, 2025
IFC 3 - P4.8 Billion	₱ 4,804,000,000	4,804,000,000		₱ 3,108,177,056	3,108,177,056	₱ 324,144,429	324,144,429	₱ 2,784,032,627	2,784,032,627		₱ 165,641,920		165,641,920	29 semi-annual payments	March 15, 2033
DBP PHP291.2M Term Loan	₱ 291,200,000	291,200,000		₱ 156,204,404	156,204,404	₱ 22,253,863	22,253,863	₱ 133,950,541	133,950,541	5.50%	₱ 11,200,000		11,200,000	26 semi-annual payments	December 17, 2030
UBP PHP1.5B Term Loan	₱ 1,500,000,000	1,500,000,000		₱ 1,048,266,929	1,048,266,929	₱ 149,261,502	149,261,502	₱ 899,005,427	899,005,427	5.25%	₱ various		various	20 semi-annual payments	December 5, 2026
SBC PHP1B Term Loan	₱ 1,000,000,000	1,000,000,000		₱ 786,597,512	786,597,512	₱ 59,469,567	59,469,567	₱ 727,127,945	727,127,945	5.5788%	₱ various		various	28 semi-annual payments	December 5, 2031
UBP PHP2B Term Loan	₱ 2,000,000,000	2,000,000,000		₱ 1,129,073,584	1,129,073,584	₱ 132,448,736	132,448,736	₱ 996,624,848	996,624,848	5.4382%	₱ 66,666,667		66,666,667	30 semi-annual payments	April 10, 2032
SBC PHP3B Term Loan	₱ 3,000,000,000	3,000,000,000		₱ 1,257,232,640	1,257,232,640	₱ 358,696,588	358,696,588	₱ 898,536,052	898,536,052	5.3166%	₱ various		various	20 semi-annual payments	May 4, 2027
BPI PHP1B Term Loan	₱ 1,000,000,000	1,000,000,000		₱ 419,205,493	419,205,493	₱ 119,631,629	119,631,629	₱ 299,573,864	299,573,864	5.2059%	₱ various		various	20 semi-annual payments	June 1, 2027
SBC PHP1B Term Loan	₱ 1,000,000,000	1,000,000,000		₱ 564,495,302	564,495,302	₱ 66,219,074	66,219,074	₱ 498,276,228	498,276,228	5.4277%	₱ 33,333,333		33,333,333	30 semi-annual payments	May 4, 2032
SBC PHP500M Term Loan	₱ 500,000,000	500,000,000		₱ 282,229,602	282,229,602	₱ 33,105,976	33,105,976	₱ 249,123,626	249,123,626	5.4904%	₱ 16,666,667		16,666,667	30 semi-annual payments	May 4, 2032
BPI P3.0 Billion Term Loan	₱ 3,000,000,000	3,000,000,000		₱ 2,239,727,144	2,239,727,144	₱ 297,279,795	297,279,795	₱ 1,942,447,349	1,942,447,349	5.1323%	₱ various		various	18 semi-annual payments	April 15, 2030
BPI P3.0 Billion Term Loan	₱ 3,000,000,000	3,000,000,000		₱ 2,239,447,752	2,239,447,752	₱ 297,167,577	297,167,577	₱ 1,942,280,175	1,942,280,175	3.56%	₱ various		various	18 semi-annual payments	April 15, 2030
BDO P4.5 Billion Loan	₱ 4,500,000,000	4,500,000,000		₱ 3,499,257,133	3,499,257,133	₱ 533,980,035	533,980,035	₱ 2,965,277,098	2,965,277,098	4.25% until next repricing date in 2025	₱ various		various	20 semi-annual payments	September 10, 2030
BDO P2.0 Billion Loan	₱ 2,000,000,000	2,000,000,000		₱ 1,554,454,251	1,554,454,251	₱ 237,117,970	237,117,970	₱ 1,317,336,281	1,317,336,281	4.25% until next repricing date in 2026	₱ various		various	20 semi-annual payments	September 10, 2030
Fixed Rate ASEAN Green Bonds Series A	₱ 2,500,000,000	2,500,000,000		₱ 2,494,412,166	2,494,412,166	₱ 2,494,412,166	2,494,412,166	₱ -	-	2.8565%	₱ 2,500,000,000		2,500,000,000	bullet payment	June 25, 2024
Fixed Rate ASEAN Green Bonds Series B	₱ 2,500,000,000	2,500,000,000		₱ 2,481,995,667	2,481,995,667	₱ -	-	₱ 2,481,995,667	2,481,995,667	3.7305%	₱ 2,500,000,000		2,500,000,000	bullet payment	June 25, 2026
BPI P2.0 Billion Term Loan	₱ 2,000,000,000	2,000,000,000		₱ 1,895,021,866	1,895,021,866	₱ 199,028,117	199,028,117	₱ 1,695,993,749	1,695,993,749	7.75% until next repricing date in March 2024	₱ various		various	18 semi-annual payments	March 21, 2032
BPI P2.0 Billion Term Loan	₱ 2,000,000,000	2,000,000,000		₱ 1,888,412,890	1,888,412,890	₱ 196,919,239	196,919,239	₱ 1,691,493,651	1,691,493,651	6.6060% until next repricing date in March 2024	₱ various		various	18 semi-annual payments	March 21, 2032
BPI P3.0 Billion Term Loan	₱ 3,000,000,000	3,000,000,000		₱ 2,977,675,988	2,977,675,988	₱ 445,692,990	445,692,990	₱ 2,531,982,998	2,531,982,998	6.0202% until next repricing date in March 2024	₱ various		various	17 semi-annual payments	March 21, 2032
UBP P1.0 Billion Term Loan	₱ 1,000,000,000	1,000,000,000		₱ 844,681,246	844,681,246	₱ 98,893,922	98,893,922	₱ 745,787,324	745,787,324	5.831567% until next repricing date in March 2027	₱ 50,000,000		50,000,000	20 semi-annual payments	March 24, 2032
SBC P2.6 Billion Term Loan	₱ 2,600,000,000	2,600,000,000		₱ 2,196,002,265	2,196,002,265	₱ 257,115,788	257,115,788	₱ 1,938,886,477	1,938,886,477	5.7829% until next repricing date in April 2027	₱ 130,000,000		130,000,000	20 semi-annual payments	April 19, 2032
CTBC P1.5 Billion Term Loan	₱ 1,500,000,000	1,500,000,000		₱ 1,264,134,512	1,264,134,512	₱ 146,477,570	146,477,570	₱ 1,117,656,942	1,117,656,942	6.1869%	₱ various		various	10 semi-annual payments	June 8, 2027

ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES
SCHEDULE D - Long-term Debt
As of December 31, 2023

Title of Issue and Type of Obligation	Amount Authorized by Indenture		Balance at December 31, 2023		Current Portion of Long-Term Debt		Long-Term Debt (Net of Current)		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	
BDO P2.0 Billion Term Loan	₱ 2,000,000,000	2,000,000,000	₱ 1,794,706,375	1,794,706,375	₱ 199,131,977	199,131,977	₱ 1,595,574,398	1,595,574,398	6.6871% until next repricing date in March 2024	₱ 100,000,000	100,000,000	20 semi-annual payments	September 3, 2032
BDO P3.0 Billion Term Loan	₱ 3,000,000,000	3,000,000,000	₱ 2,683,575,152	2,683,575,152	₱ 297,039,677	297,039,677	₱ 2,386,535,475	2,386,535,475	6.6871% until next repricing date in March 2024	₱ 150,000,000	150,000,000	20 semi-annual payments	September 3, 2032
CBC P2.0 Billion Term Loan	₱ 2,000,000,000	2,000,000,000	₱ 1,795,596,226	1,795,596,226	₱ 199,292,693	199,292,693	₱ 1,596,303,533	1,596,303,533	7.0488% until next repricing date in April 2024	₱ 100,000,000	100,000,000	20 semi-annual payments	October 5, 2032
CBC P2.0 Billion Term Loan	₱ 2,000,000,000	2,000,000,000	₱ 1,787,937,353	1,787,937,353	₱ 194,100,270	194,100,270	₱ 1,593,837,083	1,593,837,083	7.0488% until next repricing date in April 2024	₱ various	various	19 semi-annual payments	October 5, 2032
BDO P2.0 Billion Term Loan	₱ 2,000,000,000	2,000,000,000	₱ 1,985,219,658	1,985,219,658	₱ 197,684,658	197,684,658	₱ 1,787,535,000	1,787,535,000	6.6992% until next repricing date in March 2024	₱ 100,000,000	100,000,000	20 semi-annual payments	September 1, 2033
PHP 5.6 Billion Commercial Debt Facility	₱ 5,610,429,890	5,610,429,890	₱ 2,859,429,291	2,859,429,291	₱ 412,795,194	412,795,194	₱ 2,446,634,097	2,446,634,097	2% + PDST-F rate	₱ various	various	30 semi annual payments	October 23, 2029
TOTAL		75,586,528,787		55,734,420,269		8,964,648,449		46,769,771,820					

ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES

SCHEDULE E - Indebtedness to Related Parties

As of December 31, 2023

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, 2023

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, 2023

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	17,041.572772		7,494.999999 (43.9807%) 9,223.249810 (54.1221%) 148.910559 (0.8738%) 145.092918 (0.8514%)	11.000012 (0.0645%)
Preferred Stock (Voting)	15,000	9,375		9,375 (100%)	
Preferred Stock (Non-voting)	300,000,000	-			

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

Energy Development Corporation and Subsidiaries

Ratio	Formula	December 2023	December 2022
Current ratio	Dividing total current assets over total current liabilities	1.31	1.40
Solvency ratio	Dividing net income excluding depreciation and non-cash provisions over total debt obligations	0.39	0.35
Debt-to-equity ratio	Dividing total interest-bearing debts over stockholders' equity	0.67	0.71
Asset-to-equity ratio	Dividing total assets over total stockholders' equity	1.99	1.98
Interest rate coverage ratio	Dividing earnings before interest and taxes of one period over interest expense of the same period	5.78	5.70
Net debt-to-equity ratio	Dividing total interest-bearing debts less cash and cash equivalents over total stockholders' equity	0.46	0.47
Return on equity (%)	Dividing the net income (annual basis) by total stockholders' equity (average)	18.11%	15.51%
Return on assets (%)	Dividing the net income (annual basis) by the total assets (average)	9.10%	7.70%

2023 Audit and Governance Committee Report

The Board of Directors

Energy Development Corporation

The Audit and Governance Committee (AGC) assists the Board of Directors (Board) in fulfilling its oversight responsibility as regards: a) the integrity of the Company's financial reporting process; b) the effectiveness and soundness of its internal control environment; c) the adequacy of its audit functions, both external and internal; and d) the Company's compliance with rules, policies, laws, regulations, and contracts.

In fulfilling our responsibilities as stated in the AGC Charter and the Company's Manual on Corporate Governance (CG Manual), we confirm that:

Financial Reporting and Disclosures

- We have reviewed with Management and the external auditor (SGV & Co.) the annual audited financial statements and the quarterly interim financial reports and endorsed these to the Board for approval and release to regulatory agencies and creditors. Our review included discussions on the appropriateness of accounting policies adopted by Management, the reasonableness of estimates, assumptions and judgments used in the preparation of the financial statements, the impact of new accounting standards and interpretations, and other key accounting issues and audit results as highlighted by the external auditor.

Internal Control

- We have monitored the effectiveness of the internal control environment through various measures such as the review of the results of the external audit regarding internal control issues; exercising functional responsibility over Internal Audit and the Corporate Governance and Housekeeping Team of the Legal Services Division (CG&H of the LSD), and receiving reports on work done in assessing key governance, risk management, and control components; discussing with Management the major control issues and recommendations to improve policies and processes; and promoting a culture of integrity and ethical values in the Company.

Based on the results of the assurance activities performed by the Company's Internal Audit, the external auditor's unqualified opinion on the financial statements, and discussions with Management, the AGC assessed that the Company's systems of internal controls, risk management, and governance processes are adequate and generally effective.

External and Internal Audit

- We have reviewed the overall scope and audit plan of the external auditor. We also reviewed and affirmed the Management's evaluation on the performance of the external auditor (for the 2022 financial statements audit) and approved the re-engagement of SGV & Co. for another year (for the 2023 audit).

- We have approved the non-audit services rendered by the external auditor.
- We have approved the Internal Audit's annual plan and confirmed that independence is maintained, the scope of work is sufficient, and resources are adequate.

Compliance and Corporate Governance

- We have monitored the Company's compliance with applicable laws, rules and regulations, and relevant Company policies based on the reports from external and internal audit, CG&H team, and discussions with management.
- We have supported the Company's initiatives to strengthen its corporate governance framework by providing full support to the Company's efforts in (i) maintaining compliance with the Revised Corporation Code and other laws, rules, and regulations on corporate governance, in particular, the Code of Corporate Governance for Public Companies and Registered Issuers, (ii) benchmarking CG practices with comparable companies, (iii) improving the CG evaluation system, and (iv) ensuring that our directors, senior executives, and key officers comply with the CG requirements, including on reporting and disclosure, as well as on CG trainings.

Committee Membership and Meetings

- As approved by the Board of Directors on June 14, 2023 and as disclosed and reported to the SEC, the composition of the AGC was changed effective July 1, 2023. The number of members was reduced from seven (7) to six (6) while retaining the majority of the incumbent members. Director Richard B. Tantoco was elected as new member to replace Director Francis Giles B. Puno who was appointed as the new Chief Executive Officer of the Company. Director Joaquin E. Quintos IV tendered his resignation as Director of EDC to focus on other businesses.
- We conducted five (5) meetings in 2023. AGC Chairman M. I. Ayala, Directors S. C. Quiniones, and C. Low Eu Sun attended all the meetings, Director TGS. G. Lara attended four (4) meetings, Director J. C. Russell attended three (3) meetings, Director J. E. Quintos IV attended one (1) meeting, and Director R. B. Tantoco has not attended any meetings¹.

Assessment of Performance

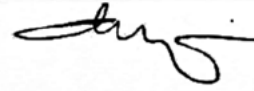
- We have assessed our performance for the year 2023 based on the guidelines and suggested parameters set by the SEC. The assessment results showed that the AGC Charter remains fully compliant with the suggested parameters of SEC and the committee generally complied with the requirements set forth in the AGC Charter and the Company's CG Manual.

February 22, 2024

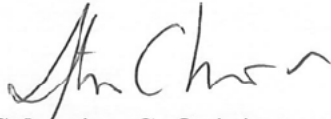
¹ Director R. B. Tantoco has been on medical leave since July 1, 2023.



Manuel I. Ayala
Chairman
(September 2016 to present)



Christopher Low Eu Sun
Member
(May 2021 to present)



Sebastian C. Quiniones, Jr.
Member
(May 2021 to present)

Jonathan C. Russell
Member
(August 2017 to present)



Teresa Grace Socorro G. Lafa
Member
(May 2021 to present)



Richard B. Tantoco
Member
(July 2023 to present)

Material Service Contracts and Agreements with the Government

Geothermal Renewable Energy Service Contracts

The Company and its subsidiaries currently have thirteen (13) service contracts with the Government for the exploration and utilization of geothermal energy. Three (3) Geothermal Operating Contracts (GOCs) cover geothermal power plant operations, and ten (10) geothermal contract areas are covered by Geothermal Renewable Energy Service Contracts (GRESCs) and Geothermal Service Contracts (GSCs) under the RE Act. The Company's existing geothermal contracts cover the following:

- GRESG
 - Tongonan, Kananga, Leyte
 - Southern Negros, Valencia, Negros Oriental
 - Bacon-Manito, Albay-Sorsogon
 - Mt. Apo, Kidapawan City, North Cotabato
 - Northern Negros, Negros Occidental
- GSC
 - Amacan Geothermal Project, Davao de Oro (Compostela Valley)
 - Mt. Zion 2 Geothermal Power Project, North Cotabato – Davao del Sur
 - Mainit-Sadanga Geothermal Power Project, Mountain Province
 - Mt. Sembrano Geothermal Power Project, Pililla and Jalajala Rizal; Pangil and Pakil Laguna
 - Buguias-Tinoc Geothermal Power Project, Buguias and Tinoc, Ifugao
- GOC
 - Palinpinon Geothermal Power Plants in Valencia, Negros Oriental
 - Tongonan Geothermal Power Plant in Kananga, Leyte
 - Bacon-Manito Geothermal Power Plants in Albay-Sorsogon

The service contracts for the (i) Tongonan; (ii) Southern Negros; (iii) Bacon-Manito; (iv) Mt. Apo; and (v) Northern Negros are in the form of GRESGs. (i) Amacan; (ii) Mt. Zion 2; (iii) Mainit-Sadanga; (iv) Mt. Sembrano; and (v) Buguias-Tinoc contract areas are in the form of GSCs. The contract for the (i) Palinpinon; (ii) Tongonan and (iii) Bacon-Manito geothermal power plants are in the form of GOCs. The GRESGs, GSCs and the GOCs were entered into pursuant to the RE Act. Generally, under the service contracts, the Company is appointed as the exclusive party to conduct geothermal operations on behalf of the Government in the relevant contract area and agrees to provide the necessary services, technology and financing for the geothermal operations contemplated therein, and assumes the financial risks for those operations.

Four of the Company's five (5) GRESG contract areas, specifically Tongonan, Southern Negros, Bacon-Manito, and Mt. Apo, are in commercial operation. The GRESGs for the first three (3) contract areas have a term until 2031 (extendible until 2056) while that for Mt. Apo will expire in 2042. The Company's GRESG 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 Bago Binary Geothermal Power Plant (BBGPP).

The service contract for Amacan has continued its pre-development stage at the end of 2023. Mt. Zion 2's GSC has been converted to the new RE contract template per DOE Department Circular No. DC2019-10-0013, with the pre-development period expiring in 2028. The Mainit-Sadanga GSC, issued in October 2021, provides for a seven-year pre-development period, or until 2028. Additionally, two (2) GSCs, namely Mt. Sembrano and Buguias-Tinoc, were awarded to EDC after winning the bid pursuant to Department Circular No. 2023-06-0019, "Adopting the Guidelines Governing the 4th Open and Competitive Selection Process (OCSP4) in the Award of Renewable Energy Service Contracts, and for Other Purposes". All the above-mentioned projects are in various stages of pre-development

activities. These sites hold potential geothermal resources in commercial quantity, and if discovered during the pre-development stage, each service contract shall, with respect to any production area delineated therein, remain in force for the balance of a 25-year period. It is renewable for an additional 25 years if the Company is not in default of its obligations under the service contract.

Under each of the service contracts, all materials, equipment, plants and other installations that are erected or placed on the contract area shall remain the property of the Company throughout the term of the RE Contract and after termination thereof. The Company shall be given one year to remove these facilities; otherwise ownership shall be vested in the Government.

Under the service contracts, the Company must pay government share to the Government and host local government units, from the proceeds derived from the geothermal operations. Under the GRESCs, GSCs, and GOCs, the Company must pay a government share equal to 1.5% of the income derived from the sale of geothermal steam or electricity produced and other incidental income, in addition to income tax payable by the Company.

Wind Energy Service Contracts

The Company holds fifteen (15) WESCs with the DOE. The wind service contracts cover the following:

- 150-MW Wind Project in Burgos, Ilocos Norte;
- Pagudpud Wind Project in Pagudpud, Ilocos Norte;
- Burgos 1 Wind Project in Burgos, Ilocos Norte;
- Burgos 2 Wind Project in Burgos, Ilocos Norte;
- Burgos 3 Wind Project in Burgos and Pasuquin, Ilocos Norte;
- Burgos 4 Wind Project in Burgos, Ilocos Norte;
- Iloilo 1 Wind Project in Batad & San Dionisio, Iloilo;
- Ilocos Norte Wind Project in Burgos and Pasuquin, Ilocos Norte;
- Pasuquin Wind Project in Pasuquin Ilocos Norte;
- Guimaras Onshore Wind Project in Guimaras;
- Guimaras 1 Offshore Wind Project in Guimaras;
- Iloilo-Guimaras Offshore Wind Project in Guimaras;
- Guimaras-Negros Occidental Offshore Wind Project in Guimaras;
- Laguna 1 Onshore Wind Project in Laguna; and
- Negros Occidental Offshore Wind Project in Negros Occidental

EDC Burgos Wind Power Corporation (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 has been 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 added 63 MW of wind power capacity. The DOE's confirmation of the expansion project's commerciality was secured in December 2013. The project started commercial operations in November 2014.

On the other hand, the WESC for the Pagudpud Wind Project was assigned by EDC to EDC Pagudpud Wind Power Corporation (EPWPC) in June 2012. EPWPC submitted a DOC for this project in February 2013, and the same was confirmed by the DOE in June 2014.

The WESCs for Burgos 1 and Burgos 2 were signed in December 2013, while the WESCs for Iloilo 1 and Negros were signed in August 2014. Further, WESCs for Burgos 3 and Burgos 4 were signed in December 2015 and WESCs for Ilocos Norte and Pasuquin were signed in June 2021. Lastly, the

WESCs for Guimaras Onshore, Guimaras 1 Offshore, Iloilo-Guimaras Offshore, Guimaras-Negros Occidental Offshore, Laguna 1 Onshore and Negros Occidental Offshore were all signed in 2022.

Under the WESCs, the Company is obligated to provide the services, technology, equipment and financing for the wind energy operations contemplated by the WESC. The Company assumes the financial risks in case 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 Company shall submit a DOC 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 Company is required to undertake exploration, assessment, harnessing, piloting, and other studies of wind resources. Upon submission by the Company and the confirmation by the DOE of a DOC within the pre-development stage, the WESC remains in force for the balance of a period of 25 years from the effective date and can be renewed for another 25 years if the Company has not been in default of any of its material obligations under the WESC.

Solar Energy Service Contracts

The Company holds two operational (2) SESCOs with the DOE. These service contracts cover areas in the following:

- 4.16-MW and 2.66-MW Burgos Solar Project in Burgos, Ilocos Norte; and
- Gaisano Iloilo Solar Power Project in Iloilo City (Solar Rooftop).

EDC developed the 4.16-MW Burgos Solar Project under the Burgos SESCO awarded in August 2014. In the same month, EDC submitted a DOC for the project. The project started commercial operations in March 2015.

Under the same contract, EDC also developed a 2.66-MW solar farm, which is the Burgos Solar Phase 2 Project. EDC submitted its DOC for the project in May 2015. The project started commercial operations in January 2016.

The SESCO for Gaisano Iloilo Solar Power Project was signed in February 2017 and the Project has been operational since March 2017.

Under the SESCOs, the Company is obligated to provide the services, technology, equipment, and financing for the solar energy operations contemplated by the SESCO. The Company assumes the financial risks in case it is determined during the pre-development stage that solar resources in the contract area do not justify commercial development.

Under the DOE's guidelines covering the existing SESCOs of the Company, the SESCO is effective for a non-extendible period of two (2) years provided that the failure of the Company to accomplish the first annual milestones, set forth by the DOE and as indicated in the Work Program, shall result in the expiration of the RE Contract. However, the submission of a DOC at any time during the pre-development stage and the confirmation thereof by the DOE shall supersede the milestone requirement.

Within the pre-development stage of the solar energy operation, the Company is required to undertake exploration, assessment, harnessing, piloting, and other studies of solar resources. Upon submission by the Company and the confirmation by the DOE of a declaration of commerciality within the pre-development stage, the SESCO remains in force for the balance of a period of 25 years from the effective date and can be renewed for another 25 years if the Company has not been in default of any of its material obligations under the SESCO.