

First Gen Corporation and Subsidiaries

Consolidated Financial Statements
December 31, 2024 and 2023
and Years Ended December 31, 2024, 2023
and 2022
(In U.S. Dollars)

and

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

The Board of Directors and the Stockholders
First Gen Corporation

Opinion

We have audited the consolidated financial statements of First Gen Corporation and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, 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, 2024, 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, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2024 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

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 Associated with the Acquisition of Energy Development Corporation (EDC)

Under PFRS Accounting Standards, the Group is required to annually test the recoverability of goodwill. As at December 31, 2024, the Group has goodwill amounting to US\$834.6 million, of which US\$781.7 million resulted from its acquisition of EDC in 2007. 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 higher level of estimation uncertainty on the estimation process, specifically, the budgeted gross margin, growth rate and discount rate.

The related disclosures on the Group's goodwill are included in Notes 3 and 11 to the consolidated financial statements.

Audit Response

We involved our internal specialist in evaluating the assumptions and methodology used. These assumptions include budgeted gross margin, growth rate and discount rate. We compared the forecasted cash flow assumptions used in the recoverability testing, such as budgeted gross margin, against the historical performance of EDC. We also compared against historical information the estimated volume and price of electricity to be sold to contracted customers and to the spot market. In addition, we compared the long-term growth rate used with those reflected in published economic forecasts, as well as relevant industry outlook. Likewise, we evaluated the discount rate used and assessed whether this is consistent with market participant assumptions for similar assets. We also reviewed the 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.

Accounting for the Acquisition of Casecan Hydro Electric Power Plant (CHEPP)

As disclosed in Note 2 to the consolidated financial statements, on February 25, 2024, Fresh River Lakes Corporation (FRLC), a wholly owned subsidiary of First Gen Corporation, signed and executed a Deed of Absolute Sale with Power Sector Assets and Liabilities Management Corporation and National Irrigation Administration for the acquisition of the 165MW CHEPP in Pantabangan, Nueva Ecija for a total consideration of \$526.0 million.

This acquisition was accounted for using the acquisition method under PFRS 3, *Business Combination*, where the Group performed a purchase price allocation (PPA) as disclosed in Note 11 to the consolidated financial statements.

We consider the accounting for this acquisition as a key audit matter due to the transaction's financial significance to the Group and the significant management judgment and estimation involved in the allocation of the purchase price and the determination of the fair value of the net assets acquired.



Audit Response

We reviewed and tested management's identification and fair value measurement of the acquired assets and liabilities. We reviewed the PPA prepared by management and assessed the reasonableness of the key assumptions and inputs used in determining the fair value of the net assets acquired by obtaining information through inquiry with the management and its internal and external experts. We involved our internal specialist to assist us in the review of the valuation methodology and key inputs and assumptions used by management and its external specialist in the fair valuation of the net identifiable assets acquired, and in the review of the PPA. We also reviewed the assessment of the estimated useful lives of the assets acquired performed by management and its external specialist and compared the same against industry practice. We assessed the competence, objectivity and capabilities of the internal and external experts involved by management. We also reviewed the related disclosures in the consolidated financial statements as required under PFRS 3.

Other Information

Management is responsible for the other information. The other information comprises the SEC Form 17-A for the year ended December 31, 2024 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, 2024, 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 PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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



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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.



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

SYCIP GORRES VELAYO & CO.



Leovina Mae V. Chu

Partner

CPA Certificate No. 99910

Tax Identification No. 209-316-911

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-096-2023, September 12, 2023, valid until September 11, 2026

PTR No. 10465284, January 2, 2025, Makati City

March 20, 2025



FIRST GEN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in U.S. Dollars and in Thousands)

	December 31	
	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 5, 23 and 24)	\$676,798	\$974,567
Receivables (Notes 6, 17, 23, 24 and 25)	529,569	492,485
Inventories (Notes 7 and 17)	299,392	248,780
Financial assets at fair value through profit or loss (FVPL) (Notes 8, 23 and 24)	1,173	362
Other current assets (Notes 9, 14, 23 and 24)	78,762	156,365
Total Current Assets	1,585,694	1,872,559
Noncurrent Assets		
Property, plant and equipment (Notes 10, 14 and 25)	3,200,561	2,763,723
Goodwill and intangible assets (Notes 3 and 11)	1,165,546	888,307
Deferred income tax assets (Note 21)	21,060	22,102
Other noncurrent assets (Notes 12, 23, 24 and 25)	621,886	579,966
Total Noncurrent Assets	5,009,053	4,254,098
TOTAL ASSETS	\$6,594,747	\$6,126,657
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Notes 13, 17, 18, 23, 24 and 25)	\$710,020	\$771,646
Dividends payable (Notes 16, 23 and 24)	427	446
Income tax payable (Note 21)	14,259	9,432
Loans payable (Notes 14, 23 and 24)	47,000	133,580
Current portion of:		
Long-term debts (Notes 10, 14, 23 and 24)	261,180	319,121
Lease liabilities (Notes 15 and 25)	59,991	54,296
Derivative liabilities (Notes 23 and 24)	-	755
Total Current Liabilities	1,092,877	1,289,276
Noncurrent Liabilities		
Long-term debts - net of current portion (Notes 10, 14, 23 and 24)	1,659,507	1,136,347
Retirement and other post-employment benefits (Note 20)	55,565	63,085
Deferred income tax liabilities (Note 21)	19,315	18,829
Other noncurrent liabilities (Notes 15 and 25)	318,330	317,994
Total Noncurrent Liabilities	2,052,717	1,536,255
Total Liabilities	3,145,594	2,825,531

(Forward)



	December 31	
	2024	2023
Equity Attributable to Equity Holders of the Parent Company		
(Notes 2, 16 and 17)		
Redeemable preferred stock (Note 1)	\$85,667	\$85,667
Common stock (Note 1)	75,123	75,123
Additional paid-in capital (Note 1)	1,324,444	1,324,444
Cumulative translation adjustments (Notes 16 and 24)	(387,160)	(277,693)
Accumulated unrealized gain on financial assets at fair value through other comprehensive income (FVOCI) (Note 12)	960	912
Equity reserve (Note 2)	(232,965)	(232,965)
Retained earnings (Note 16)	2,543,740	2,347,594
Cost of stocks held in treasury (Notes 1 and 16):		
Redeemable preferred stock	(620,741)	(620,741)
Common stock	(26,169)	(26,169)
	2,762,899	2,676,172
Equity Attributable to Non-controlling Interests		
(Notes 2 and 16)		
	686,254	624,954
Total Equity	3,449,153	3,301,126
TOTAL LIABILITIES AND EQUITY	\$6,594,747	\$6,126,657

See accompanying Notes to Consolidated Financial Statements.



FIRST GEN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Amounts in U.S. Dollars and in Thousands, Except Per Share Data)

	Years Ended December 31		
	2024	2023	2022
REVENUES FROM SALE OF			
ELECTRICITY (Notes 4, 25 and 26)	\$2,407,978	\$2,474,748	\$2,666,706
COSTS OF SALE OF ELECTRICITY			
(Notes 7, 10, 11, 13, 18, 25 and 26)	(1,647,965)	(1,688,870)	(1,913,676)
GENERAL AND ADMINISTRATIVE			
EXPENSES (Notes 3, 6, 7, 10, 11, 12, 18, 20 and 25)	(265,078)	(235,257)	(220,019)
FINANCIAL INCOME (EXPENSE)			
Interest income (Notes 5, 9, 12 and 19)	24,877	33,814	9,212
Interest expense and financing charges (Notes 14, 15, 19 and 25)	(114,162)	(96,441)	(83,288)
	(89,285)	(62,627)	(74,076)
OTHER INCOME (CHARGES)			
Foreign exchange gains (losses) - net	6,366	161	(1,612)
Proceeds from insurance claims (Note 25)	6,356	38,737	10,120
Mark-to-market gain (loss) on financial assets at FVPL (Notes 8, 23 and 24)	35	(73)	(9)
Others - net (Notes 10, 12, 14, 17 and 24)	1,966	3,525	(3,653)
	14,723	42,350	4,846
INCOME BEFORE INCOME TAX	420,373	530,344	463,781
PROVISION FOR (BENEFIT FROM)			
INCOME TAX (Note 21)			
Current	80,364	87,292	89,283
Deferred	2,195	(6,281)	4,986
	82,559	81,011	94,269
NET INCOME	\$337,814	\$449,333	\$369,512
Net income attributable to:			
Equity holders of the Parent Company	\$252,919	\$312,204	\$261,390
Non-controlling interests	84,895	137,129	108,122
	\$337,814	\$449,333	\$369,512
Basic/Diluted Earnings Per Share for Net			
Income Attributable to Equity Holders of			
the Parent Company (Note 22)	\$0.070	\$0.087	\$0.071

See accompanying Notes to Consolidated Financial Statements.



FIRST GEN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in U.S. Dollars and in Thousands)

	Years Ended December 31		
	2024	2023	2022
NET INCOME	\$337,814	\$449,333	\$369,512
OTHER COMPREHENSIVE INCOME (LOSS):			
<i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:</i>			
Unrealized gains (losses) on debt instruments at FVOCI (Note 12)	4	214	(387)
Exchange gains (losses) on foreign currency translation	(137,709)	17,679	(192,432)
Net gains (losses) on cash flow hedges - net of tax (Note 24)	(64)	(1,361)	12,223
	(137,769)	16,532	(180,596)
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:</i>			
Unrealized gain on equity instruments at FVOCI (Note 12)	155	328	328
Re-measurement gain (loss) of retirement and other post-employment benefits - net of tax (Note 20)	(576)	(12,996)	2,872
	(421)	(12,668)	3,200
Total other comprehensive income (loss) - net of tax	(138,190)	3,864	(177,396)
TOTAL COMPREHENSIVE INCOME	\$199,624	\$453,197	\$192,116
Total comprehensive income attributable to:			
Equity holders of the Parent Company	\$143,100	\$320,280	\$131,522
Non-controlling interests	56,524	132,917	60,594
	\$199,624	\$453,197	\$192,116

See accompanying Notes to Consolidated Financial Statements.



FIRST GEN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022
(Amounts in U.S. Dollars and in Thousands)

Equity Attributable to Equity Holders of the Parent Company (Notes 2, 16 and 17)

	Capital Stock		Additional Paid-in Capital	Cumulative Translation Adjustments	Accumulated Unrealized Gain on Financial Assets at FVOCI	Equity Reserve (Note 2)	Re-measurement of Retirement and Other Post-Employment Benefits	Retained Earnings	Cost of Stocks Held in Treasury		Subtotal	Equity Attributable to Non-controlling Interests	Total
	Redeemable Preferred Stock	Common Stock							Redeemable Preferred Stock	Common Stock			
BALANCES AT JANUARY 1, 2024	\$85,667	\$75,123	\$1,324,444	(\$277,693)	\$912	(\$232,965)	\$-	\$2,347,594	(\$620,741)	(\$26,169)	\$2,676,172	\$624,954	\$3,301,126
Total comprehensive income (loss)	-	-	-	(109,467)	73	-	(425)	252,919	-	-	143,100	56,524	199,624
Re-measurement of retirement and other post-employment benefits closed to retained earnings	-	-	-	-	-	-	425	(425)	-	-	-	-	-
Deposits for future stock subscription from Tokyo Gas (Note 15)	-	-	-	-	-	-	-	-	-	-	-	65,202	65,202
Purchase of treasury stocks by EDC	-	-	-	-	-	-	-	-	-	-	-	(1,512)	(1,512)
Accumulated unrealized gain on financial assets at FVOCI to retained earnings	-	-	-	-	(25)	-	-	25	-	-	-	30	30
Cash dividends on preferred stocks (Note 16)	-	-	-	-	-	-	-	(420)	-	-	(420)	-	(420)
Cash dividends on common stocks (Note 16)	-	-	-	-	-	-	-	(55,953)	-	-	(55,953)	-	(55,953)
Dividends to non-controlling shareholders of subsidiaries (Note 16)	-	-	-	-	-	-	-	-	-	-	-	(58,944)	(58,944)
BALANCES AT DECEMBER 31, 2024	\$85,667	\$75,123	\$1,324,444	(\$387,160)	\$960	(\$232,965)	\$-	\$2,543,740	(\$620,741)	(\$26,169)	\$2,762,899	\$686,254	\$3,449,153

Equity Attributable to Equity Holders of the Parent Company (Notes 2, 16 and 17)

	Capital Stock		Additional Paid-in Capital	Cumulative Translation Adjustments	Accumulated Unrealized Gain on Financial Assets at FVOCI	Equity Reserve (Note 2)	Re-measurement of Retirement and Other Post-Employment Benefits	Retained Earnings	Cost of Stocks Held in Treasury		Subtotal	Equity Attributable to Non-controlling Interests	Total
	Redeemable Preferred Stock	Common Stock							Redeemable Preferred Stock	Common Stock			
BALANCES AT JANUARY 1, 2023	\$85,667	\$75,123	\$1,324,444	(\$292,033)	\$664	(\$232,965)	\$-	\$2,099,938	(\$620,689)	(\$26,169)	\$2,413,980	\$545,637	\$2,959,617
Total comprehensive income (loss)	-	-	-	14,340	248	-	(6,512)	312,204	-	-	320,280	132,917	453,197
Re-measurement of retirement and other post-employment benefits closed to retained earnings	-	-	-	-	-	-	6,512	(6,512)	-	-	-	-	-
Transaction costs on redemption of Series "H" preferred stocks (Note 16)	-	-	-	-	-	-	-	-	(52)	-	(52)	-	(52)
Accumulated unrealized gain on financial assets at FVOCI to retained earnings	-	-	-	-	-	-	-	7	-	-	7	8	15
Cash dividends on preferred stocks (Note 16)	-	-	-	-	-	-	-	(434)	-	-	(434)	-	(434)
Cash dividends on common stocks (Note 16)	-	-	-	-	-	-	-	(57,609)	-	-	(57,609)	-	(57,609)
Dividends to non-controlling shareholders of subsidiaries (Note 16)	-	-	-	-	-	-	-	-	-	-	-	(53,608)	(53,608)
BALANCES AT DECEMBER 31, 2023	\$85,667	\$75,123	\$1,324,444	(\$277,693)	\$912	(\$232,965)	\$-	\$2,347,594	(\$620,741)	(\$26,169)	\$2,676,172	\$624,954	\$3,301,126



FIRST GEN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022
(Amounts in U.S. Dollars and in Thousands)

Equity Attributable to Equity Holders of the Parent Company (Notes 2, 16 and 17)

	Capital Stock		Additional Paid-in Capital	Cumulative Translation Adjustments	Accumulated Unrealized Gain on Financial Assets at FVOCI	Equity Reserve (Note 2)	Re-measurement of Retirement and Other Post- Employment Benefits	Retained Earnings	Cost of Stocks Held in Treasury		Subtotal	Equity Attributable to Non- controlling Interests	Total
	Redeemable Preferred Stock	Common Stock							Redeemable Preferred Stock	Common Stock			
BALANCES AT JANUARY 1, 2022	\$85,667	\$75,123	\$1,324,444	(\$160,918)	\$691	(\$232,965)	\$-	\$1,891,474	(\$519,337)	(\$26,169)	\$2,438,010	\$535,193	\$2,973,203
Total comprehensive income (loss)	-	-	-	(131,115)	(27)	-	1,274	261,390	-	-	131,522	60,594	192,116
Re-measurement of retirement and other post-employment benefits closed to retained earnings	-	-	-	-	-	-	(1,274)	1,274	-	-	-	-	-
Purchase of treasury stocks by EDC (Notes 2 and 16)	-	-	-	-	-	-	-	-	-	-	-	(32)	(32)
Redemption of Series "G" preferred stocks (Note 16)	-	-	-	-	-	-	-	-	(101,352)	-	(101,352)	-	(101,352)
Accumulated unrealized gain on financial assets at FVOCI to retained earnings	-	-	-	-	-	-	-	55	-	-	55	65	120
Cash dividends on preferred stocks (Note 16)	-	-	-	-	-	-	-	(4,355)	-	-	(4,355)	-	(4,355)
Cash dividends on common stocks (Note 16)	-	-	-	-	-	-	-	(49,900)	-	-	(49,900)	-	(49,900)
Dividends to non-controlling shareholders of subsidiaries (Note 16)	-	-	-	-	-	-	-	-	-	-	-	(50,183)	(50,183)
BALANCES AT DECEMBER 31, 2022	\$85,667	\$75,123	\$1,324,444	(\$292,033)	\$664	(\$232,965)	\$-	\$2,099,938	(\$620,689)	(\$26,169)	\$2,413,980	\$545,637	\$2,959,617

See accompanying Notes to Consolidated Financial Statements.



FIRST GEN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in U.S. Dollars and in Thousands)

	Years Ended December 31		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	\$420,373	\$530,344	\$463,781
Adjustments for:			
Depreciation and amortization (Notes 10, 11, 12 and 18)	277,691	229,469	217,063
Interest expense and financing charges (Note 19)	114,162	96,441	83,288
Gain on sale of property and equipment	6,453	(12)	(107)
Provision for impairment of trade and other receivables, prepaid expenses, and others (Notes 6 and 12)	5,822	268	12,738
Provision for (reversal of) impairment of spare parts and supplies inventories (Notes 7 and 18)	2,435	(1,254)	383
Unrealized foreign exchange losses (gains) - net	2,073	(2,267)	4,022
Write-off of debt issuance costs (Note 14)	1,398	-	-
Loss on direct write-off of input VAT claims (Note 12)	1,384	792	313
Interest income (Note 19)	(24,877)	(33,814)	(9,212)
Mark-to-market loss (gain) on derivatives - net (Note 24)	(4,797)	751	4,482
Write-off of asset retirement obligation (Note 15)	(516)	-	-
Mark-to-market loss (gain) on financial assets at FVPL (Note 8)	(35)	73	9
Provision for impairment of goodwill, property, plant and equipment, exploration and evaluation assets and other assets (Notes 2, 10, 11 and 12)	-	5,075	-
Income before working capital changes	801,566	825,866	776,760
Decrease (increase) in:			
Receivables	160,246	(71,250)	(85,332)
Inventories	(60,849)	(52,352)	611
Other current assets	79,042	(89,914)	35,922
Increase (decrease) in:			
Accounts payable and accrued expenses	(221,459)	195,726	(3,601)
Retirement and other post-employment benefits	(5,869)	6,040	834
Cash generated from operations	752,677	814,116	752,194
Interest received	24,877	33,814	9,212
Income taxes paid	(85,026)	(96,403)	(87,678)
Net cash flows from operating activities	692,528	751,527	646,728
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from:			
Redemption of financial assets at FVOCI (Note 12)	1,788	665	628
Redemption of financial assets at FVPL (Note 8)	122	25,750	214,083
Disposal of property and equipment (Note 10)	116	228	130
Additions to:			
Property, plant and equipment (Note 10)	(714,554)	(394,895)	(246,833)
Intangible assets (Note 11)	(327,706)	(1,269)	(989)
Exploration and evaluation assets (Note 12)	(8,651)	(2,089)	(1,335)
Financial assets at FVOCI (Note 12)	(1,776)	-	(1,848)
Financial assets at FVPL (Note 8)	(918)	(1,150)	(115,477)
Decrease in (additions to) other noncurrent assets	(132,850)	15,420	(128,104)
Net cash flows used in investing activities	(1,184,429)	(357,340)	(279,745)

(Forward)



	Years Ended December 31		
	2024	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Availment of long-term debt - net of debt issuance costs (Note 14)	\$967,399	\$211,689	\$409,281
Availment of loans payable (Notes 14 and 27)	100,400	172,080	72,364
Unwinding of derivatives (Note 24)	4,859	-	-
Payments of:			
Long-term debts (Note 14)	(452,219)	(362,641)	(450,802)
Loans payable (Notes 14 and 27)	(186,980)	(54,500)	(65,800)
Interest expense and financing charges (Notes 19 and 27)	(91,501)	(71,163)	(73,039)
Dividends to non-controlling shareholders of subsidiaries (Notes 16 and 27)	(58,944)	(53,608)	(50,183)
Dividends to common shareholders (Notes 16 and 27)	(55,946)	(84,702)	(24,208)
Lease liabilities (Notes 15 and 27)	(50,373)	(10,664)	(3,214)
Dividends to preferred shareholders (Notes 16 and 27)	(446)	(443)	(8,892)
Purchase of treasury stocks by EDC	(1,512)	-	(32)
Buyback of Series "G" preferred stocks (Note 16)	-	-	(101,352)
Increase in other noncurrent liabilities (Note 27)	22,449	20,266	22,919
Transaction costs on acquisition of Parent Company preferred stocks held by subsidiaries (Note 16)	-	(52)	-
Net cash flows from (used in) financing activities	197,186	(233,738)	(272,958)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
	(3,054)	(2,076)	(2,490)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
	(297,769)	158,373	91,535
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			
	974,567	816,194	724,659
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 5)			
	\$676,798	\$974,567	\$816,194

See accompanying Notes to Consolidated Financial Statements.



FIRST GEN CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in U.S. Dollars and in Thousands, Unless Otherwise Stated)

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

Corporate Information

First Gen Corporation (the Parent Company or First Gen) is incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on December 22, 1998. The Parent Company and its subsidiaries (collectively referred to as “First Gen Group”) are involved in the power generation business. All subsidiaries are incorporated in the Philippines, except for First Gen Singapore Pte. Ltd. (FGen SG), which is incorporated in Singapore, and certain subsidiaries of Energy Development Corporation (EDC) which are incorporated in BVI, Hong Kong, Peru, Chile and Indonesia (see Note 2).

On February 10, 2006, the Parent Company successfully completed the Initial Public Offering (IPO) in the Philippines of 193,412,600 common stocks, including the exercised greenshoe option of 12,501,700 common stocks, at an IPO price of ₱47.00 per share. The common stocks of the Parent Company are currently listed and traded on the First Board of the Philippine Stock Exchange, Inc. (PSE). First Gen is considered a public company under Section 17.2 of the Securities Regulation Code (SRC).

On January 22, 2010, the Parent Company likewise completed the Stock Rights Offering (the Rights Offering) of 2,142,472,791 rights shares in the Philippines at the proportion of 1.756 rights shares for every one existing common stock held as of the record date of December 29, 2009 at the offer price of ₱7.00 per rights share. The total proceeds from the Rights Offering amounted to ₱15.0 billion (\$319.2 million).

On July 25, 2011, the Parent Company issued ₱10.0 billion Series “F” Preferred Shares at a dividend rate of 8.0%. The Parent Company approved and authorized the issuance by way of private placement or issuance to Qualified Buyers of One Hundred Million (100,000,000) of its Series “F” Preferred Shares with a par value of ₱10.0 a share and an issue price of ₱100.0 a share. The Series “F” Preferred Shares were listed and traded on the First Board of the PSE until its full redemption in July 2018. Total proceeds of the issuance of the Series “F” Preferred Shares amounted to ₱10.0 billion (\$235.7 million). Transaction costs amounting to ₱53.0 million (\$1.2 million) were incurred and deducted against additional paid-in capital.

On May 28, 2012, the Parent Company completed the Public Offering of the 100,000,000 Series “G” Preferred Shares in the Philippines at an issue price of ₱100.0 per share. The total proceeds from the issuance of the Series “G” Preferred Shares amounted to ₱10.0 billion (\$234.4 million), net of transaction costs amounting to ₱95.2 million (\$2.2 million).

On January 20, 2015, the Parent Company authorized the issuance and sale of an aggregate of 297,029,800 common stocks to be taken from its unissued capital stock and treasury stock at an identical issue price of ₱25.25 per share (the “Offer Price”). The price represents a 2.9% discount to the last traded price of ₱26.00 per share. The placement was conducted via an accelerated bookbuilding process. First Gen’s parent company, First Philippine Holdings Corporation (FPH), which has a 66.2% stake in First Gen’s issued and outstanding common stocks, agreed to subscribe to its pro-rata share in the transaction. The Parent Company issued to FPH 179,127,900 common stocks from treasury stock, as well as 17,623,100 common stocks from unissued capital stock, at the Offer Price. The total proceeds from the issuance of the common stocks amounted to ₱7.4 billion (\$166.5 million), net of transaction costs amounting to ₱62.1 million (\$1.4 million). Following the subscription, FPH maintained its 66.2% stake in the Parent Company’s issued and outstanding common stock.



On May 11, 2016, the Board of Directors (BOD) of the Parent Company approved a two-year extension of the buy-back programs from June 1, 2016 to May 31, 2018. The two-year extension covers the: (i) common stock buy-back program covering up to 300.0 million of the Parent Company's common stocks; and (ii) Series "F" and "G" Preferred Shares buyback program covering up to ₱10.0 billion worth of said redeemable preferred stocks.

In 2016 and 2017, the Parent Company purchased from the open market a total of 432,840 and 6,894,480 Series "F" and Series "G" redeemable preferred stocks, respectively. Total payments for the buyback of the Series "F" and Series "G" redeemable preferred stocks amounted to ₱46.9 million (\$0.92 million) and ₱810.5 million (\$16.4 million), respectively.

On June 14, 2018, the BOD of the Parent Company approved during its board meeting the two-year extension of the buy-back programs from June 15, 2018 to June 14, 2020. The two-year extension covers the: (i) common stock buy-back program covering up to 300.0 million of the Parent Company's common stocks; and (ii) Series "G" Preferred Shares buyback program covering up to ₱10.0 billion worth of said redeemable preferred stocks.

On the same date, the BOD of the Parent Company approved during its board meeting, in accordance with the terms and condition of the Parent Company's Series "F" Preferred Shares, the redemption of all outstanding Series "F" Preferred Shares on July 25, 2018 at the applicable redemption value of ₱100.0 per share. On July 25, 2018, the Parent Company redeemed all outstanding Series "F" Preferred Shares amounting to ₱6,320.2 million (\$119.1 million).

In 2018 and 2019, the Parent Company purchased from the open market a total of 8,704,720 Series "G" redeemable preferred stocks and 51,020,352 common stocks. Total payments for the buyback of Series "G" redeemable preferred stocks and common stocks amounted to ₱941.3 million (\$18.0 million) and ₱1,084.1 million (\$20.9 million), respectively. From the total common stocks purchased from the open market, a total of 16,429,352 common stocks are held by subsidiaries (see Note 16).

On April 15, 2020, the BOD of the Parent Company approved during its board meeting the two-year extension of the buy-back programs from June 14, 2020 to June 14, 2022. The two-year extension covers the: (i) common stock buy-back program covering up to 300.0 million of the Parent Company's common stocks; and (ii) Series "G" Preferred Shares buyback program covering up to ₱10.0 billion worth of said redeemable preferred stocks.

In 2020, the Parent Company purchased from the open market 12,008,700 common stocks for ₱228.9 million (\$4.5 million) (see Note 16).

On July 1, 2020, the global investment firm KKR acquired 427,041,291 common stocks of First Gen for a total investment value of ₱9.6 billion (\$192.2 million), representing an approximate 11.9% economic interest, or an 8.4% voting interest in First Gen. These shares represent all of the shares that were tendered by the public to Valorous Asia Holdings ("Valorous"), an entity controlled by KKR investment funds. The acquisition follows the completion of a voluntary tender offer for First Gen's common stocks filed with the Philippine SEC on May 26, 2020 by Valorous. The tender offer period ran from May 27 to June 24, 2020 at an offer price of ₱22.50 per common share.

Meanwhile, Philippines Clean Energy Holding Inc. ("PCEHI"), a subsidiary of Valorous, announced on August 27, 2021 its intent to acquire a minimum of 3.0% up to a maximum of 5.7% of First Gen's total issued and outstanding common stocks through a voluntary and public tender offer. The tender offer period ran from September 1 to September 29, 2021 at an offer price of ₱33.00 per common share.



On October 8, 2021, PCEHI further acquired 262,937,672 common stocks of First Gen for a total investment value of ₱8.7 billion, representing 7.3% economic interest, or a 5.2% voting interest in First Gen. These shares represent all of the shares that were tendered by the public to PCEHI. As of December 31, 2023 and 2022, KKR owns and holds 715,855,363 common stocks of the Parent Company, representing an approximate 19.9% economic interest, or a 14.1% voting interest in First Gen.

In 2021, the Parent Company purchased from the open market 51,546,960 Series “G” redeemable preferred stocks for ₱5,572.1 million (\$115.9 million) and 1,339,000 common stocks for ₱38.9 million (\$0.8 million) (see Note 16).

On February 17, 2022, the Parent Company purchased from the open market 1,263,230 Series “G” redeemable preferred stocks for ₱130.4 million (\$2.6 million) (see Note 16).

On May 18, 2022, the BOD of the Parent Company approved during its board meeting the two-year extension of the buy-back programs from June 15, 2022 to June 14, 2024. The two-year extension covers the: (i) common stock buy-back program covering up to 30.0 million of the Parent Company’s common stocks; and (ii) Series “G” Preferred Shares buyback program covering up to ₱5.3 billion worth of said redeemable preferred stocks.

On June 14, 2022, the BOD of the Parent Company approved during its board meeting, in accordance with the terms and condition of the Parent Company’s Series “G” Preferred Shares, the redemption of all outstanding Series “G” Preferred Shares on July 25, 2022 at the applicable redemption values of ₱100.0 and ₱10.0 a share. As of December 31, 2024, the Parent Company has redeemed its outstanding Series “G” Preferred Shares amounting to ₱5,296.6 million (\$98.8 million) (see Note 16).

On May 31, 2024, the common stock buy-back program was further extended for two years from June 15, 2024 to June 14, 2026.

As of December 31, 2024 and 2023, FPH directly and indirectly owns 67.84% of the common stocks of First Gen and 100% of First Gen’s voting preferred stocks. FPH is 55.66% and 55.55% owned by Lopez Holdings Corporation (Lopez Holdings), a publicly listed Philippine-based entity, as of December 31, 2024 and 2023, respectively. Majority of Lopez Holdings is owned by Lopez, Inc. Lopez, Inc. is the ultimate parent of First Gen. FPH, Lopez Holdings and Lopez, Inc. are all incorporated in the Philippines. As of December 31, 2024 and 2023, there are 321 and 326 common stockholders of record of First Gen, respectively. As of December 31, 2024 and 2023, there are 3,596,575,505 common stocks issued and outstanding (see Note 16).

Corporate Address

The registered principal office address of the Parent Company is 6th Floor, Rockwell Business Center Tower 3, Ortigas Avenue, Pasig City.

Authorization for Issuance of the Consolidated Financial Statements

The consolidated financial statements of First Gen Group were reviewed and recommended for approval by the Audit Committee to the BOD on March 17, 2025. The same consolidated financial statements were approved and authorized for issuance by the BOD on March 20, 2025.



2. Summary of Material Accounting and Financial Reporting Policies

Basis of Preparation

The consolidated financial statements are prepared on a historical cost basis, except for derivative instruments, financial assets at FVPL and financial assets at FVOCI that are measured at fair value. The consolidated financial statements are presented in United States (U.S.) dollar, which is the Parent Company's functional currency, and are rounded to the nearest thousands, except when otherwise indicated.

Statement of Compliance

The consolidated financial statements of First Gen Group are prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards as issued by the Philippine Financial and Sustainability Reporting Standards Council (FSRSC) and adopted by the Philippine SEC.

Material Accounting and Financial Reporting Policies

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of amendments to existing standards effective in 2024. The adoption of these amendments did not have an impact on First Gen Group's consolidated financial statements unless otherwise indicated.

- Amendments to Philippine Accounting Standard (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

- 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.



Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as of December 31 each year.

First Gen Group controls an investee if, and only if, First Gen 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.

When First Gen Group has less than a majority of the voting or similar rights of an investee, First Gen 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
- First Gen Group's voting rights and potential voting rights.

First Gen 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 First Gen Group obtains control over the subsidiary and ceases when First Gen Group loses control over the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date First Gen Group gains control until First Gen Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with First Gen Group's accounting policies. All significant intra-group assets and liabilities, equity, income and expenses, and cash flows relating to transactions between members of First Gen 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 First Gen Group loses control over a subsidiary, it derecognizes the carrying amounts of the assets (including goodwill) and liabilities of the subsidiary, derecognizes the carrying amount of any non-controlling interest (including any attributable components of other comprehensive income recorded in equity), derecognizes the cumulative translation differences recorded in equity, recognizes the fair value of the consideration received, recognizes the fair value of any investment retained, and any surplus or deficit is recognized in the consolidated statement of comprehensive income. First Gen Group also reclassifies the Parent Company's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if First Gen Group had directly disposed of the related assets or liabilities.

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



Non-controlling Interests

Non-controlling interests represent the portion of total comprehensive income or loss and net assets not held by First Gen Group. Non-controlling interests are presented separately in the consolidated statement of income, consolidated statement of comprehensive income and within equity in the consolidated statement of financial position and consolidated statement of changes in equity, separate from equity attributable to equity holders of the Parent Company.

The acquisition of an additional ownership interest in a subsidiary without a change of control is accounted for as an equity transaction in accordance with PAS 27. In transactions where the non-controlling interest is acquired or sold without loss of control, any excess or deficit of consideration paid over the carrying amount of the non-controlling interest is recognized as part of “Equity reserve” account in the equity attributable to the equity holders of the Parent Company.

For the years ended December 31, 2024, 2023 and 2022, the non-controlling interests arise from the total comprehensive income or loss and net assets not held by First Gen Group in EDC and Subsidiaries.

Subsidiaries

The following is a list of the companies on which the Parent Company has control:

	Percentage of Voting Interest		
	2024	2023	2022
First Gen Renewables, Inc. (FGRI)	100	100	100
Unified Holdings Corporation (Unified)	100	100	100
AlliedGen Power Corp. (AlliedGen)	100	100	100
First Gen Mindanao Hydro Power Corporation (FG Mindanao)	100	100	100
First Gen Ecopower Solutions, Inc. (FG Ecopower) ¹	100	100	100
First Gen Energy Solutions Inc. (FGES)	100	100	100
First Gen Prime Energy Corporation (FG Prime)	100	100	100
First Gen Visayas Energy, Inc. (FG Visayas Energy)	100	100	100
FG Bukidnon Power Corporation (FG Bukidnon) ²	100	100	100
Northern Terracotta Power Corp.	100	100	100
Blue Vulcan Holdings Corporation (Blue Vulcan)	100	100	100
Prime Meridian Powergen Corporation (Prime Meridian) ³	100	100	100
Gold silk Holdings Corporation ⁷	100	100	100
Dualcore Holdings Inc. ⁷	100	100	100
Onecore Holdings Inc. ⁷	100	100	100
FG Mindanao Renewables Corp. (FMRC) ⁸	100	100	100
FGen Northern Mindanao Holdings, Inc. (FNMHI) ⁸	100	100	100
FGen Tagoloan Hydro Corporation (FG Tagoloan) ⁹	100	100	100
FGen Tumalaong Hydro Corporation (FG Tumalaong) ⁹	100	100	100
FGen Puyo Hydro Corporation (FG Puyo) ¹⁰	100	100	100
FGen Bubunawan Hydro Corporation (FG Bubunawan) ¹⁰	100	100	100
FGen Cabadbaran Hydro Corporation (FG Cabadbaran) ¹⁰	100	100	100
First Gas Holdings Corporation (FGHC)	100	100	100
FGP Corp. (FGP) ⁴	100	100	100
First NatGas Power Corp. (FNPC) ⁵	100	100	100
First Gas Power Corporation (FGPC) ⁶	100	100	100
First Gas Pipeline Corporation (FG Pipeline) ⁶	100	100	100
FGLand Corporation (FG Land) ⁶	100	100	100
FGEN LNG Corporation (FGEN LNG) ¹¹	100	100	100
First Gen LNG Holdings Corporation (LNG Holdings)	100	100	100
First Gen Meridian Holdings, Inc. (FGEN Meridian)	100	100	100
FGen Power Ventures, Inc. (FGEN Power Ventures)	100	100	100
FGen San Isidro Hydro Power Corporation (FGEN San Isidro)	100	100	100
First Green Vehicles, Inc. (FG Vehicles)	100	100	100
FGen Eco Solutions Holdings, Inc. (FGESHI)	100	100	100
FGen Liquefied Natural Gas Holdings, Inc. (Liquefied Holdings)	100	100	100



	Percentage of Voting Interest		
	2024	2023	2022
FGen Reliable Energy Holdings, Inc. (FG Reliable Energy)	100	100	100
FGen Power Solutions, Inc. (FG Power Solutions)	100	100	100
FGen Vibrant Blue Sky Holdings, Inc. (Vibrant Blue Sky)	100	100	100
FGen Aqua Power Holdings, Inc. (FG Aqua Power)	100	100	100
FGen Natural Gas Supply, Inc. (FGen NatGas Supply) ¹³	100	100	100
FGen Power Operations, Inc. (FPOI)	100	100	100
FGen Fuel Line Systems, Inc. (FGen Fuel Line)	100	100	100
Prime Terracota Holdings Corp. (Prime Terracota)	100	100	100
FGen Northern Power Corp. (FGen Northern Power)	100	100	100
Fresh River Lakes Corp. (FRLC) ¹⁴	100	100	100
FGen SG ¹⁵	100	100	100
First Gen Integrated Business Services Inc. (FGB) ¹⁶	100	—	—
First Gen Hydro Power Corporation (FG Hydro) ¹²	40	40	40

¹Through FGENSHI

²Through FGR1

³Through FGEN Meridian

⁴60% through Unified and 40% through Onecore

⁵Through AlliedGen

⁶Through FGHC

⁷Through Blue Vulcan

⁸Through FG Mindanao

⁹Through FMRC

¹⁰Through FNMHI

¹¹Through LNG Holdings

¹²The Parent Company has 40% direct voting interest in FG Hydro while its effective economic interest through Prime Terracota is 67.5% as of December 31, 2024, 2023 and 2022

¹³Through Liquefied Holdings

¹⁴On February 23, 2022, FRLC was incorporated and registered with the Philippine SEC.

¹⁵On September 15, 2022, FGen SG was incorporated and registered with the Singapore Accounting and Corporate Regulatory Authority.

¹⁶On July 26, 2024, FGB was incorporated and registered with the Philippine SEC.

All of the foregoing subsidiaries, except FGen SG, are incorporated in the Philippines.

As of December 31, 2024 and 2023, FG Mindanao, FG Ecopower, FG Visayas Energy, Northern Terracotta, FMRC, FNMHI, FG Tagoloan, FG Tumalaong, FG Puyo, FG Bubunawan, FG Cabadbaran, FG Pipeline, FG Land, FGEN LNG, LNG Holdings, FGen Northern Power, FGEN Power Ventures, FGEN San Isidro, FG Vehicles, FGENSHI, Liquefied Holdings, FG Reliable Energy, FG Power Solutions, Vibrant Blue Sky, FG Aqua Power, FGen NatGas Supply, FPOI, FGen Fuel Line and FGB have not started commercial operations.

The Power Sector Assets and Liabilities Management Corporation (PSALM) bid out the 165 MW Casecanan Hydro Electric Power Plant (CHEPP) in Pantabangan, Nueva Ecija on May 16, 2023, whereby FRLC, a wholly-owned subsidiary of First Gen, submitted the highest bid and subsequently completed the purchase of the plant. On February 25, 2024, the Deed of Absolute Sale of the CHEPP was signed and executed by PSALM, National Irrigation Administration (NIA) and FRLC. The CHEPP was officially turned over to FRLC on February 26, 2024 (see Note 11).

Prime Terracota

On June 18, 2015, the Parent Company purchased 16.0 million and 13.0 million Series “B” voting preferred stocks of Prime Terracota owned by Quialex Realty Corp. (QRC) and the Employees Retirement Plan of Lopez, Inc. (Lopez, Inc. Retirement Fund) [LIRF], respectively, for a total consideration of \$1.1 million. The amount of equity reserve pertaining to the acquisition of the non-controlling stakes of QRC and LIRF in Prime Terracota amounted to \$0.2 million.

The Parent Company’s acquisition of non-controlling interest in Prime Terracota was accounted for as an equity transaction, whereby the carrying amounts of the controlling and non-controlling interests were adjusted to reflect the changes in their relative interests in Prime Terracota and any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid is recognized directly in equity, under “Equity reserve” account, and attributed to the owners of the Parent Company.



As of December 31, 2024 and 2023, the Parent Company has a 100% direct voting interest in Prime Terracota. As of December 31, 2024, 2023 and 2022, Prime Terracota's subsidiaries include the following companies:

	Percentage of Voting Interest		
	2024	2023	2022
Red Vulcan Holdings Corporation (Red Vulcan)	100	100	100
EDC ¹	64	64	64
First Gen Hydro Power Corporation (FG Hydro)	38	38	38
EDC Geothermal Corp. (EGC) ³	64	64	64
Green Core Geothermal Inc. (GCGI)	64	64	64
Bac-Man Geothermal Inc. (BGI)	64	64	64
Unified Leyte Geothermal Energy Inc. (ULGEI) ⁵	64	64	64
Bac-Man Energy Development Corporation (BEDC) ²	64	64	64
EDC Wind Energy Holdings, Inc. (EWEHI) ³	64	64	64
EDC Burgos Wind Power Corporation (EBWPC)	64	64	64
EDC Pagudpud Wind Power Corporation (EPWPC) ²	64	64	64
EDC Bayog Burgos Wind Power Corporation (EBBWPC) ²	64	64	64
EDC Pagali Burgos Wind Power Corporation (EPBWPC) ²	64	64	64
Iloilo 1 Renewable Energy Corporation (IIREC) ²	64	64	64
EDC Bright Solar Energy Holdings, Inc. (EBSEHI) ³	64	64	64
EDC Siklab Power Corporation (EDC Siklab)	64	64	64
EDC Sinag Power Corporation (Sinag) ²	64	64	64
EDC Chile Limitada ²	64	64	64
EDC Holdings International Limited (EHIL) ³	64	64	64
Energy Development Corporation Hong Kong Limited (EDC HKL) ³	64	64	64
Energy Development Corporation Hong Kong International Investment Limited (EDC HKIIL) ³	64	64	64
EDC Chile Holdings SpA ³	64	64	64
EDC Geotermica Chile SpA ²	64	64	64
EDC Peru Holdings S.A.C. ⁴	64	64	64
EDC Geotermica S.A.C. ⁴	64	64	64
Geotermica Chocopata Peru S.A.C. ²	45	45	45
Energy Development Corporation Peru S.A.C. ⁴	64	64	64
Geotermica Andina S.A.C. ²	64	64	64
EDC Geotermica Del Sur S.A.C. ⁴	64	64	64
EDC Energia Azul S.A.C. ⁴	64	64	64
Geotermica Crucero Peru S.A.C. ⁴	45	45	45
EDC Energía Perú S.A.C. ⁴	64	64	64
Geotermica Tutupaca Norte Peru S.A.C. ⁴	45	45	45
EDC Energía Geotermica S.A.C. ⁴	64	64	64
EDC Progreso Geotermica Perú S.A.C. ⁴	64	64	64
Geotermica Loriscota Peru S.A.C. ⁴	45	45	45
EDC Energía Renovable Perú S.A.C. ⁴	64	64	64
Geotermica Pinchollo Libre Peru S.A.C. ²	45	45	45
EDC Soluciones Sostenibles Ltd ³	64	64	64
EDC Desarrollo Sostenible Ltd. ³	64	64	64
EDC Energia Verde Peru S.A. ⁴	64	64	64
PT EDC Indonesia ²	61	61	61
PT EDC Panas Bumi Indonesia ²	61	61	61
EDC Wind Energy Holdings 2 Inc. (EWEHI2) ³	64	64	64

¹ The Parent Company's economic interest in EDC is 45.8% as of December 31, 2024 and 2023, while its voting interest in EDC is 65.0% as of December 31, 2024 and 2023.

² Has not yet started commercial operations as of December 31, 2024.

³ Serves as an investment holding company.

⁴ Ceased exploration and development activities as of December 31, 2024.

⁵ On June 27, 2024, the BOD and Stockholders of ULGEI approved the shortening of corporate term until June 23, 2026.



EDC

On August 3, 2017, the Parent Company entered into an Implementation Agreement with Philippines Renewable Energy Holdings Corporation (“PREHC”), Red Vulcan and Northern Terracotta. PREHC is a company incorporated in the Philippines.

Under the Implementation Agreement, PREHC will conduct a voluntary tender offer for a minimum of 6.6 billion common stocks and up to a maximum of 8.9 billion common stocks of EDC, representing approximately up to 31.7% of the total outstanding voting shares of EDC, from the shareholders of EDC at a price of ₱7.25 per share. The tender offer began on August 10, 2017 and ended on September 18, 2017.

On September 29, 2017, Red Vulcan entered into a Shareholders’ Agreement with Philippine Energy Markets B.V. (PEMBV), PREHC and EDC. PEMBV is a private company existing under the laws of the Netherlands and is the parent company of PREHC. The agreement sets out the agreement of the parties with respect to the management of EDC.

The Parent Company and Northern Terracotta tendered to PREHC their 991.8 million and 986.3 million common stocks, respectively, subject to scale-back provisions under applicable regulations.

Following the implementation of the scale back announced by PREHC, the tendered shares were 842.9 million and 838.2 million common stocks for the Parent Company and Northern Terracotta, respectively. Red Vulcan did not participate in the tender offer process and retained its existing common stocks and voting preferred stocks, which correspond to a 60.0% voting stake in EDC. The Parent Company continues to consolidate EDC given its current controlling stake. However, the Parent Company’s economic interest in EDC was reduced from 50.6% as of December 31, 2016 to 41.6% after the transaction. The amount of equity reserve pertaining to the sale of EDC common stocks amounted to \$140.9 million.

On August 7, 2018, the BOD of EDC approved the petition for voluntary delisting (the Delisting) of its common stocks from the Main Board of the PSE and, in accordance with the PSE’s delisting rules and regulations, to conduct a tender offer for up to 2.04 billion common stocks held collectively by all shareholders of EDC other than Red Vulcan, the Parent Company, Northern Terracotta, and PREHC, at a price of ₱7.25 per common stock.

On September 19, 2018, EDC filed a petition for the Delisting with the PSE. The tender offer began on September 25, 2018 and ended on October 22, 2018.

Following the completion of the tender offer, a total of 2.0 billion common stocks, representing approximately 10.72% of 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 \$277.6 million (₱14,566.0 million). The amount of reduction in equity reserve and non-controlling interests pertaining to the Delisting amounted to \$2.3 million and \$275.3 million, respectively.

On November 14, 2018, the BOD of the PSE granted the Delisting filed by EDC, and accordingly, ordered the delisting of EDC’s common stocks 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 326.3 million non-preemption common stocks to PREHC out of its existing unissued capital stock for a total consideration of \$45.1 million (₱2,365.3 million) or at an issue price of ₱7.25 per common stock. The amount of increase in equity reserve and non-controlling interests pertaining to the issuance of EDC common stocks amounted to \$7.2 million and \$37.8 million, respectively.



On February 27, 2023 and May 12, 2023, the Board and the stockholders of EDC, respectively, approved the amendment to the Seventh Article of the Articles of incorporation (AOI), to (i) increase the par value of each common stocks from ₱1.0 to ₱1.0 million, and (ii) increase the par value of each voting preferred share from ₱0.01 to ₱0.01 million, while maintaining its current authorized capital stock - reverse stock split. The amendment to the EDC's AOI was approved by the Philippine SEC on December 29, 2023.

As of December 31, 2024 and 2023, PREHC owns 34.9% of EDC's outstanding voting stocks. Red Vulcan still holds the controlling voting interest with 63.9% ownership of EDC's outstanding voting stocks. The Parent Company continues to consolidate EDC given its current controlling stake.

As of December 31, 2024 and 2023, the Parent Company has 65.0% effective voting interest in EDC through Prime Terracota.

EDC Subsidiaries

On June 27, 2024, the BOD and stockholders of ULGEI approved the shortening of the corporate term from fifty (50) years from and after the date of issuance of certificate of incorporation to until June 23, 2026.

On May 25, 2023, the BOD 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, EDC recognized provision for impairment loss on goodwill, property, plant and equipment, exploration and evaluation assets, and other noncurrent assets totaling to \$5.1 million in 2023 (see Notes 10, 11 and 12).

Business Combination and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at fair value on acquisition date and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at its proportionate share in the acquiree's identifiable net assets. Acquisition-related costs incurred are expensed and included in general and administrative expenses.

When First Gen 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, if any.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date and any gain or loss on remeasurement is recognized in the consolidated statement of income.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, is recognized in accordance with PFRS 9, either in the consolidated statement of income or charged to other comprehensive income. If the contingent consideration is classified as equity, it is not to be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest and any previous interest held, over the net fair value of identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, First Gen 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 recognized at the acquisition date. If this consideration still results in an excess of the fair value of the net assets of the subsidiary acquired over the aggregate consideration transferred, the difference is recognized in the consolidated statement of income.

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 First Gen Group's cash-generating units 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 forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit 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 significant influence or joint control is similar to those necessary to determine control over subsidiaries. First Gen Group's investment in joint venture is initially recognized at cost and subsequently measured using the equity method.

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 First Gen Group's share of net assets of the joint venture since the acquisition date.

The consolidated statement of income reflects First Gen Group's share of the results of operations of the joint venture. Any change in other comprehensive income of the investee is presented as part of the First Gen Group's other comprehensive income. In addition, when there has been a change recognized directly in the equity of the joint venture, First Gen 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 First Gen Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as First Gen Group. When necessary, adjustments are made to bring the accounting policies in line with those of First Gen Group.

After application of the equity method, First Gen Group determines whether it is necessary to recognize an impairment loss on its investment in joint venture. At each reporting date, the First Gen Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, First Gen 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, First Gen Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of income.



Fair Value Measurement

The fair value of an asset or liability is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

First Gen 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) 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; and
- Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

First Gen Group has financial assets at FVPL and FVOCI, and derivative financial instruments as of December 31, 2024 and 2023 that are measured at fair value on a recurring basis. First Gen Group determines whether transfers have occurred between levels in the hierarchy by reassessing 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.

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

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to cash with original maturities of three months or less from date of placement and that are subject to an insignificant risk of changes in value.

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.



First Gen Group has the following financial assets and liabilities:

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, FVOCI, and FVPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and First Gen Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, First Gen 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 the 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.

First Gen 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 FVOCI 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 marketplace (regular way trades) are recognized on the trade date, i.e., the date that First Gen Group 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 rate (EIR) method and are subject to impairment. Gains and losses are recognized in the consolidated statement of income when the asset is derecognized, modified or impaired.

First Gen Group's financial assets at amortized cost are cash and cash equivalents, trade and other receivables (included under "Receivables" account) and short-term investments (included under "Other current assets" account), long-term receivables and special deposits and funds (included under "Other noncurrent assets" account) as of December 31, 2024 and 2023 (see Notes 5, 6, 9, 12, 17, 23 and 24).



Financial assets at FVOCI (debt instruments)

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated statement of income 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 the consolidated statement of income.

First Gen Group's debt instruments at FVOCI include quoted debt instruments recorded as part of "Other noncurrent assets" account as of December 31, 2024 and 2023 (see Notes 12, 23 and 24).

Financial assets designated at FVOCI (equity instruments)

Upon initial recognition, First Gen 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 the consolidated statement of income. Dividends are recognized as other income in the consolidated statement of income when the right of payment has been established, except when First Gen 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.

First Gen Group's financial assets designated at FVOCI are investments in proprietary club membership and quoted equity securities which are recorded as part of "Other noncurrent assets" account as of December 31, 2024 and 2023 (see Notes 12, 23 and 24).

Financial assets at FVPL

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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. Gains or losses on investments held for trading are recognized in the consolidated statement of income as part of "Others - net" account.

This category includes unquoted equity instruments which First Gen Group has not irrevocably elected to classify at FVOCI as of December 31, 2024 and 2023 (see Notes 8, 23 and 24).

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.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

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 First Gen 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.

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.

First Gen Group's financial liabilities designated at FVPL are the foreign currency forwards which are recorded as "Derivative liabilities" in the consolidated statement of financial position as of December 31, 2024 (see Notes 23 and 24).

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any related issue costs, discount or premium. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process.

Debt issuance costs incurred in connection with availments of long-term debts are deferred and amortized using the EIR method over the term of the long-term debts. The amortization is recognized under the "Interest expense and financing charges" account in the consolidated statement of income. Debt issuance costs are included in the measurement of the related long-term debts, and are allocated accordingly to the respective current and noncurrent portions.

First Gen Group's loans and borrowings include accounts payable and accrued expenses, dividends payable, lease liabilities (current and noncurrent portions), loans payable and long-term debts as of December 31, 2024 and 2023 (see Notes 13, 14, 15, 17, 23 and 24).

Derivative Financial Instruments and Hedge Accounting

First Gen Group enters into derivative and hedging transactions, primarily interest rate swaps, cross currency swaps, and foreign currency forwards, as needed, for the sole purpose of managing the risks that are associated with First Gen Group's borrowing activities or as required by the lenders in certain cases.

Derivative financial instruments (including bifurcated embedded derivatives) are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gain or loss arising from changes in fair value on derivatives that do not qualify for hedge accounting is taken directly to the consolidated statement of income for the current year under the "Others - net" account.



For purposes of hedge accounting, derivatives can be designated either as cash flow hedges or fair value hedges depending on the type of risk exposure it hedges. At the inception of a hedge relationship, First Gen Group formally designates and documents the hedge relationship to which First Gen Group opts 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 First Gen 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 First Gen Group actually hedges and the quantity of the hedging instrument that First Gen Group actually uses to hedge that quantity of hedged item.

Cash flow hedges

Cash flow hedges are hedges of the exposure to variability in cash flows that are attributable to a particular risk associated with a recognized asset, liability or a highly probable forecast transaction and could affect the consolidated statement of comprehensive income. The effective portion of the gain or loss on the hedging instrument if any, is recognized as other comprehensive income (loss) in the “Cumulative translation adjustments” account in the consolidated statement of financial position, while the ineffective portion is recognized as “Others - net” account in the consolidated statement of income.

Amounts taken to other comprehensive income (loss) are transferred to the consolidated statement of income when the hedged transaction affects profit or loss, such as when hedged financial income or expense is recognized or when a forecast sale or purchase occurs. Where the hedged item is the cost of a non-financial asset or liability, the amounts taken to other comprehensive income (loss) are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction is no longer expected to occur, amounts previously recognized in other comprehensive income (loss) are transferred to the consolidated statement of income. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognized in other comprehensive income (loss) remain in equity until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is recognized in the consolidated statement of income.

First Gen Group accounts for its interest rate swap, foreign currency forwards and call spread swap agreements as cash flow hedges (see Note 24).

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.

First Gen Group assesses whether embedded derivatives are required to be separated from the host contracts when First Gen Group first becomes a party to the contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.



Embedded derivatives are bifurcated from their host contracts, when the following conditions are met:

- (a) the entire hybrid contracts (composed of both the host contract and the embedded derivative) are not accounted for as financial assets and liabilities at FVPL;
- (b) when their economic risks and characteristics are not closely related to those of their respective host contracts; and
- (c) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative.

Embedded derivatives that are bifurcated from the host contracts are accounted for either as financial assets or financial liabilities at FVPL. Changes in fair values are included in the consolidated statement of income. First Gen Group has no bifurcated embedded derivatives as of December 31, 2024 and 2023.

Derecognition of Financial Assets and Financial Liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired; or
- First Gen Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement and either (a) First Gen Group has transferred substantially all the risks and rewards of the asset, or (b) First Gen Group has neither transferred nor retained the risks and rewards of the asset but has transferred the control of the asset.

Where First Gen Group has transferred its right to receive cash flows from an asset or has entered into a “pass-through” arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of First Gen Group’s continuing involvement in the asset. 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 First Gen Group could be required to repay.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of income.

Impairment of Financial Assets

First Gen Group recognizes an allowance for expected credit losses (ECLs) for all financial assets except debt instruments 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 First Gen 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 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 that do not contain significant financing component, First Gen Group applies a general approach in calculating ECLs. Therefore, First Gen Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. First Gen 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 debt instruments at FVOCI, First Gen Group applies the low credit risk simplification. At every reporting date, First Gen Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, First Gen Group reassesses the internal credit rating of the debt instrument.

For financial assets at amortized costs being individually assessed for ECLs, First Gen Group applied lifetime ECL calculation. This involves determination of probability of default and loss-given default based on available data, adjusted for forward-looking factors specific to the debtors and the economic environment.

First Gen 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. It is First Gen Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. First Gen Group uses the ratings from Moody's and/or S&P both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

First Gen Group considers a financial asset to be in default when a counterparty fails to pay its contractual obligations, or there is a breach of other contractual terms, such as covenants. In certain cases, First Gen Group may also consider a financial asset to be in default when internal or external information indicates that First Gen Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by First Gen Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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. First Gen Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of First Gen Group and all of the counterparties.

Inventories

Inventories are carried at the lower of cost and net realizable value (NRV). The costs of fuel inventories are determined using the weighted average cost method, while the costs of spare parts and supplies are determined using the moving average method. The NRV for fuel inventories of FGP and FGPC is the fuel cost charged to Manila Electric Company (Meralco), under the respective PPAs of FGP and FGPC



with Meralco [see Note 25(a)], which is based on weighted average cost of actual fuel consumed. The cost of spare parts and supplies includes the invoice amount, net of trade and cash discounts. The NRV for spare parts and supplies is the current replacement cost.

Prepaid Expenses

Prepaid expenses (included under “Other current assets” and “Other noncurrent assets” accounts in the consolidated statement of financial position) are expenses paid in advance and recorded as asset before these are utilized. This account comprises prepaid expenses, creditable withholding tax (CWT) 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 consolidated statement of income when incurred; creditable withholding tax certificates 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 accounts and deducted from the contractor’s billings as specified on the provision of the contract.

Prepaid Taxes

Prepaid taxes (included under “Other current assets” account in the consolidated statement of financial position) are carried at cost less any impairment in value. Prepaid taxes consist mainly of tax credits that can be used by First Gen Group in the future. Tax credits represent unapplied certificates for claims from input value-added tax (VAT) credits received from the Bureau of Internal Revenue (BIR) and the Bureau of Customs (BOC). Such tax credits may be used for payment of internal revenue taxes or customs duties.

Property, Plant and Equipment

Property, plant and equipment, except land, are stated at cost less accumulated depreciation, amortization and impairment in value, if any. Land is stated at cost less any impairment in value. The initial cost of property, plant and equipment consists of the purchase price including import duties, borrowing costs (during the construction period) and other costs directly attributable to bringing the asset to its working condition and location for its intended use. Cost also includes the cost of replacing part of such property, plant and equipment when the recognition criteria are met and the estimated present value of the cost of dismantling and removing the asset and restoring the site.

Property, plant and equipment also include the estimated rehabilitation and restoration costs. Under their respective Environmental Compliance Certificate (ECCs), FGP, FGPC, FNPC and Prime Meridian have legal obligations to dismantle their respective power plant assets at the end of their useful lives. FG Bukidnon, on the other hand, has legal obligation under the Hydropower Service Contract (HSC) to dismantle its power plant asset at the end of its useful life. EDC also has legal obligations to dismantle the steam fields and power plants located in the contract areas for which EDC is legally and constructively liable (see Notes 10 and 15).

Construction in progress represents structures under construction and is stated at cost less any impairment of value, if any. This includes costs of construction and other direct costs. Costs also include interest and financing charges on borrowed funds and the 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.

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 credited to the cost of asset up to the extent of cost of testing capitalized during the testing period. Any excess of net proceeds over costs is recognized in the consolidated statement of income, and not against the cost of the property, plant and equipment. When the incidental operations are not necessary to bring an item to the location and condition



necessary for it to be capable of operating in the manner intended by management, the income and related expenses of incidental operations are not offset against the cost of the property, plant and equipment but are recognized in the consolidated statement of income, and included in their respective classifications of income and expense.

Expenditures incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are normally charged to the consolidated statement of income in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property, plant and equipment.

First Gen Group divided the power plant assets into significant parts. 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 and amortized separately.

Depreciation and amortization are computed using the straight-line method over the following estimated useful lives of the assets:

Asset Type	Number of Years
Power plants	15-50
Buildings, improvements and other structures	5-50
Fluid Collection and Recycling System (FCRS) and production wells	10-25
Exploration, machinery and equipment	2-25
Furniture, fixtures and office equipment	3-10
Transportation equipment	5-10
Leasehold improvements	5 or lease term with no renewal option, whichever is shorter

The useful lives and depreciation and amortization method are reviewed at each financial reporting date to ensure that the years and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

Depreciation of an item of property, plant and equipment begins when it becomes available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5 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.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the assets (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the consolidated statement of income in the year the asset is derecognized.

Prepaid Major Spare Parts

Prepaid major spare parts (included in the “Other noncurrent assets” account in the consolidated statement of financial position) are stated at cost less any impairment in value. Prepaid major spare parts pertain to the advance payments made to Siemens Energy, Inc. (SEI) for the major spare parts that will be replaced during the scheduled maintenance outage.



Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as of the date of acquisition. The intangible assets arising from the business combination are recognized initially at fair values.

Following initial recognition, intangible assets are carried at cost less accumulated amortization and any impairment losses. Internally-generated intangible assets, if any, excluding capitalized development costs, are not capitalized and expenditures are reflected in the consolidated statement of income in the year 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 using the straight-line method over the estimated useful economic life, and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortization shall begin when the asset is 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. The amortization period and method for an intangible asset with a finite useful life are reviewed at least each financial reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the said intangible asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of income in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash generating unit (CGU) level. Such intangibles are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made prospectively.

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 the consolidated statement of income in the year 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 NIA.

Pipeline Rights

Pipeline rights represent the construction cost of the natural gas pipeline facility connecting the natural gas supplier's refinery to FGP's power plant including incidental transfer costs incurred in connection with the transfer of ownership of the pipeline facility to the natural gas supplier. The cost of pipeline rights is amortized using the straight-line method over 22 years, which is the term of the Gas Sale and Purchase Agreement (GSPA).

Intangible Asset on Acquired Operations and Maintenance (O&M) Agreements

The cost of intangible asset on acquired O&M Agreements of FRLC is measured on initial recognition at cost. Following initial recognition, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses, if any. The intangible asset is amortized using the straight-line method over 50 years (see Note 11).



Right-to-Use Transmission Line

Right-to-use transmission line pertains to the substation improvements donated to the National Transmission Corporation (TransCo) pursuant to the Substation Interconnection Agreement (SIA) dated September 2, 1997 entered into among FGPC, National Power Corporation (NPC) and Meralco. The transferred substation improvements were accounted for as intangible assets since FGPC still maintains the right to use these assets under the provisions of the PPA with Meralco and the SIA. The cost of the right-to-use transmission line is amortized using the straight-line method over the remaining life of related power plant assets.

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 of over five (5) years.

Exploration and Evaluation Assets

EDC 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 in "Exploration and evaluation assets" under "Other noncurrent 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 the consolidated statement of income when incurred. Once the legal rights 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" account.

Exploration and evaluation assets also include the estimated rehabilitation and restoration costs of EDC that are incurred as a consequence of having undertaken the exploration for and evaluation of geothermal resources.

Impairment of Non-financial Assets

Property, plant and equipment, water rights, pipeline rights, intangible asset on acquired O&M agreements, right-to-use transmission line, computer software and licenses, input VAT, prepaid expenses, prepaid major spare parts, prepaid taxes and right-of-use assets

At each financial reporting date, First Gen Group assesses whether there is any indication that its non-financial assets may be impaired. When an indicator of impairment exists, First Gen Group makes a formal estimate of an asset's recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent from other assets or groups of assets, in which case the recoverable amount is assessed as part of the CGU to which it belongs. Where the carrying amount of an asset (or CGU) exceeds its recoverable amount, the asset



(or CGU) is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset (or CGU). An impairment loss is recognized in the consolidated statement of income in the year in which it arises.

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, First Gen Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions 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, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor 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 the consolidated statement of income.

Exploration and Evaluation Assets

Exploration and evaluation assets are tested for impairment when facts and circumstances suggest that the carrying amount of the exploration and evaluation asset may exceed its recoverable amount.

When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, First Gen Group makes a formal estimate of an asset's recoverable amount. The recoverable amount is the higher of exploration and evaluation asset's fair value less costs to sell and its value in use. Recoverable amount is determined for an individual exploration and evaluation asset, unless the exploration and evaluation asset does not generate cash inflows that are largely independent from other assets or groups of assets, in which case the recoverable amount is assessed as part of the cash-generating unit to which it belongs. Where the carrying amount of an exploration and evaluation asset (or CGU) exceeds its recoverable amount, the exploration and evaluation asset (or CGU) is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset (or CGU). An impairment loss is recognized in the consolidated statement of income in the year in which it arises.

Goodwill

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. Where the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount of the cash-generating unit (or group of CGUs) to which goodwill has been allocated, an impairment loss is recognized immediately in the consolidated statement of income. Impairment loss relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future years. First Gen Group performs its annual impairment test of goodwill as of December 31 for Red Vulcan, FGHC, FG Hydro, and EDC HKL, and September 30 for GCGI or more frequently; if events or changes in circumstances indicate that the carrying value may be impaired.

Investments in associates

First Gen Group determines whether it is necessary to recognize an impairment loss on its investments in associates. First Gen Group determines at each financial reporting date whether there is any objective evidence that the investments in associates are impaired. If this is the case, First Gen Group calculates the amount of impairment as being the difference between the recoverable value of the associate and



the carrying amount of investment, and recognizes the amount of impairment loss in the consolidated statement of income.

Current versus Non-current Classification

First Gen Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is classified 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 equivalents 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 non-current.

A liability is classified as 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.

All other liabilities are classified as non-current.

Deferred income tax assets and liabilities and net retirement assets and liabilities are classified as non-current assets and liabilities, respectively.

Provisions

Provisions are recognized when First Gen Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made as to the amount of the obligation. Where First Gen Group expects some or all of the provision will 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 recognized in the consolidated statement of income, net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to passage of time is recognized under the "Interest expense and financing charges" account in the consolidated statement of income.

FGP, FGPC, FNPC, Prime Meridian and FG Bukidnon recognized provisions arising from legal and/or constructive obligations associated with the cost of dismantling and removing an item of property, plant and equipment and restoring the site on which it is located. EDC likewise records the present value of estimated costs of legal and constructive obligation required to restore the sites upon termination of the cooperation period in accordance with its Geothermal Renewable Energy Service Contract (GRES-Cs). The nature of these activities includes plugging of drilled wells and restoration of pads and road networks. Similarly, under the Wind Energy Service Contract (WESC), EBWPC 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. 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” accounts in the consolidated statement of financial position.

The obligation of FGP, FGPC, FNPC, Prime Meridian and FG Bukidnon occurs either when the asset is acquired or as a consequence of using the asset for the purpose of generating electricity during a particular year. Dismantling costs are provided at the present value of expected costs to settle the obligation using estimated cash flows. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the dismantling liability. The unwinding of the discount and the amount of provision for rehabilitation and restoration costs are expensed as incurred and recognized as an accretion under the “Interest expense and financing charges” account in the consolidated statement of income. The estimated future costs of dismantling 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 asset.

Contingencies

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

Retirement and other post-employment benefits

The Parent Company and certain subsidiaries have distinct, funded, non-contributory, defined benefit retirement plans. The retirement plans of the companies cover all permanent employees, each administered by their respective retirement committees. EDC also maintains a funded, non-contributory defined benefit retirement plan, and it also provides post-employment medical and life insurance benefits which are unfunded.

First Gen 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 retirement plans is 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 the consolidated statement of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as an expense or income in the consolidated statement of income.



Re-measurements 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.

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 First Gen Group, nor can they be paid directly to First Gen Group. The fair value of plan assets is based on market price information and 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.

First Gen 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.

Income Taxes

Current income tax

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted as at financial reporting date.

Deferred income tax

Deferred income tax is provided, using the balance sheet method, on all temporary differences at financial reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT), and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable income will be available against which the deductible temporary differences, and carryforward benefits of unused tax credits from excess MCIT and unused NOLCO can be utilized. Deferred income tax, however, is not recognized on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination which, at the time of the transaction, affects neither the accounting income nor taxable income or loss and does not give rise to equal taxable and deductible temporary differences.

The carrying amount of deferred income tax assets is reviewed at each financial reporting date and reduced to the extent that it is no longer probable that sufficient future taxable income will become available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each financial reporting date and are recognized to the extent that it has become probable that sufficient future taxable income will allow the deferred income tax assets to be recovered.



Deferred income tax assets and liabilities are measured at the income tax rates that are applicable 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 financial reporting date.

Deferred income tax liabilities are not provided on nontaxable temporary differences associated with investments in subsidiaries and associates.

Current and deferred income tax relating to items recognized directly in equity is also recognized in the consolidated statement of changes in equity and not in the consolidated statement of income.

Deferred income tax relating to items recognized directly in other comprehensive income is recognized in consolidated statement of comprehensive income.

Deferred income tax assets and liabilities are offset, if a legally enforceable right exists to offset current income tax assets against current income tax liabilities, and deferred income taxes relate to the same taxable entity and the same tax authority.

Value-added tax (VAT)

Revenues, expenses, and assets are recognized, net of the amount of VAT except:

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

The net amount of VAT recoverable from the taxation authority is recorded as “Input VAT” under “Other current assets” account and as “Prepaid expenses” under “Other noncurrent assets” account in the consolidated statement of financial position. It is carried at cost less any impairment allowance.

Subject to approval of the taxation authority, input VAT can be claimed for refund or as tax credit for payment of certain types of taxes due by certain companies within First Gen Group. Input VAT claims granted by the taxation authority are separately presented as “Tax Credit Certificates” (TCCs) under the “Other noncurrent assets” account in the consolidated statement of financial position.

Leases

Right-of-use assets

First Gen Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment loss, and adjusted for any remeasurement of lease liabilities. The costs of right-of-use assets include the amount of lease liability recognized, and lease payments made at or before the commencement date. The recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, First Gen 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 over the lease term.

In calculating the present value of lease payments, First Gen Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amounts of lease liabilities are increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amounts of lease liabilities



are remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

First Gen Group applies the short-term lease recognition exemption to its short-term leases of (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 that are considered of 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.

Capital Stock, Stock Rights and Additional Paid-in Capital

Capital stock is measured at par value and is classified as equity for all stocks issued. When First Gen Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of stocks issued. A preferred stock is an equity instrument that is usually preferred as to claims on the entity's assets, earnings, or both. A common stock is an equity instrument that is subordinate to all other classes of equity instruments.

Stock rights that are given pro-rata to all of the existing owners of the same class of First Gen's non-derivative equity instruments in order to acquire a fixed number of its own equity instruments for a fixed amount in any currency are classified as equity instrument.

When the stocks are sold at a premium, the difference between the proceeds and the par value is credited to the "Additional paid-in capital" account. When stocks are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the stocks are issued to extinguish or settle the liability of First Gen Group, the stocks shall be measured either at the fair value of the stocks issued or fair value of the liability settled, whichever is more reliably determinable.

Direct costs incurred related to the issuance of new capital stock, such as underwriting, accounting and legal fees, printing costs and taxes are shown in equity as deduction, net of tax, from the proceeds.

Common Stocks in Employee Trust Account

This account pertains to EDC's common stocks held in the employee trust account. This consist of common stocks irrevocably assigned to the Banco de Oro Trust and Investment Group (BDO Trust) account that are recognized at the amount at which such common stocks were reacquired by EDC for the purpose of its executive/employee stock grant or such similar plans, and proportionately reduced upon vesting of the benefit to the executive/employee grantee of the related number of common stocks. This account is shown as part of "Non-controlling Interests" in the equity section of the consolidated statement of financial position.

Treasury Stocks

Acquired treasury stocks are accounted for at weighted average cost and shown as a deduction in the equity section of the consolidated statement of financial position. No gain or loss is recognized in the consolidated statement of income on the purchase, sale, issuance or cancellation of the Parent Company's own equity instruments. Upon reissuance of treasury stocks, the "Cost of common and preferred stocks held in treasury" account is credited at cost. The excess of proceeds from reissuance over the cost of treasury stocks is credited to the "Additional paid-in capital" account. However, if the cost of treasury stocks exceeds the proceeds from reissuance, such excess is debited to the "Additional paid-in capital" account but only to the extent of previously set-up additional paid-in capital for the same class of stock. Otherwise, this is debited against the "Retained earnings" account.



Own equity instruments which are held by subsidiaries are treated similar to treasury stocks and recognized and deducted from equity at cost in the consolidated financial statements. No gain or loss is recognized in the consolidated statement of income 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 additional paid-in capital.

Retained Earnings

The amount included in retained earnings includes profit or loss attributable to First Gen Group's equity holders and reduced by dividends on capital stock. Dividends on capital stock are recognized as a liability and deducted from equity when they are declared by the Parent Company's BOD. Dividends for the year that are approved after the financial reporting date are dealt with as an event after the financial reporting date. The remeasurement gains and losses on retirement benefits are also included in the amount of retained earnings.

Retained earnings may also include the effect of changes in accounting policies as may be required by the standards' transitional provisions.

Portions of the retained earnings are restricted from being declared as dividend such as acquisition price of the treasury stocks and remeasurement gains on retirement benefits.

Dividends on Preferred and Common Stocks

First Gen Group may pay dividends in cash or by the issuance of shares of stock. Cash and property dividends are subject to the approval of the BOD, while stock dividends are subject to approval by the BOD, at least two-thirds of the outstanding capital stock of the shareholders at a shareholders' meeting called for such purpose, and by the Philippine SEC. First Gen Group may declare dividends only out of its unrestricted retained earnings.

Cash and property dividends on preferred and common stocks are recognized as liability and deducted from equity when declared. Stock dividends are treated as transfers from retained earnings to additional paid-in capital.

Revenue Recognition

The following specific recognition criteria must be met before revenue is recognized:

Revenue from sale of electricity under contracts

Revenue from sale of electricity (for EDC, FGP, FGPC and FNPC) is based on the respective Power Purchase Agreements (PPAs) of EDC, FGP and FGPC, and the Power Supply Agreement (PSA) of FNPC. These agreements call for a take-or-pay arrangement where payment is made principally on the basis of the availability of the power plant and not on actual deliveries of electricity generated.

Revenue from these agreements is composed of fixed capacity fees, fixed and variable operating and maintenance fees, fuel, wheeling and pipeline charges, and supplemental fees (excluding fixed capacity fees, collectively referred to as the "non-lease components").

Revenue from sale of electricity under contracts such as variable operating and maintenance fees, fuel, wheeling and pipeline charges, and supplemental fees are recognized monthly based on the actual energy delivered. Fixed capacity fees and fixed operating and maintenance fees are recognized monthly based on Net Dependable Capacity (NDC) tested or proven, over the terms of the respective PPAs and PSA.



Revenues from sale of electricity that are not covered by the long-term PPAs and PSA, particularly those that are using natural gas, geothermal, hydroelectric, wind and solar energy, are consummated whenever the electricity generated by these companies is transmitted through the transmission line designated by the buyer, for a consideration. Revenues from sale of electricity using natural gas, hydroelectric, and geothermal power are based on sales price and are composed of generation fees from spot sales to the WESM and PSAs with various electric companies. Revenue from sale of electricity using wind and solar power is based on the applicable Feed-in-Tariff (FIT) rate 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 National Grid Corporation of the Philippines (NGCP) is recognized monthly based on the capacity scheduled and/or dispatched and provided. For FGES, revenue from sale of electricity is composed of generation charge from monthly energy supply with various contestable customers through Retail Supply Contract (RSC), 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.

Spot market sales

Revenue from sale of electricity is consummated whenever the generated electricity is transmitted through the transmission line designated by the buyer, for a consideration. Revenue from sale of electricity is composed of generation fees from spot sales to the Wholesale Electricity Spot Market (WESM) and is recognized monthly based on the actual energy delivered.

Interest income

Interest income is recognized as the interest accrues (using the EIR, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset), taking into account the effective yield on the asset.

Insurance proceeds

Proceeds from insurance claims are recognized as part of “Other income (charges)” and are recognized only when receipt is virtually certain.

Costs of Sale of Electricity

These include expenses incurred by the departments directly responsible for the generation of revenues from sale of electricity (i.e., Plant Operations, Production, Maintenance, Transmission and Dispatch, Wells Drilling and Maintenance Department) at operating project locations in the case of EDC. This account also includes the costs incurred by FGPC, FGP, FNPC, Prime Meridian, FRLC, and FGEN LNG, particularly fuel cost, power plant operations and maintenance, and depreciation and amortization, which are necessary expenses incurred to generate the revenues from sale of electricity or render services. Costs of sale of electricity are expensed when incurred.

Expense Recognition

Expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants, and are recognized when these are 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.



Borrowing Costs

Borrowing costs are capitalized if they are directly attributable to the acquisition, construction or production of qualifying assets until such time that the assets are substantially ready for their intended use or sale, which necessarily takes 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. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. 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 expensed in the year they occur and are recognized in the consolidated statement of income in the period in which they are incurred.

Foreign Currency Translations

The consolidated financial statements are presented in U.S. dollar, which is the Parent Company's functional and presentation currency. Each entity in First Gen Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded using the spot rate prevailing at transaction date. Monetary assets and liabilities denominated in foreign currencies are restated using the functional currency rate of exchange at financial reporting date. All differences are taken to the consolidated statement of income. Nonmonetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the transaction. Nonmonetary items measured at fair value in a foreign currency are translated using the spot rates as at the date when the fair value was determined. Foreign exchange differences between the rate at transaction date and the rate at settlement date or financial reporting date are recognized in the consolidated statement of income.

The functional currency of all the subsidiaries is the Philippine peso, except for the following:

<u>Subsidiaries:</u>	<u>Functional Currency</u>
Unified	U.S. dollar
FGP	- do -
FGPC	- do -
FGHC	- do -
Blue Vulcan	- do -
FGRI	- do -
Gold silk	- do -
Dualcore	- do -
Onecore	- do -
FNPC	- do -
FGen SG	- do -
EBWPC*	- do -
EDC HKL*	- do -
EDC HKIIL*	- do -
EDC Chile Holdings SPA*	Chilean peso
EDC Geotermica Chile*	- do -
EDC Chile Limitada*	- 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 Energía Azul S.A.C. *	- do -
Geotermica Crucero Peru S.A.C. *	- do -



Subsidiaries:	Functional Currency
EDC Energía Perú S.A.C. *	Peruvian nuevo sol
Geotermica Tutupaca Norte Peru S.A.C. *	- do -
EDC Energía Geotérmica S.A.C. *	- do -
EDC Progreso Geotérmico Perú S.A.C. *	- do -
Geotermica Loriscota Peru S.A.C. *	- do -
EDC Energía Renovable Perú S.A.C. *	- do -
EDC Soluciones Sostenibles Ltd*	- do -
EDC Desarrollo Sostenible Ltd*	- do -
EDC Energia Verde Chile SpA*	- do -
EDC Energia de la Tierra SpA*	- do -
EDC Energia Verde Peru SAC*	- do -
PT EDC Indonesia*	Indonesian rupiah
PT EDC Panas Bumi Indonesia*	- do -

**Translated and consolidated to EDC using Philippine Peso*

As at financial reporting date, the assets and liabilities of subsidiaries whose functional currency is different from the presentation currency are translated into the presentation currency of the Parent Company (the U.S. dollar) at the closing rate of exchange ruling at financial reporting date and, their statements of income are translated at the monthly weighted average exchange rates for the year. The exchange differences arising on the translation are taken to other comprehensive income (loss) as part of the “Cumulative translation adjustments” account, a separate component of equity. Upon disposal of any of these subsidiaries, the deferred cumulative amount recognized in equity relating to that particular subsidiary will be recognized in the consolidated statement of income proportionate to the equity interest disposed.

Foreign Currency-Denominated Transactions

Transactions in foreign currencies are initially recorded at the functional currency rate at the date of the transaction. Monetary assets and monetary liabilities denominated in foreign currencies are translated using the functional currency rate of exchange as at financial reporting date. All differences are taken to profit or loss as part of “Foreign exchange gains (losses) - net” account in the consolidated statement of income. 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.

Earnings Per Share (EPS) Attributable to the Equity Holders of the Parent

Basic EPS is computed by dividing net income (less cumulative preferred dividends, if any, whether declared or not) for the year attributable to common shareholders by the weighted average number of common stocks outstanding during the year, with retroactive adjustments for any stock dividends declared and stock split.

Diluted EPS is calculated in the same manner, adjusted for any effects of dilutive potential stocks (e.g., stock options, convertible preferred stocks). As of December 31, 2024 and 2023, First Gen Group does not have any dilutive potential stocks. Hence, diluted EPS is the same as the basic EPS.

Segment Reporting

For purposes of management reporting, First Gen Group’s operating businesses are organized and managed separately on a per company basis, with each company representing a strategic business segment. First Gen’s identified operating segments, which are consistent with the segments reported to the BOD which is First Gen’s Chief Operating Decision Maker (CODM). Financial information on the operating segment is presented in Note 4.



Events After the Financial Reporting Date

Any event after the financial reporting date that provides additional information about First Gen Group's position at financial reporting date (adjusting event) is reflected in the consolidated financial statements. Events after financial reporting date that are not adjusting events, if any, are disclosed, in the notes to consolidated financial statements, when material.

Future Changes in Accounting Policies

Pronouncements issued but not yet effective are listed below. First Gen Group does not expect that the future adoption of the said pronouncements to have a significant impact on its consolidated financial statements. First Gen Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2025

- 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.

The amendments are not expected to have any impact on First Gen Group's consolidated financial statements.

Effective beginning on or after January 1, 2026

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*

The amendments clarify that a financial liability is derecognized on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. They also introduce an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.

The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features. Furthermore, the amendments clarify the treatment of non-recourse assets and contractually linked instruments.

The amendments are not expected to have any material impact on First Gen Group's consolidated financial statements.

- Annual Improvements to PFRS Accounting Standards - Volume 11

The amendments are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversight or conflicts between the requirements in the Accounting Standards. The following is the summary of the Standards involved and their related amendments.



- *Amendments to PFRS 1, Hedge Accounting by a First-time Adopter*
The amendments included in paragraphs B5 and B6 of PFRS 1 cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of PFRS 9. These are intended to address potential confusion arising from an inconsistency between the wording in PFRS 1 and the requirements for hedge accounting in PFRS 9.

The amendments are not expected to have any material impact on First Gen Group's consolidated financial statements.

- *Amendments to PFRS 7, Gain or Loss on Derecognition*
The amendments updated the language of paragraph B38 of PFRS 7 on unobservable inputs and included a cross reference to paragraphs 72 and 73 of PFRS 13.

The amendments are not expected to have any material impact on First Gen Group's consolidated financial statements.

- *Amendments to PFRS 9*
 - *Lessee Derecognition of Lease Liabilities*
The amendments to paragraph 2.1 of PFRS 9 clarified that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee is required to apply paragraph 3.3.3 and recognize any resulting gain or loss in profit or loss.
 - *Transaction Price*
The amendments to paragraph 5.1.3 of PFRS 9 replaced the reference to 'transaction price as defined by PFRS 15 Revenue from Contracts with Customers' with 'the amount determined by applying PFRS 15'. The term 'transaction price' in relation to PFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of PFRS 9.

The amendments are not expected to have any material impact on First Gen Group's consolidated financial statements.

- *Amendments to PFRS 10, Determination of a 'De Facto Agent'*
The amendments to paragraph B74 of PFRS 10 clarified that the relationship described in B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor.

The amendments are not expected to have any material impact on First Gen Group's consolidated financial statements.

- *Amendments to PAS 7, Cost Method*
The amendments to paragraph 37 of PAS 7 replaced the term 'cost method' with 'at cost', following the prior deletion of the definition of 'cost method'.

The amendments are not expected to have any material impact on First Gen Group's consolidated financial statements.



- Amendments to PFRS 9 and PFRS 7, *Contracts Referencing Nature-dependent Electricity*

The amendments clarify the application of ‘own-use’ requirements for in-scope contracts that reference nature-dependent electricity and expose an entity to variability in an underlying amount of electricity. With respect to hedge accounting requirements, the amendments now allow an entity to designate a contract referencing nature-dependent electricity as the hedging instrument in a hedge of forecast electricity transactions.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026. Earlier adoption is permitted and that fact must be disclosed.

The amendments are not expected to have any material impact on First Gen Group’s consolidated financial statements.

Effective beginning on or after January 1, 2027

- 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 FSRSC 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 IASB. On February 14, 2025, the FSRSC further amended the mandatory effective date of PFRS 17 from January 1, 2025 to January 1, 2027. This is consistent with Circular Letter No. 2025-04 issued by the Insurance Commission which deferred the implementation of PFRS 17 to January 1, 2027.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2027, with comparative figures required. Early application is permitted.

The amendments are not expected to have any impact on First Gen Group’s consolidated financial statements.



- PFRS 18, *Presentation and Disclosure in Financial Statements*

The standard replaces PAS 1 Presentation of Financial Statements and responds to investors' demand for better information about companies' financial performance. The new requirements include:

- Required totals, subtotals and new categories in the statement of profit or loss
- Disclosure of management-defined performance measures
- Guidance on aggregation and disaggregation

The amendments are not expected to have any material impact on First Gen Group's consolidated financial statements.

- PFRS 19, *Subsidiaries without Public Accountability*

The standard allows eligible entities to elect to apply PFRS 19's reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other PFRS accounting standards. The application of the standard is optional for eligible entities.

The amendments are not expected to have any material impact on First Gen Group's consolidated financial statements.

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 FSRSC 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.

The amendments are not expected to have any impact on First Gen Group's consolidated financial statements.

3. Significant Accounting Judgments and Estimates

The preparation of the consolidated financial statements in accordance with PFRS Accounting Standards require First Gen Group to make judgments and estimates that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. However, future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements as they become reasonably determinable.



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

In the process of applying First Gen Group's accounting policies, management has made the following judgments and estimates which have the most significant effect on the amounts recognized in the consolidated financial statements:

Judgments

a. *Determination of functional currency*

Each entity within First Gen Group determines its own functional currency. The presentation currency of First Gen Group is the U.S. dollar, which is the Parent Company's functional currency. The functional currency of each of the subsidiaries, as disclosed in Note 2 to the consolidated financial statements, is determined based on the economic substance of the underlying circumstances relevant to each subsidiary.

b. *Determination of control over an Investee Company*

Control is presumed to exist when an investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Parent Company has established that it has the ability to control its subsidiaries by virtue of either 100% or majority voting interest in the investee companies.

Parent Company's control over EDC

The Parent Company has indirect 40.0% economic interest in EDC through Prime Terracotta and Red Vulcan. Prior to September 30, 2017, the Parent Company also directly and indirectly owned 1.98 billion common stocks in EDC, which was equivalent to a 10.6% economic interest in EDC. Following the successful tender offer conducted by PREHC, which was settled on September 29, 2017, to acquire up to 47.5% of EDC's common stocks, the Parent Company and Northern Terracotta participated and sold 9.0% of their combined 10.6% economic stake in EDC.

As of December 31, 2017, the Parent Company's total economic stake in EDC was 41.6%, of which 40.0% is held through Red Vulcan, while the remaining 1.6% was held directly through the Parent Company and Northern Terracotta. Moreover, the Parent Company held a 61.1% voting interest in EDC, of which 60.0% is held through Red Vulcan.

As of December 31, 2024 and 2023, the Parent Company's total economic stake in EDC is 45.8%, of which 44.0% is held through Red Vulcan while the remaining 1.8% is held directly through the Parent Company and Northern Terracotta. Moreover, the Parent Company holds a 65.0% voting interest in EDC, of which 63.9% is held through Red Vulcan. The Parent Company will continue to control and consolidate EDC given its controlling voting stake in EDC (see Note 2).

c. *Applicability of PFRS 16, Leases on First Gen Group's PPAs and PSA*

First Gen Group has existing PPAs and PSA with customers (see Note 25). First Gen Group evaluated its PPAs and PSA applying the requirements of PFRS 16. Management concluded that the arrangements do not contain a lease as the arrangements do not convey to the customers the right to control the use of the identified assets.

d. *Revenue from contracts with customers*

First Gen Group applied the following significant judgements in assessing the amount and timing of revenue from contracts with customers in accordance with the requirements of PFRS 15:



Identifying performance obligations

First Gen 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 First Gen Group's promise to transfer the good or service to the customer is separately identifiable from the other promises in the contract.

First Gen 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 PPAs, PSAs and ancillary services containing several promises such as capacity and energy dispatched which are separately identified, these obligations are combined and considered as one performance obligation since these are not distinct within the context of the agreements as the buyer cannot benefit from these services on its own without contracting the operations of the power plants.

Retail electricity supply also qualifies as a series of distinct goods or services that is accounted for as one performance obligation since the delivery of energy every month consists of distinct services.

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.

Allocation of variable consideration

Variable consideration may be attributable to the entire contract or to a specific part of the contract. For PPAs (upon scoping out of PFRS 16), PSAs and ancillary services and retail electricity supply, revenue streams which are considered as series of distinct goods or services that are substantially the same and have the same pattern of transfer, First Gen Group allocates the variable amount that is no longer subject to constraint to the satisfied portion (i.e., month or actual electricity delivery) which forms part of the single performance obligation, and the monthly billing of First Gen Group.

Timing of revenue recognition

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

First Gen Group concluded that revenue from contracts with customers are to be recognized over time, since customers simultaneously receives and consumes the benefits as First Gen Group supplies power.

Identifying methods for measuring progress of revenue recognized over time

First Gen Group 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.



e. *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, EDC 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 2024, while waiting for the ERC's approval of the adjusted FIT rates, management 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 EDC will be entitled to in exchange of the delivered energy (see Note 25).

f. *Applicability of IFRIC 12, Service Concession Arrangements on the GRESCs, WESCs and Solar Energy Service Contract (SESCs)*

An arrangement would fall under 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 GRESCs, WESCs, and SESC's entered into by EDC are outside the scope of IFRIC 12 since EDC 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.

g. *Deferred revenue on stored energy*

Under EDC's addendum agreements with NPC, EDC has a commitment to NPC with respect to certain volume of stored energy that NPC may lift for a specified period, provided that EDC is able to generate such energy over and above the nominated energy for each given year in accordance with the related PPAs. EDC 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 25(b) to the consolidated financial statements.

Estimates

a. *Recoverability of goodwill*

As of December 31, 2024 and 2023, goodwill is allocated to the following CGUs:

Entity	Cash-generating Unit	2024	2023
Red Vulcan	EDC and Subsidiaries*	\$781,695	\$816,636
GCGI	Palinpinon and Tongonan power plant complex*	38,754	40,486
FGHC	Santa Rita power plant complex	9,086	9,086
FG Hydro	Pantabangan/Masiway hydroelectric power plants*	5,071	5,297
Total		\$834,606	\$871,505

*Changes in the carrying amounts in 2024 and 2023 are due to the foreign exchange adjustments and impairment.

Goodwill pertains to the business synergies achieved when these cash-generating units were acquired. Goodwill is tested for recoverability annually as at December 31 for Red Vulcan, FGHC, FG Hydro, and EDC HKL, and September 30 for GCGI or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.



This test requires an estimation of the value-in-use of the CGUs to which goodwill is allocated. Estimating value-in-use requires First Gen Group to estimate the expected future cash flows from the CGUs and discounts such cash flows using weighted average cost of capital to calculate the present value of those future cash flows. With regard to the assessment of value-in-use, management believes that no reasonably possible change in any of the key assumptions would result to a materially different calculation.

The recoverable amounts have been determined based on value-in-use calculation using cash flow projections based on financial budgets approved by senior management covering the remaining term of the existing agreements.

The pre-tax discount rates applied in cash flow projections and the growth rates used to extrapolate the cash flows beyond the remaining term of the existing agreements for the years ended December 31, 2024 and 2023 are summarized as follows:

Entity	2024		2023	
	Pre-tax discount rates	Growth rates	Pre-tax discount rates	Growth rates
Red Vulcan	9.3%	3.5%	9.8%	3.8%
GCGI/EDC HKL	10.3%	5.6%	10.3% - 11.0%	5.6%
FGHC	16.5%	2.6%	13.6%	2.8%
FG Hydro	10.6%	1.1%	10.4%	1.2%

Following are the key assumptions used:

- **Budgeted Gross Margins**
The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year, increased for expected efficiency improvements.
- **Discount Rates**
Discount rates reflect the current market assessment of the risk specific to each CGU. The discount rate is based on the average percentage of First Gen Group's weighted average cost of capital. This rate is further adjusted to reflect the market assessment of any risk specific to the CGU for which future estimates of cash flows have not been adjusted.
- **Growth Rate**
Cash flows beyond the five-year period are extrapolated using a determined constant growth rate to arrive at the terminal value of each CGU.

In 2023, EDC recognized impairment loss on goodwill arising from EDC's acquisition of Hot Rock entities amounting to \$1.5 million. No impairment loss on goodwill was recognized in the consolidated statements of income in 2024 and 2022. The carrying values of goodwill as of December 31, 2024 and 2023 amounted to \$834.6 million and \$871.5 million, respectively (see Note 11).

b. *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 First Gen 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. If, after the exploration and evaluation assets are capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the consolidated statement of income in the period when the new information becomes available.

First Gen 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 First Gen Group considers important which could trigger an impairment review of exploration and evaluation assets include the following:

- the period for which First Gen 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 First Gen 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.

First Gen 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, an impairment loss of exploration and evaluation assets amounting to \$0.1 million was recognized in the consolidated statement of income (see Notes 12 and 18). No provision for impairment of exploration and evaluation assets was recognized in 2024 and 2022.

As of December 31, 2024 and 2023, the carrying amounts of exploration and evaluation assets amounted to \$45.8 million and \$38.8 million, respectively (see Note 12).

c. *Estimation of NRV of inventories*

First Gen Group measures inventories at NRV when such value is lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes. The carrying amounts of inventories as of December 31, 2024 and 2023 amounted to \$299.4 million and \$248.8 million, respectively (see Note 7). Provision for (reversal of) impairment of spare parts and supplies inventories amounted to \$2.4 million, (\$1.3 million), and \$0.4 million in 2024, 2023 and 2022, respectively (see Notes 7 and 18).

d. *Recognition of deferred income tax assets*

The carrying amounts of deferred income tax assets at each financial reporting date are reviewed and are reduced to the extent that there is no longer sufficient future taxable income available to allow all or part of the deferred income tax assets to be utilized. First Gen Group's assessment on the recognition of deferred income tax assets on deductible temporary differences, and the carryforward benefits of excess MCIT and NOLCO is based on the forecasted taxable income of the future years. This forecast is based on First Gen Group's past results and future expectations on revenue and expenses.



As of December 31, 2024 and 2023, the amount of deferred income tax assets recognized in the consolidated statements of financial position amounted to \$102.4 million and \$97.7 million, respectively. First Gen Group also has deductible temporary differences, carryforward benefits of unused NOLCO and excess MCIT for which no deferred income tax asset was recognized (see Note 21).

e. *Retirement and other post-employment benefits*

The cost of defined benefit retirement plans and other post-employment medical and life insurance benefits (in the case of EDC) are determined using the projected unit credit method of actuarial valuation. An actuarial valuation involves making assumptions. These include the determination of the discount rates, future salary increases and medical trend rates, future salary increases, mortality and disability rates and employee turnover rates. While the assumptions are reasonable and appropriate, significant differences in First Gen Group's actual experience or significant changes in the assumptions may materially affect the retirement benefit obligation. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

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 details of assumptions used in the calculation of First Gen Group's retirement benefits are presented in Note 20 to the consolidated financial statements.

As of December 31, 2024 and 2023, the net retirement and other post-employment benefits liabilities of First Gen Group amounted to \$55.6 million and \$63.1 million, respectively. Net retirement benefit expense amounted to \$10.1 million, \$8.0 million and \$7.8 million in 2024, 2023 and 2022, respectively (see Note 20).

f. *Impairment of non-financial assets other than goodwill*

Property, plant and equipment, water rights, pipeline rights, intangible asset on acquired O&M agreements, right-to-use transmission line, computer software and licenses, input VAT, prepaid expenses, prepaid major spare parts, TCCs, prepaid taxes and right-of-use assets

First Gen Group assesses impairment on these non-financial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that First Gen 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.

First Gen Group assesses whether there are any indicators of impairment for all non-financial assets at each financial reporting date. First Gen 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 approach. Recoverable amount is estimated for an individual asset or, if it is not possible, for the cash-generating unit to which the asset belongs. In the case of input VAT recorded as "Prepaid expenses" under "Other noncurrent assets" account, where the collection of tax claims is uncertain, First Gen Group provides an allowance for impairment based on the assessment of management and First Gen Group's legal counsel.

First Gen Group recorded a provision for (reversal of) impairment on noncurrent prepaid expenses amounting to \$6.8 million, (\$1.0 million) and \$2.8 million in 2024, 2023 and 2022, respectively.



The aggregate carrying amounts of current and noncurrent prepaid expenses amounted to \$84.9 million and \$80.0 million as of December 31, 2024 and 2023, respectively (see Notes 9 and 12).

Loss on direct write-off of input VAT claims amounted to \$1.4 million in 2024, \$0.8 million in 2023 and \$0.3 million in 2022. These amounts are included under “Others - net” in the “Other income (charges)” account in the consolidated statements of income (see Notes 12 and 18).

The aggregate carrying values of the non-financial assets amounted to \$4,100.8 million and \$3,321.6 million as of December 31, 2024 and 2023, respectively (see Notes 9, 10, 11 and 12).

g. *Estimation of useful lives of property, plant and equipment (except land and construction in progress), concession rights on acquired contracts, water rights, pipeline rights, intangible asset on acquired O&M agreements, right-to-use transmission line, and other intangible assets*

First Gen Group estimated the useful lives of property, plant and equipment, concession rights on acquired contracts, water rights, pipeline rights, rights to use transmission line and other intangible assets based on the years over which the assets are expected to be available for use and on the collective assessment of industry practices, internal technical evaluation and experience with similar assets. The estimated useful lives of property, plant and equipment, concession rights on acquired contracts, water rights, pipeline rights, rights to use transmission line and other intangible assets are reviewed at each financial reporting date and updated, if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits in the use of these assets. However, it is possible that future financial performance could be materially affected by changes in the estimates brought about by changes in the factors mentioned above. The amounts and timing of recording the depreciation and amortization of property, plant and equipment, concession rights on acquired contracts, water rights, pipeline rights, rights to use transmission line and other intangible assets for any year would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment, concession rights on acquired contracts, water rights, pipeline rights, rights to use transmission line and other intangible assets would increase the recorded depreciation and amortization and decrease the noncurrent assets.

There were no changes in the estimated useful lives of property, plant and equipment, concession rights on acquired contracts, water rights, pipeline rights, rights to use transmission line and other intangible assets in 2024, 2023 and 2022 (see Notes 10 and 11).

The carrying values of property, plant and equipment (excluding land and construction in progress) as of December 31, 2024 and 2023 amounted to \$2,335.1 million and \$1,957.3 million, respectively (see Note 10). The aggregate carrying values of the intangible assets as of December 31, 2024 and 2023 amounted to \$330.9 million and \$16.8 million, respectively (see Note 11).

h. *Estimation of asset retirement obligations*

Under their respective ECCs issued by the Department of Environment and Natural Resources (DENR), FGP, FGPC, FNPC and Prime Meridian have legal obligations to dismantle their power plant assets at the end of their useful lives. FG Bukidnon, on the other hand, has a legal obligation under the HSC to dismantle its power plant assets at the end of their useful lives. The asset retirement obligations recognized represent the best estimate of the expenditures required to dismantle the power plants at the end of their useful lives. Such cost estimates are discounted using a pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the liability. Each year, the asset retirement obligations are increased to reflect the accretion of discount and to accrue an estimate for the effects of inflation, with the charges being recognized under the “Interest expense and financing charges” account in the consolidated statements of income. While it is believed that the assumptions used in the estimation of such costs



are reasonable, significant changes in these assumptions may materially affect the recorded expense or obligations in future years.

In 2009, with the conversion of its Geothermal Service Contracts (GSCs) to GRESCs, EDC has made a judgment that the GRESCs are subject to the provision for restoration costs. Similarly, under the WESC, EBWPC 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 (see Note 25).

First Gen Group adjusted its asset retirement obligations and recognized an increase in asset retirement obligations amounting to \$1.2 million and \$4.0 million in 2024 and 2023, respectively. The revisions were mainly attributable to changes in estimated cash flows and discount rates (see Notes 10 and 15).

Asset retirement obligations amounted to \$56.7 million and \$55.1 million as of December 31, 2024 and 2023, respectively (see Note 15).

i. *Fair values of financial instruments*

First Gen Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates and volatility rates), the amount of changes in fair value would differ if First Gen Group utilized different valuation methodologies and assumptions. Any changes in fair value of these financial assets and liabilities would affect the consolidated statements of income and the consolidated statements of changes in equity (see Note 24).

Where the fair values of certain financial assets and financial liabilities recorded in the consolidated statements of financial position cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. Judgments include considerations of liquidity and model inputs such as correlation and volatility for longer dated derivatives.

The fair values of First Gen Group's financial instruments are presented in Note 24 to the consolidated financial statements.

j. *Legal contingencies and regulatory assessments*

First Gen Group is involved in various legal proceedings and regulatory assessments as discussed in Note 25 to the consolidated financial statements. First Gen Group's estimate of probable costs for the assessments and resolution of these claims and cases have been developed in consultation with in-house and external counsels handling the defense in these claims and cases and is based upon thorough analysis of potential results.

First Gen Group, in consultation with its in-house and external legal counsels, believe that its positions on these assessments are consistent with the relevant laws, and these assessments would not have a material adverse effect on the consolidated financial statements. It is possible, however, that future financial performance could be materially affected by changes in the estimates or the effectiveness of management's strategies relating to these proceedings.



As of December 31, 2024 and 2023, provisions for these liabilities amounting to \$8.3 million and \$8.5 million, respectively, are recorded as “Others” in the “Other noncurrent liabilities” account (see Note 15). Interest on liability from litigation each amounted to \$0.1 million for the years ended December 31, 2024 and 2023 (see Note 19).

k. *Estimation of liability from shortfall generation*

EDC’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 EDC 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 II PPAs is for fiscal period ending December 25 (see Note 25). 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, 2024 and 2023, EDC’s estimated liability arising from shortfall generation amounted to \$24.8 million and \$28.6 million, respectively, are shown as part of “Others” in the “Accounts payable and accrued expenses” account (see Note 13).

Moreover, the amount of estimations relating to the shortfall generation under the PPAs covering Unified Leyte 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 20, 2025, the reconciliation with NPC for certain contract years is still ongoing.

4. Operating Segment Information

Operating segments are components of First Gen Group that engage in business activities from which they may earn revenues and incur expenses, whose operating results are regularly reviewed by First Gen Group’s CODM to make decisions about how resources are to be allocated to the segment and assess their performances, and for which discrete financial information is available. For purposes of management reporting, First Gen Group’s operating businesses are organized and managed separately on a per company basis, with each company representing a strategic business segment. First Gen’s identified operating segments, which are consistent with the segments reported to the BOD, which is the CODM of First Gen, are as follows:

- FGPC, which operates the 1,000 MW combined cycle, natural gas-fired Santa Rita power plant (Santa Rita Plant), and where the Parent Company has a 100% equity interest;
- FGP, which operates the 500 MW combined cycle, natural gas-fired San Lorenzo power plant (San Lorenzo Plant), and where the Parent Company has a 100% equity interest;
- FNPC, which owns and operates the 420 MW natural gas-fired San Gabriel power plant (San Gabriel Plant), and where the Parent Company has a 100% equity interest;
- Prime Meridian, which owns and operates the 97 MW Avion open-cycle natural gas-fired power plant (Avion Plant), and where the Parent Company has a 100% equity interest;



- EDC and Subsidiaries, excluding FG Hydro, which holds service contracts with the DOE corresponding to 10 geothermal contract areas each granting EDC exclusive rights to explore, develop, and utilize the corresponding resources in the relevant contract area. EDC conducts commercial operations in four (4) out of its 10 geothermal contract areas. Likewise, EDC owns the 150 MW Burgos Wind Power Plant (Burgos Wind) and the 6.82 MW Burgos Solar Power Plant Phase 1 and Phase 2 (Burgos Solar) both situated in Burgos, Ilocos Norte. As of December 31, 2024 and 2023, Burgos Wind and Burgos Solar power plants are entitled to the FIT rates. Also, EDC, through EDC Siklab, earns revenue from its solar rooftop PPAs and lease agreements. As of December 31, 2024 and 2023, the Parent Company has a 100.0% direct voting interest in Prime Terracota and 45.8% effective economic interest in EDC through Prime Terracota;
- FG Hydro, which operates the 132 MW Pantabangan-Masiway Hydroelectric Plant (PAHEP/MAHEP), and where the Parent Company has a 40% direct economic interest as of December 31, 2024 and 2023, and 67.5% effective economic interest (including 27.5% indirect interest through EDC) as of December 31, 2024 and 2023; and
- FRLC, which owns and operates the 165 MW CHEPP effective February 26, 2024, and where the Parent Company has a 100% equity interest.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment revenue and segment expenses are measured in accordance with PFRS Accounting Standards. The classification of segment revenue is consistent with the consolidated statements of income. Segment expenses pertain to the costs and expenses presented in the consolidated statements of income excluding interest expense and financing charges, depreciation and amortization expense and income taxes which are managed on a per company basis.

First Gen has only one geographical segment as all of its operating assets are located in the Philippines. First Gen Group operates and derives principally all of its revenue from domestic operations. Thus, geographical business information is not required.

Substantially all of the segment revenues of FGP, FGPC and FNPC (until February 2024) are derived from Meralco, while close to 3.1%, 2.7% and 16.9% of EDC's total revenues in 2024, 2023 and 2022, respectively, are derived from then existing long-term PPAs with NPC.

Financial performances of the business segments are summarized as follows:

	Year Ended December 31, 2024							Eliminating Entries*	Total
	FGPC	FGP	FNPC	Prime Meridian	EDC and Subsidiaries*	FG Hydro and FRLC	Others		
Segment revenue	\$869,729	\$438,589	\$167,637	\$76,487	\$781,243	\$68,096	\$15,252	(\$9,055)	\$2,407,978
Segment expenses	(669,038)	(345,447)	(123,611)	(58,862)	(434,050)	(30,435)	(92,871)	118,962	(1,635,352)
Segment results	200,691	93,142	44,026	17,625	347,193	37,661	(77,619)	109,907	772,626
Interest income	2,032	5,065	2,059	330	8,798	2,097	8,576	(4,080)	24,877
Interest expense and financing charges	(5,747)	(13,370)	(4,536)	(1,081)	(63,856)	(23)	(29,629)	4,080	(114,162)
Depreciation and amortization	(48,344)	(24,093)	(22,486)	(4,965)	(116,294)	(15,564)	(45,945)	-	(277,691)
Other income (charges) - net	4,272	612	(2,649)	437	(77)	2,267	122,509	(112,648)	14,723
Income before income tax	152,904	61,356	16,414	12,346	175,764	26,438	(22,108)	(2,741)	420,373
Benefit from (provision for) income tax	(32,392)	(15,246)	(7,982)	(3,385)	(17,275)	(516)	(5,763)	-	(82,559)
Net income	\$120,512	\$46,110	\$8,432	\$8,961	\$158,489	\$25,922	(\$27,871)	(\$2,741)	\$337,814

*Pertains to EDC and subsidiaries' consolidated statement of income, excluding FG Hydro.

**Pertains to intercompany transactions that were eliminated upon consolidation.



	Year Ended December 31, 2023								
	FGPC	FGP	FNPC	Prime Meridian	EDC and Subsidiaries*	FG Hydro and FRLC	Others	Eliminating Entries**	Total
Segment revenue	\$842,773	\$425,488	\$272,847	\$77,881	\$809,490	\$38,333	\$25,436	(\$17,500)	\$2,474,748
Segment expenses	(656,128)	(333,209)	(214,672)	(54,123)	(372,905)	(25,687)	(77,212)	39,278	(1,694,658)
Segment results	186,645	92,279	58,175	23,758	436,585	12,646	(51,776)	21,778	780,090
Interest income	1,414	5,510	926	468	13,079	1,628	15,294	(4,505)	33,814
Interest expense and financing charges	(9,008)	(16,111)	(5,359)	(2,367)	(57,002)	(7)	(11,092)	4,505	(96,441)
Depreciation and amortization	(43,840)	(23,656)	(22,681)	(4,890)	(119,821)	(8,343)	(6,238)	-	(229,469)
Other income (charges) - net	(3,595)	16	505	2,478	10,060	217	70,646	(37,977)	42,350
Income (loss) before income tax	131,616	58,038	31,566	19,447	282,901	6,141	16,834	(16,199)	530,344
Benefit from (provision for) income tax	(28,124)	(14,543)	(6,297)	(4,102)	(28,320)	(288)	663	-	(81,011)
Net income (loss)	\$103,492	\$43,495	\$25,269	\$15,345	\$254,581	\$5,853	\$17,497	(\$16,199)	\$449,333

*Pertains to EDC and subsidiaries' consolidated statement of income, excluding FG Hydro.

**Pertains to intercompany transactions that were eliminated upon consolidation.

	Year Ended December 31, 2022								
	FGPC	FGP	FNPC	Prime Meridian	EDC and Subsidiaries*	FG Hydro	Others	Eliminating Entries**	Total
Segment revenue	\$946,457	\$447,683	\$274,926	\$88,972	\$825,899	\$75,142	\$22,067	(\$14,440)	\$2,666,706
Segment expenses	(759,899)	(356,065)	(224,159)	(67,347)	(424,333)	(60,098)	(45,644)	20,913	(1,916,632)
Segment results	186,558	91,618	50,767	21,625	401,566	15,044	(23,577)	6,473	750,074
Interest income	73	3,264	187	74	4,173	603	4,051	(3,213)	9,212
Interest expense and financing charges	(5,058)	(8,377)	(6,110)	(2,007)	(53,119)	(28)	(11,802)	3,213	(83,288)
Depreciation and amortization	(42,784)	(21,601)	(22,836)	(5,006)	(115,609)	(8,461)	(766)	-	(217,063)
Other income (charges) - net	(2,583)	288	6	4,733	(2,906)	(243)	11,228	(5,677)	4,846
Income (loss) before income tax	136,206	65,192	22,014	19,419	234,105	6,915	(20,866)	796	463,781
Benefit from (provision for) income tax	(29,367)	(16,389)	(11,044)	(3,992)	(33,713)	351	(115)	-	(94,269)
Net income (loss)	\$106,839	\$48,803	\$10,970	\$15,427	\$200,392	\$7,266	(\$20,981)	\$796	\$369,512

*Pertains to EDC and subsidiaries' consolidated statement of income, excluding FG Hydro.

**Pertains to intercompany transactions that were eliminated upon consolidation.

Set out below is the reconciliation of the segment revenue as shown in the business segments with the revenue from contracts with customers in 2024, 2023 and 2022:

2024

	FGPC	FGP	FNPC	Prime Meridian	EDC and Subsidiaries	FG Hydro and FRLC	Others	Eliminating Entries	Total
PPA	\$869,575	\$438,550	\$-	\$-	\$15,574	\$-	\$-	\$-	\$1,323,699
PSAs	-	-	40,099	41,976	392,164	10,762	732	(9,055)	476,678
WESM transactions	154	39	127,538	33,518	188,942	47,837	6,918	-	404,946
Sales under FIT	-	-	-	-	47,794	-	-	-	47,794
Retail electricity sales and ancillary services	-	-	-	993	136,769	9,497	7,602	-	154,861
Revenue from contracts with customers	\$869,729	\$438,589	\$167,637	\$76,487	\$781,243	\$68,096	\$15,252	(\$9,055)	\$2,407,978

2023

	FGPC	FGP	FNPC	Prime Meridian	EDC and Subsidiaries	FG Hydro	Others	Eliminating Entries	Total
PPA	\$842,355	\$425,335	\$-	\$-	\$22,871	\$-	\$-	\$-	\$1,290,561
PSAs	-	-	272,810	1,846	368,818	18,069	814	(17,500)	644,857
WESM transactions	418	153	37	38,129	246,719	18,655	-	-	304,111
Sales under FIT	-	-	-	-	64,260	-	-	-	64,260
Retail electricity sales and ancillary services	-	-	-	37,906	106,822	1,609	24,622	-	170,959
Revenue from contracts with customers	\$842,773	\$425,488	\$272,847	\$77,881	\$809,490	\$38,333	\$25,436	(\$17,500)	\$2,474,748



2022

	FGPC	FGP	FNPC	Prime Meridian	EDC and Subsidiaries	FG Hydro	Others	Eliminating Entries	Total
PPA	\$941,183	\$445,663	\$-	\$-	\$151,949	\$-	\$-	\$-	\$1,538,795
PSAs	-	-	274,880	1,293	220,360	61,297	788	(14,440)	544,178
WESM transactions	5,274	2,020	46	50,825	307,541	9,892	-	-	375,598
Sales under FIT	-	-	-	-	55,874	-	-	-	55,874
Retail electricity sales and ancillary services	-	-	-	36,854	90,175	3,953	21,279	-	152,261
Revenue from contracts with customers	\$946,457	\$447,683	\$274,926	\$88,972	\$825,899	\$75,142	\$22,067	(\$14,440)	\$2,666,706

Other financial information of the business segments are as follows:

As at December 31, 2024									
	FGPC	FGP	FNPC	Prime Meridian	EDC and Subsidiaries*	FG Hydro and FRLC	Others	Eliminating Entries**	Total
Current assets	\$379,356	\$331,860	\$88,619	\$37,077	\$644,523	\$63,606	\$600,836	(\$560,183)	\$1,585,694
Noncurrent assets	130,711	109,253	284,351	69,162	2,561,443	553,780	6,410,625	(5,110,273)	5,009,053
Total assets	\$510,067	\$441,113	\$372,970	\$106,239	\$3,205,966	\$617,386	\$7,011,462	(\$5,670,456)	\$6,594,747
Current liabilities	\$255,641	\$191,580	\$29,610	\$10,196	\$541,439	\$264,086	\$168,778	(\$368,453)	\$1,092,877
Noncurrent liabilities	33,695	94,628	63,197	1,608	1,190,353	153	912,150	(243,067)	2,052,717
Total liabilities	\$289,336	\$286,208	\$92,807	\$11,804	\$1,731,792	\$264,239	\$1,080,928	(\$611,520)	\$3,145,594

*Pertains to EDC and subsidiaries' consolidated statement of financial position, excluding FG Hydro.

**Pertains to intercompany assets and liabilities that were eliminated upon consolidation.

As at December 31, 2023									
	FGPC	FGP	FNPC	Prime Meridian	EDC and Subsidiaries*	FG Hydro and FRLC	Others	Eliminating Entries**	Total
Current assets	\$503,588	\$467,999	\$117,698	\$45,235	\$643,071	\$96,676	\$527,101	(\$528,809)	\$1,872,559
Noncurrent assets	157,802	135,263	302,926	76,685	2,249,723	55,262	5,782,838	(4,506,401)	4,254,098
Total assets	\$661,390	\$603,262	\$420,624	\$121,920	\$2,892,794	\$151,938	\$6,309,939	(\$5,035,210)	\$6,126,657
Current liabilities	\$414,803	\$340,303	\$72,285	\$30,852	\$536,614	\$3,259	\$239,468	(\$348,308)	\$1,289,276
Noncurrent liabilities	35,152	147,296	76,578	1,633	959,230	38	559,880	(243,552)	1,536,255
Total liabilities	\$449,955	\$487,599	\$148,863	\$32,485	\$1,495,844	\$3,297	\$799,348	(\$591,860)	\$2,825,531

*Pertains to EDC and subsidiaries' consolidated statement of financial position, excluding FG Hydro.

**Pertains to intercompany assets and liabilities that were eliminated upon consolidation.

5. Cash and Cash Equivalents

This account consists of:

	2024	2023
Cash on hand and in banks (see Notes 23 and 24)	\$297,867	\$304,728
Short-term deposits (see Notes 23 and 24)	378,931	669,839
	\$676,798	\$974,567

Cash and cash equivalents earn interest at the respective bank deposit rates ranging from 0.12% to 6.13% for the year ended December 31, 2024; and 0.10% to 5.12% for the years ended December 31, 2023 and 2022. Short-term deposits are made for varying periods of up to three months depending on the immediate cash requirements of First Gen Group, and earn interest at the respective short-term deposit rates.

Total interest income earned amounted to \$24.9 million, \$33.7 million and \$8.6 million for the years ended December 31, 2024, 2023 and 2022, respectively (see Note 19).



6. Receivables

This account consists of:

	2024	2023
Trade (see Notes 23, 24 and 25)	\$525,812	\$487,852
Due from related parties (see Notes 17, 23 and 24)	1,393	349
Loans and notes receivables (see Notes 23 and 24)	783	819
Others (see Notes 23, 24 and 25)	22,230	23,762
	550,218	512,782
Less allowance for ECL	20,649	20,297
	\$529,569	\$492,485

Trade receivables are noninterest-bearing and are generally collectible in 30 to 60 days. Other receivables comprise mainly of receivables from employees, contractors, and suppliers which are collectible upon demand and receivable from insurance claims.

The table below shows the rollforward analysis of the allowance for ECL on trade and other receivables:

	2024	2023
Balance at beginning of year	\$20,297	\$19,014
Provision for impairment (see Note 18)	1,238	1,142
Recoveries	(12)	-
Foreign exchange adjustments	(874)	141
Balance at end of year	\$20,649	\$20,297

7. Inventories

This account consists of:

	2024	2023
At cost:		
Fuel	\$71,461	\$94,175
Spare parts and supplies	170,761	126,202
	242,222	220,377
At NRV - Spare parts and supplies	57,170	28,403
	\$299,392	\$248,780

In 2024 and 2023, FGPC, FGP, FNPC and Prime Meridian imported Liquefied Natural Gas (LNG) totaling to \$145.9 million and \$100.8 million, respectively, and are shown as part of fuel inventories in the consolidated statement of financial position as of December 31, 2024 and 2023 [see Note 17 (i)].

Fuel inventories recognized as expense amounted to \$115.4 million, \$198.7 million and \$216.1 million for the years ended December 31, 2024, 2023 and 2022, respectively, which are recognized as part of the "Costs of sale of electricity" account in the consolidated statements of income (see Note 18).

Spare parts and supplies inventories include items that are carried at net realizable value amounting to \$57.2 million and \$28.4 million as of December 31, 2024 and 2023, respectively, and have a cost amounting to \$62.0 million and \$31.0 million, respectively. The rest of the spare parts and supplies inventories are carried at cost.



First Gen Group also identifies spare parts and supplies inventories subject to disposal and recognizes a provision equivalent to the carrying amount of these items. Provision for (reversal of) impairment of spare parts and supplies inventories amounted to \$2.4 million, (\$1.3 million), and \$0.4 million in 2024, 2023 and 2022, respectively. Provision for impairment of spare parts and supplies inventories are shown as part of “General and administrative expenses” account in the consolidated statements of income (see Notes 3 and 18). The spare parts and supplies inventories charged to expense amounted to \$23.4 million, \$23.9 million and \$26.1 million for the years ended December 31, 2024, 2023 and 2022, respectively (see Note 18).

Details of spare parts and supplies inventories issued are as follows:

	2024	2023	2022
Costs of sale of electricity (see Note 18)	\$21,055	\$21,973	\$22,619
General and administrative expenses (see Note 18)	2,302	1,930	3,449
	\$23,357	\$23,903	\$26,068

8. Financial Assets at FVPL

First Gen Group entered into various investment management agreements (IMA) with various Investment Managers, whereby First Gen Group availed of the service of the Investment Manager relative to the management and investment of funds.

Among others, following are the significant provisions of the IMA of First Gen Group:

- The investment managers shall administer and manage the fund as allowed and subject to the requirements of the Bangko Sentral ng Pilipinas (BSP), and in accordance with the written investment policy and guidelines mutually agreed upon and signed by the respective investment managers and First Gen Group.
- The agreement is considered as an agency and not a trust agreement. First Gen 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 managers. Any loss or depreciation in the value of the assets of the fund shall be for the account of First Gen Group.

In addition, First Gen Group has investments in various money unit investment trust fund. Fund investments include quoted government securities and other quoted securities. First Gen Group accounts for the entire investment as financial assets to be carried at FVPL. Mark-to-market loss amounting to \$0.07 million 2023 and \$0.01 million in 2022, and mark-to-market gain amounting to \$0.04 million in 2024 were recognized as part of “Other income (charges)” account in the consolidated statements of income.



As of December 31, 2024 and 2023, the movements of the financial assets at FVPL account are as follows:

	2024	2023
Balance at beginning of year	\$362	\$24,795
Additions	918	1,150
Realized income	5	134
Mark-to-market gain (loss)	35	(73)
Redemptions	(122)	(25,750)
Foreign exchange adjustments	(25)	107
Trustee fees	-	(1)
Balance at end of year	\$1,173	\$362

9. Other Current Assets

This account consists of:

	2024	2023
Prepaid expenses (see Note 12)	\$32,106	\$38,879
Input VAT (see Note 12)	20,250	30,860
Advances to suppliers	7,078	3,670
Short-term investments (see Note 24)	3,458	69,665
Prepaid taxes	2,645	2,746
Derivative assets (see Note 24)	4	620
Others (see Notes 23 and 24)	13,221	9,925
	\$78,762	\$156,365

Prepaid Expenses

Prepaid expenses consist mainly of prepaid insurance, rentals and creditable withholding taxes.

Advances to Suppliers

Advances to suppliers pertains mainly to the advances made by the Group for the purchase of parts and supplies, and other goods and services.

Short-term Investments

Short-term investments consist of money market securities with original maturity of more than three (3) months but less than twelve (12) months.

Prepaid Taxes

Prepaid taxes consist mainly of tax credits that may be used in the future by the operating subsidiaries of First Gen Group.

Others

This account consists mainly of EDC's deposits to distribution utilities (DUs) as required under the Distribution Wheeling Service (DWS) agreements and cash held in escrow accounts of EDC as required under the RSC.



10. Property, Plant and Equipment

Movements in the account are as follows:

	2024								
	Land	Power Plants, Buildings, Improvements and Other Structures	Exploration, Machinery and Equipment	FCRS and Production Wells	Furniture, Fixtures and Office Equipment	Transportation Equipment	Leasehold Improvements	Construction in Progress	Total
Costs:									
Balances at December 31, 2023	\$64,352	\$1,433,343	\$2,162,046	\$1,081,039	\$49,124	\$7,187	\$6,773	\$744,906	\$5,548,770
Additions	1,344	96,029	107,879	143	3,348	425	-	505,386	714,554
Retirements/write-off	-	(10,017)	(2,297)	-	(289)	(594)	-	-	(13,197)
Reclassifications/adjustments (see Notes 12 and 25)	-	181,490	163,710	118,807	2,824	(22)	-	(412,814)	53,995
Foreign exchange adjustments	(1,944)	(56,124)	(10,467)	(47,921)	(1,609)	(178)	(31)	(34,031)	(152,305)
Balances at December 31, 2024	63,752	1,644,721	2,420,871	1,152,068	53,398	6,818	6,742	803,447	6,151,817
Accumulated Depreciation, Amortization and Impairment Losses:									
Balances at December 31, 2023	319	1,096,645	1,260,117	374,499	41,761	4,031	5,196	2,479	2,785,047
Depreciation and amortization (see Note 18)	-	82,972	102,012	38,588	4,154	936	345	-	229,007
Retirements/write-off	-	(3,581)	(2,222)	-	(289)	(536)	-	-	(6,628)
Reclassifications/adjustments	-	(161)	(517)	1	(53)	31	-	-	(699)
Foreign exchange adjustments	(14)	(32,561)	(3,870)	(16,564)	(1,344)	(81)	(23)	(1,014)	(55,471)
Balances at December 31, 2024	305	1,143,314	1,355,520	396,524	44,229	4,381	5,518	1,465	2,951,256
Net Book Values	\$63,447	\$501,407	\$1,065,351	\$755,544	\$9,169	\$2,437	\$1,224	\$801,982	\$3,200,561

	2023								
	Land	Power Plants, Buildings, Improvements and Other Structures	Exploration, Machinery and Equipment	FCRS and Production Wells	Furniture, Fixtures and Office Equipment	Transportation Equipment	Leasehold Improvements	Construction in Progress	Total
Costs:									
Balances at December 31, 2022	\$62,529	\$1,679,493	\$1,867,107	\$1,000,183	\$43,388	\$6,052	\$5,169	\$485,665	\$5,149,586
Additions	992	1,080	7,702	-	4,242	1,629	600	378,650	394,895
Retirements/write-off	-	(899)	(586)	-	(614)	(519)	-	-	(2,618)
Reclassifications/adjustments (see Notes 12 and 25)	523	(254,546)	286,605	73,547	1,865	(1)	999	(124,787)	(15,795)
Foreign exchange adjustments	308	8,215	1,218	7,309	243	26	5	5,378	22,702
Balances at December 31, 2023	64,352	1,433,343	2,162,046	1,081,039	49,124	7,187	6,773	744,906	5,548,770
Accumulated Depreciation, Amortization and Impairment Losses:									
Balances at December 31, 2022	317	1,175,944	1,000,967	335,331	39,434	3,617	5,074	336	2,561,020
Depreciation and amortization (see Note 18)	-	87,288	88,175	36,660	2,724	828	123	-	215,798
Impairment (see Note 3)	-	-	12	-	-	-	-	2,101	2,113
Retirements/write-off	-	(840)	(531)	-	(604)	(427)	-	-	(2,402)
Reclassifications/adjustments	-	(170,488)	170,905	-	2	-	(5)	-	414
Foreign exchange adjustments	2	4,741	589	2,508	205	13	4	42	8,104
Balances at December 31, 2023	319	1,096,645	1,260,117	374,499	41,761	4,031	5,196	2,479	2,785,047
Net Book Values	\$64,033	\$336,698	\$901,929	\$706,540	\$7,363	\$3,156	\$1,577	\$742,427	\$2,763,723



Property, plant and equipment with net book values of nil and \$242.9 million as of December 31, 2024 and 2023, respectively, have been pledged as security for First Gen Group's long-term debts (see Note 14).

Estimated Rehabilitation and Restoration Costs

Under their respective ECCs, FGP, FGPC, FNPC and Prime Meridian have legal obligations to dismantle their respective power plant assets at the end of their useful lives. FG Bukidnon, on the other hand, has legal obligation under the HSC to dismantle its power plant asset at the end of its useful life. FGP, FGPC, FNPC, Prime Meridian and FG Bukidnon established their respective provisions to recognize their estimated liability for the dismantlement of the power plant assets (see Note 15).

Also, FCRS and production wells include the estimated rehabilitation and restoration costs of EDC'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 EDC in the rehabilitation and restoration of the said steam fields and power plants' contract areas, discounted using a risk-free discount rate and adjusted the cash flows to settle the provision. Similarly, EBWPC 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 (see Note 15). The amount of provision was recorded as part of the costs of power plants.

First Gen Group adjusted its asset retirement obligation with an increase of \$0.5 million and \$4.0 million in 2024 and 2023, respectively (see Notes 3 and 15). The revision in estimate was attributable to changes in estimated cash flows and discount rates. First Gen Group calculates the present value to settle the obligation by adjusting the cash flows for the risk and discounted it using risk-free discount rates.

In 2024 and 2023, the provision for impairment amounting to nil and \$2.1 million, respectively, relates to EDC HKL's incurred property and equipment costs for its Peru entities due to unfavorable political and market factors in Peru (see Note 18).

Depreciation and Amortization

Details of depreciation and amortization charges recognized in the consolidated statements of income are shown below:

	2024	2023	2022
Property, plant and equipment	\$229,007	\$215,798	\$208,780
Intangible assets (see Note 11)	8,371	4,274	5,036
Right-of-use assets (see Note 12)	46,337	9,397	3,778
Capitalized depreciation	(6,024)	-	(531)
	\$277,691	\$229,469	\$217,063
	2024	2023	2022
Costs of sale of electricity (see Note 18)	\$266,733	\$219,446	\$207,943
General and administrative (see Note 18)	10,958	10,023	9,120
	\$277,691	\$229,469	\$217,063



Reclassifications/Adjustments

The reclassifications in the accumulated depreciation of property, plant and equipment include the capitalized depreciation charges amounting to \$6.0 million, nil, and \$0.5 million in 2024, 2023 and 2022, respectively, under “Construction in progress” which primarily relates to ongoing drilling of production wells. In addition, First Gen Group recognized adjustments to the cost of property, plant and equipment in 2024 and 2023 relating to provisions for rehabilitation and restoration costs, as a result of the reassessment made by First Gen Group on the nature of the assets. It also includes reclassification of the prepaid major spare parts amounting to \$51.7 million and nil in 2024 and 2023, respectively [see Notes 12 and 25(h)]. The reclassification of prepaid major spare parts in 2024 resulted from the completion of the scheduled major maintenance outages of the San Gabriel and Santa Rita gas plants. Other reclassifications were due to the results of reassessment made by the First Gen Group on the nature of the assets.

Construction in Progress

First Gen Group’s “Construction in progress” account includes FGEN LNG’s Multi-Purpose Jetty and Gas Receiving Facility, EDC’s steamfield assets and other ongoing construction projects.

FGEN LNG

On November 11, 2020, FGEN LNG signed a Construction Contract and Supply Contract with McConnell Dowell Philippines, Inc. (MCD Philippines) and McConnell Dowell South East Asia Pte. Ltd. (together the “Contractors”), respectively, for the engineering, procurement and construction (EPC) of the Multi-Purpose Jetty and Gas Receiving Facility for its Interim Offshore LNG Terminal (IOT) Project to be located in the First Gen Clean Energy Complex (FGCEC) in Batangas City.

Upon termination of the Construction Contract and Supply Contract, a General Framework Agreement for Support Services (“GFA”) was executed on August 2, 2023 by FGEN LNG and MCD Philippines. Under the GFA, MCD Philippines agrees to provide various completion and commissioning services to FGEN LNG under a “work order” structure to achieve commissioning and start-up of the LNG facility, which is similar to a Facility Completion under the original EPC contract.

In February 2024, the LNG regasification terminal became available for use. Consequently, FGEN LNG reclassified a total of \$227.4 million from the “Construction in progress” account to the respective “Property, plant and equipment” accounts. The components of the Multi-Purpose Jetty and Gas Receiving Facility include the unloading system, multi-purpose jetty, land improvements, monitoring and control buildings, steel structure, gas pipeline and metering skids, safety and control systems, and electrical, communication and water facilities. This asset group has an average useful life of 21.77 years as of December 31, 2024.

The Department of Energy (DOE) issued a Permit to Operate and Maintain (POM) to FGEN LNG for the Interim Offshore LNG Terminal located in the FGCEC in Batangas City. The POM authorizes the operation of the project for its own-use and is valid for a period of twenty-five (25) years. In January 2025, FGEN LNG declared commercial operations after receiving the POM from the DOE.

EDC

The EDC’s steamfield 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, ongoing rehabilitation activities in the plants, Control Systems Integration (CSI), retrofitting and other construction projects.



11. Goodwill and Intangible Assets

Movements in the account are as follows:

	2024							
	Goodwill (see Note 3)	Concession Rights for Contracts Acquired	Water Rights	Intangible Asset on Acquired O&M Agreements	Pipeline Rights	Right-to-Use Transmission Line	Other Intangible Assets	Total
Costs:								
Balances at December 31, 2023	\$874,034	\$150,565	\$43,429	\$-	\$13,253	\$1,152	\$14,808	\$1,097,241
Additions	-	-	-	327,039	-	-	667	327,706
Foreign exchange adjustments	(37,008)	(6,442)	(1,856)	(4,583)	-	-	(670)	(50,559)
Balances at December 31, 2024	837,026	144,123	41,573	322,456	13,253	1,152	14,805	1,374,388
Accumulated Amortization and Allowance for Impairment:								
Balances at December 31, 2023	2,529	150,481	29,750	-	12,797	960	12,417	208,934
Amortization (see Notes 10 and 18)	-	82	1,687	5,451	456	120	575	8,371
Foreign exchange adjustments	(109)	(6,440)	(1,297)	(76)	-	-	(541)	(8,463)
Balances at December 31, 2024	2,420	144,123	30,140	5,375	13,253	1,080	12,451	208,842
Net Book Values	\$834,606	\$-	\$11,433	\$317,081	\$-	\$72	\$2,354	\$1,165,546

	2023							
	Goodwill (see Note 3)	Concession Rights for Contracts Acquired	Water Rights	Pipeline Rights	Right-to-Use Transmission Line	Other Intangible Assets	Total	
Costs:								
Balances at December 31, 2022	\$868,100	\$149,525	\$43,130	\$13,253	\$1,152	\$13,439	\$1,088,599	
Additions	-	-	-	-	-	1,269	1,269	
Foreign exchange adjustments	5,934	1,040	299	-	-	100	7,373	
Balances at December 31, 2023	874,034	150,565	43,429	13,253	1,152	14,808	1,097,241	
Accumulated Amortization and Allowance for Impairment:								
Balances at December 31, 2022	946	149,279	27,821	12,195	840	10,676	201,757	
Amortization (see Notes 10 and 18)	-	164	1,729	602	120	1,659	4,274	
Impairment (see Notes 3 and 18)	1,543	-	-	-	-	-	1,543	
Foreign exchange adjustments	40	1,038	200	-	-	82	1,360	
Balances at December 31, 2023	2,529	150,481	29,750	12,797	960	12,417	208,934	
Net Book Values	\$871,505	\$84	\$13,679	\$456	\$192	\$2,391	\$888,307	

Goodwill

As of December 31, 2024 and 2023, the outstanding balance of goodwill is attributable to Red Vulcan, GCGI, FG Hydro and FGHC. In 2023, the provision for impairment of goodwill amounting to \$1.5 million relates to EDC HKL's investment in Peru entities due to unfavorable political and market factors in Peru.

Concession Rights for Contracts Acquired

As a result of the purchase price allocation of Red Vulcan, an intangible asset was recognized pertaining to concession rights originating from contracts of EDC amounting to \$204.3 million (₱8,336.7 million). Such intangible asset pertains to the SSAs and PPAs of EDC that were existing at the time of acquisition. The identified intangible asset is amortized using the straight-line method over the remaining term of the existing contracts ranging from 1 to 17 years. The concession rights for contracts acquired have been valued based on the expected future cash flows using the Multiple Excess Earnings Method (MEEM) as of the date of acquisition. MEEM is the most commonly used approach in valuing customer-related assets, although it may be used to value other intangible assets as well. The asset value is estimated as the sum of the discounted future excess earnings attributable to the asset over the remaining project period. The intangible asset related to the concession rights was fully amortized as of December 31, 2024.



Water Rights

Water rights pertain to FG Hydro's right to use water from the Pantabangan reservoir for the generation of 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, the water permit for Pantabangan river issued by the National Water Resources Council on March 15, 1977.

Water rights are amortized using the straight-line method over 25 years, which is the term of FG Hydro's agreement with NIA. The remaining amortization period of water rights is 6.9 years as of December 31, 2024.

Pipeline Rights

Pipeline rights represent the construction cost of the natural gas pipeline facility connecting the natural gas supplier's refinery to FGP's power plant including incidental transfer costs incurred in connection with the transfer of ownership of the pipeline facility to the natural gas supplier. The cost of pipeline rights is amortized using the straight-line method over 22 years, which is the term of the GSPA. The pipeline rights were fully amortized as of December 31, 2024.

Intangible Asset on Acquired O&M Agreements

On February 25, 2024, the Deed of Absolute Sale of the 165 MW CHEPP in Pantabangan, Nueva Ecija was signed and executed by PSALM, NIA, and FRLC for a total acquisition price of \$526.0 million. Subsequently, on February 26, 2024, the CHEPP was officially turned over to FRLC.

As of December 31, 2024, FRLC has completed the valuation of the identifiable assets in accordance with PFRS 3, *Business Combinations*. The fair values of the assets recognized as a result of the acquisition are as follows:

Property, plant and equipment (see Note 10)	\$192,961
Intangible asset	327,039
Inventories	6,000
Total identifiable assets	\$526,000
Less cost of acquisition	526,000
<u>Goodwill arising on acquisition</u>	<u>\$-</u>

The intangible asset recognized by FRLC arises from the O&M Agreements for the non-power components and transbasin facilities, entered into with PSALM and NIA, in furtherance of and ancillary to the Asset Purchase Agreement (APA). The administration, operation and maintenance of these non-power components and transbasin facilities are essential to ensure FRLC's continued and uninterrupted full beneficial use of the CHEPP. FRLC will derive benefits from the O&M agreements by using the non-power components and transbasin facilities, including the water sourced through Casecanan and Taan rivers (see Note 26).

The O&M Agreement for the non-power components shall be effective for a term of 25 years, commencing on February 25, 2024, and may be renewed for another 25 years upon mutually agreed terms and conditions by the parties. Similarly, the O&M Agreement for transbasin facilities shall be effective for a period of 25 years, commencing on February 25, 2024, and may be renewed for a period in accordance with conditions as may be agreed upon by the parties.

In addition, on April 8, 2024, FRLC, entered into a Hydro Operating Contract (HOC) with the DOE, granting FRLC exclusive rights to the contract area for hydropower operations. The HOC, which governs the plant's hydropower operations, follows a 25-year term with a guaranteed extension for another 25 years, provided all contractual obligations are met.



As these agreements form the foundation of CHEPP's continued operations, FRLC has determined that the useful life of the identified intangible asset should span the full 50-year period, aligning with its projected economic benefits. The remaining amortization period is 49.2 years as of December 31, 2024.

Since the total purchase price is equal to the fair values of the identified assets, FRLC did not recognize goodwill in this business combination.

From the date of acquisition, FRLC contributed \$40.2 million to the consolidated revenues and consolidated net income of \$17.0 million to First Gen Group for the year ended December 31, 2024.

Right-to-Use Transmission Line

On July 15, 2015, FGPC agreed to give, transfer and convey, by way of donation, the Substation Improvements to TransCo amounting to \$1.2 million pursuant to the SIA dated September 2, 1997 entered into among FGPC, NPC and Meralco. The transferred substation improvements were accounted for as intangible assets since FGPC still maintains the right to use these assets under the provisions of the PPA with Meralco and the SIA. The cost of the right-to-use the substation improvements is amortized using the straight-line method over 10 years, which was then the remaining term of the PPA with Meralco. The remaining amortization period is less than year as of December 31, 2024.

Other Intangible Assets

This account includes computer software and licenses.

12. **Other Noncurrent Assets**

This account consists of:

	2024	2023
Right-of-use assets - net	\$261,022	\$232,158
Input VAT	139,233	115,510
Prepaid major spare parts [see Notes 10 and 25(h)]	61,173	79,834
Prepaid expenses - net of current portion (see Note 9)	52,822	41,134
Long-term receivables [see Notes 23, 24 and 25(k)]	49,292	32,098
Exploration and evaluation assets [see Note 25(c)]	45,805	38,847
Financial assets at FVOCI (see Notes 23 and 24)	6,023	6,035
Deferred debt issuance costs (see Note 14)	908	2,665
Special deposits and funds (see Notes 23, 24 and 25)	749	3,471
Derivative assets (see Note 24)	15	4,217
Others	35,181	48,617
	652,223	604,586
Less allowance for impairment loss	30,337	24,620
	\$621,886	\$579,966



Right-of-use assets

Right-of-use assets pertain to the recognized amounts from the lease contracts of the First Gen Group in accordance with PFRS 16 [see Notes 17 and 25(n)]. The costs of right-of-use assets are amortized using the straight-line method over the lease terms. Movements of the account are as follows:

	2024	2023
Cost:		
Balance at beginning of year	\$252,522	\$23,478
Additions [see Note 25(m)]	83,699	228,346
Adjustments [see Note 25(m)]	1,557	(412)
Foreign exchange adjustments	(11,623)	1,110
Balance at end of year	326,155	252,522
Accumulated Amortization:		
Balance at beginning of year	20,364	11,270
Amortization (see Notes 10 and 18)	46,337	9,397
Adjustments [see Note 25(m)]	(18)	(363)
Foreign exchange adjustments	(1,550)	60
Balance at end of year	65,133	20,364
Net Book Value	\$261,022	\$232,158

Input VAT

Input VAT represents VAT due or paid on purchases of goods and services that can be claimed against any future liability to the BIR for output VAT from sale of goods and services.

Prepaid Expenses

Prepaid expenses include the outstanding input VAT claims that were applied by EDC and FG Hydro for refund. In 2018, FG Hydro's outstanding input VAT claims for the year 2016 were elevated to the Court of Tax Appeals (CTA). The said claims for refund and the subsequent motions for reconsideration at CTA division and CTA En Banc were denied. On February 28, 2023, FG Hydro filed before the Supreme Court (SC) a motion for extension of time, requesting an additional period of thirty (30) days to file a petition for review. On May 2, 2023, FG Hydro submitted a manifestation to the SC that it will no longer pursue the filing of petition for review. In 2023, FG Hydro recognized the loss on denied input VAT claim amounting to \$0.3 million (₱16.0 million) as part of "Others - net" in "Other income (charges)" account in the consolidated statement of income. As of December 31, 2024 and 2023, the outstanding input VAT claims which are still pending with the BIR/SC/CTA amounted to \$18.5 million and \$14.3 million, respectively.

Prepaid expenses also include payments made by EDC on its real property taxes (RPT) that were paid under protest to certain local government units ("LGUs") totaling to \$20.5 million and \$19.6 million as of December 31, 2024 and 2023, respectively. The amounts paid in protest were in excess of the amounts determined using the 1.5% RPT rate stated in the Renewable Energy Law (RE Law), and are pending with the Local Board of Assessment Appeals (LBAA) and Central Board of Assessment Appeals (CBAA).

As of December 31, 2024 and 2023, prepaid expenses also include CWT balance of the Parent Company amounting to \$17.8 million and \$17.4 million, respectively. On November 28, 2024, the BOD of the Parent Company approved the application of CWT refund from the BIR for the years 2022 and 2023 amounting to \$1.4 million (₱77.3 million) and \$3.9 million (₱214.8 million), respectively. As of December 31, 2024, the CWT refund application totaling to \$5.1 million (₱292.1 million) remains outstanding and pending approval by the BIR.



Exploration and Evaluation Assets

	2024	2023
Balance at beginning of year	\$38,847	\$36,576
Additions	8,651	2,089
Adjustments (see Note 10)	93	55
Impairment (see Note 3)	—	(137)
Foreign exchange adjustments	(1,786)	264
Balance at end of year	\$45,805	\$38,847

Details of exploration and evaluation assets per project are as follows:

	2024	2023
Rangas/Kayabon	\$32,843	\$33,482
Amacan	8,451	1,473
Dauin/Bacong	1,441	1,467
Others	3,070	2,425
	\$45,805	\$38,847

In 2023, the exploration and evaluation costs incurred for EDC Peru SAC totaling to \$0.1 million were assessed by the management to be no longer recoverable. No similar provision was recognized in 2024 and 2022.

Long-term Receivables

Long-term receivables include receivable from TransCo arising from FIT rate adjustments (see Note 25) and loans extended by EDC to Thermaprime amounting to \$17.7 million in 2024 (see Note 17).

Financial Assets at FVOCI

Financial assets at FVOCI consist of:

	2024	2023
Quoted debt instruments	\$3,240	\$3,380
Quoted equity instruments	1,967	1,839
Investment in proprietary club membership shares	816	816
	\$6,023	\$6,035

Quoted debt instruments 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, 2024 and 2023, and interest rates ranging from 5.8% to 6.3% and 2.4% to 7.3% for both years, respectively.

Quoted equity instruments consist mainly of shares traded in the PSE.

The movements of the accumulated unrealized gains or losses related to the foregoing investments, which are presented in the consolidated statements of comprehensive income, amounted to \$0.2 million and \$0.5 million gains in 2024 and 2023, respectively. Changes in fair value recognized in the consolidated statements of comprehensive income pertain to the unrealized gains and losses during the year brought about by the temporary increases or decreases in the fair values of these instruments.

Special Deposits and Funds

The special deposits and funds mainly consist of security deposits for various operating lease agreements covering office spaces and certain equipment, escrow accounts in favor of terminated



employees, and escrow accounts in favor of specified counterparties on certain transactions. The release of which is subject to certain conditions (see Notes 23, 24 and 25).

Others

Others account includes the investment made by EDC to Compañía De Energia (Enerco) which is accounted for as investment in joint venture amounting to \$19.8 million and \$22.2 million as of December 31, 2024 and 2023, respectively.

As of December 31, 2024 and 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, 2024 and 2023, the total assets of Enerco amounted to \$34.5 million and \$38.2 million, respectively, of which current assets amounted to \$0.001 million as of December 31, 2024 and 2023. Enerco also has current liabilities amounting to \$1.6 million and \$1.1 million as of December 31, 2024 and 2023, respectively.

Enerco incurred total comprehensive loss amounting to \$0.1 million in 2024, \$0.1 million in 2023, and \$1.3 million in 2022, which include depreciation and amortization expenses amounting to \$0.3 million in 2024, and \$0.4 million for both years 2023 and 2022.

First Gen Group recognized share in net losses amounting to \$0.4 million, \$0.5 million, and \$0.2 million in 2024, 2023, and 2022, respectively.

Others account also include advances to contractors, deposits for land acquisitions, and power plant spares totaling to \$15.4 million and \$10.0 million as of December 31, 2024 and 2023, respectively.

Allowance for Impairment

The rollforward analysis of the allowance for impairment pertaining to input VAT and long-term receivables is presented below:

	2024		
	Prepaid expenses	Long-term receivables	Total
Balance at beginning of year	\$21,742	\$2,878	\$24,620
Provision for impairment (see Note 18)	6,760	467	7,227
Write-off (adjustments)	(427)	67	(360)
Foreign exchange differences	(1020)	(130)	(1,150)
Balance at end of year	\$27,055	\$3,282	\$30,337

	2023		
	Prepaid expenses	Long-term receivables	Total
Balance at beginning of year	\$22,083	\$2,761	\$24,844
Provision for (reversal of) impairment (see Note 18)	(972)	98	(874)
Write-off	480	-	480
Foreign exchange differences	151	19	170
Balance at end of year	\$21,742	\$2,878	\$24,620



Loss on direct write-off of input VAT claims amounted to \$1.4 million in 2024, \$0.8 million in 2023 and \$0.9 million in 2022. The amount of loss on direct write-off of input VAT claims is included under “Others - net” in the “Other income (charges)” account in the consolidated statements of income.

13. Accounts Payable and Accrued Expenses

This account consists of:

	2024	2023
Trade (see Note 17)	\$520,940	\$552,066
Deferred output VAT	67,319	102,014
Output VAT	36,823	34,054
Accrued interest and financing costs (see Note 14)	25,615	16,414
Withholding and other taxes payable	23,664	22,498
Government share payable [see Note 25(c)]	859	989
Due to a related party (see Note 17)	145	145
Others (see Notes 3 and 25)	34,655	43,466
	\$710,020	\$771,646

Trade payables are noninterest-bearing and are normally settled on 30 to 60-day payment terms. Government share payable pertains to outstanding payable to the Philippine Government (Government) for its share on certain earnings of EDC generated from renewable energy.

Government share is allocated between the DOE and the LGUs where the geothermal and hydro resources are located and payable within 60 days after the end of each quarter in the case of EDC, GCGI, BGI, EBWPC and EDC Siklab (for the Gaisano La Paz Solar Rooftop Project). For FG Hydro, government share is paid to DOE (60%) and LGU (40%) within 60 days after the end of each quarter. In 2024, 2023 and 2022, government share amounted to \$24.8 million, \$6.3 million and \$6.7 million, respectively. Government share expense is presented as part of “Others” in the “Costs of sale of electricity” in the consolidated statements of income (see Note 18).

Other payables mainly include EDC’s provision for shortfall generation amounting to \$24.8 million and \$28.6 million as of December 31, 2024 and 2023, respectively, and a portion of liabilities on regulatory assessments and other contingencies (see Note 3).

14. Loans Payable and Long-term Debts

Loans Payable

Entities	Dates	Maturities	Interest Rates	2024	2023
FGPC					
• BDO	Nov. 13, 2024	May 9, 2025	5.125%	\$31,300	\$–
• PNB	May 9, 2023	Aug. 7, 2023 extended until Feb. 2, 2024	5.75% until Aug. 7, 2023 5.65% until Feb. 2, 2024	–	24,000
• BDO	July 26, 2023	Oct. 24, 2023 extended until Jan. 5, 2024	5.75% until Oct. 24, 2023 5.65% until Jan. 5, 2024	–	24,200
• PNB	Sept. 7, 2023	March 5, 2024	5.65%	–	15,970
• PNB	Dec. 27, 2023	April 25, 2024	5.65%	–	29,132
FGP					
• BDO	Nov. 13, 2024	May 9, 2025	5.125%	15,700	–
• BDO	Sept. 7, 2023	March 5, 2024	5.65%	–	11,060
• PNB	Dec. 27, 2023	April 25, 2024	5.65%	–	14,711

(Forward)



Entities	Dates	Maturities	Interest Rates	2024	2023
FNPC					
• BDO	Sept. 7, 2023	March 5, 2024	5.65%	\$-	\$9,390
• BDO	Dec. 27, 2023	April 25, 2024	5.65%	-	5,117
				\$47,000	\$133,580

The loan proceeds were used to pay the liquid fuel and LNG purchased by FGPC, FGP and FNPC. First Gen Group availed and settled loans payable amounting to \$100.4 million and \$187.0 million, respectively, in 2024 and \$172.1 million and \$54.5 million, respectively, in 2023.

On March 14, 2025, FGP availed a \$16.0 million short term loan with BDO which was used to pay the LNG importation last February 2025.

Long-term debts

This account consists of long-term debts of:

	2024	2023
EDC Group	\$1,288,336	\$1,006,581
Parent Company	431,034	124,819
FGP	136,328	185,811
FNPC	64,989	82,816
FGPC	-	35,672
Prime Meridian	-	19,769
	1,920,687	1,455,468
Less current portion	261,180	319,121
	\$1,659,507	\$1,136,347

EDC

The details of EDC Group's long-term debts are as follows:

Creditor/Project	Maturities	Interest Rates	2024	2023
International Finance Corporation (IFC)				
• IFC 2 - ₱3.3 billion	October 15, 2025	4.68% from April 16, 2021 until maturity	\$4,231	\$8,797
• IFC 3 - ₱4.8 billion	March 15, 2033	7.804%	48,129	56,135
EBWPC Loans:				
• BDO ₱2.7 Billion Term Loan	December 19, 2034	6.5889% until next repricing date in June 2025	46,334	-
• Mizuho US\$80 Million Term Loan	December 20, 2029	5.30318% until next repricing date in June 2025	78,523	-
• US\$37.5M Commercial Debt Facility	October 23, 2029	Secured Overnight Financing Rate (SOFR) plus 2% margin plus Credit Adjustment Spread (CAS)	-	19,019
• \$150.0M ECA Debt Facility	October 23, 2029	SOFR plus 2.35% margin plus CAS	-	75,810
• ₱5.6 B Commercial Debt Facility	October 23, 2029	PDST-F rate plus 2.0% margin	-	51,642
DBP ₱291.2 Million Term Loan	December 17, 2030	5.50%	2,316	2,821
UBP ₱1.5 billion Term Loan	December 5, 2026	5.25%	15,542	18,932
SBC ₱1.0 billion Term Loan	December 5, 2031	5.5788%	12,570	14,206
UBP ₱2.0 Billion Term Loan	April 12, 2032	5.44%	17,229	20,391
SBC ₱3.0 Billion Term Loan	May 4, 2027	5.32%	15,534	22,706
BPI ₱1.0 Billion Term Loan	June 1, 2027	5.21%	5,179	7,571
SBC ₱1.0 Billion Term Loan	May 4, 2032	5.43%	8,614	10,195
SBC ₱500 Million Term Loan	May 4, 2032	5.49%	4,307	5,097
BPI Loans:				
• BPI ₱3.0 Billion Term Loan	April 15, 2030	5.1323%	33,580	40,450
• BPI ₱3.0 Billion Term Loan	April 15, 2030	3.56%	33,577	40,445

(Forward)



Creditor/Project	Maturities	Interest Rates	2024	2023
BDO ₱4.5 Billion Term Loan	September 10, 2030	4.25% until next repricing date in September 2025	\$51,262	\$63,198
BDO ₱2.0 Billion Term Loan	September 10, 2030	4.25% until next repricing date in September 2025	22,774	28,074
Fixed Rate ASEAN Green Bonds				
• Series A	June 25, 2024	2.8565%	–	45,050
• Series B	June 25, 2026	3.7305%	43,029	44,826
• Series C	May 27, 2027	6.7478%	51,298	–
• Series D	May 27, 2029	6.8873%	59,783	–
• Series E	May 27, 2031	7.0626%	59,755	–
US\$50 Million Mizuho Term Loan	March 24, 2027	5.45139% until next repricing date in March 2025	49,952	49,909
BPI				
• ₱2.0 Billion Term Loan	March 21, 2032	7.75% until next repricing date in March 2025	29,320	34,225
• ₱2.0 Billion Term Loan	March 21, 2032	6.6038% until next repricing date in March 2025	29,238	34,105
• ₱3.0 Billion Term Loan	March 21, 2032	6.6038% until next repricing date in March 2025	43,764	53,778
UBP ₱1.0 Billion Term Loan	March 24, 2032	5.831567% until next repricing date in March 2027	12,893	15,255
SBC ₱2.6B Term Loan	April 19, 2032	5.7829% until next repricing date in April 2027	33,519	39,661
CTBC ₱1.5B Term Loan	June 8, 2027	6.1869%	19,321	22,831
BDO				
• ₱2.0 Billion Term Loan	September 3, 2032	6.7029% until next repricing date in March 2025	27,580	32,413
• ₱3.0 Billion Term Loan	September 3, 2032	6.7029% until next repricing date in March 2025	41,252	48,466
CBC				
• ₱2.0 Billion Term Loan	October 5, 2032	6.1589% until next repricing date in October 2027	27,609	32,429
• ₱2.0 Billion Term Loan	October 5, 2032	6.1589% until next repricing date in October 2027	27,523	32,290
BDO				
• ₱2.0 Billion Term Loan	September 1, 2033	6.6819% until next repricing date in March 2025	30,910	35,854
• ₱3.0 Billion Term Loan	September 1, 2033	6.6819% until next repricing date in March 2025	48,918	–
BPI ₱5.0 Billion Term Loan	September 12, 2034	6.6381% until its next repricing date in March 2025	51,491	–
BDO ₱3.0 Billion Term Loan	November 7, 2034	6.33220% per annum until its next repricing date in March 2025	51,491	–
CTBC \$50.0 Million Term Loan	December 12, 2029	5.43598% until next repricing date in June 2025	49,383	–
CBC ₱3.0 Billion Term Loan	December 12, 2034	6.5305% until next repricing date in June 2025	51,478	–
Mizuho US\$50 Million Term Loan	December 12, 2029	5.18598% until next repricing date in June 2025	49,128	–
Total			1,288,336	1,006,581
Less current portion			157,232	161,905
Noncurrent portion			\$1,131,104	\$844,676

The long-term debts are presented net of unamortized debt issuance costs. A rollforward analysis of unamortized debt issuance costs is as follows:

	2024	2023
Balance at beginning of year	\$6,687	\$7,684
Additions during the year	7,316	1,619
Accretion during the year charged to “Interest expense and financing charges” account (see Note 19)	(2,055)	(2,657)
Write-off of debt issuance costs	(1,398)	–
Foreign exchange adjustments	(678)	41
Balance at end of year	\$9,872	\$6,687



IFC

EDC entered into a loan agreement with IFC, a shareholder of EDC, on November 27, 2008 for \$100.0 million (₱4.1 billion). On January 7, 2009, EDC opted to draw the loan in Peso. 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 years subject to repricing for another 5 to 10 years. Under the loan agreement, EDC is restricted from creating liens and is subject to certain financial covenants.

On May 20, 2011, EDC signed a 15-year \$75.0 million loan facility with IFC to fund its medium-term capital expenditures program. The loan was drawn in peso on September 30, 2011, amounting to \$69.3 million (₱3.3 billion). The loan is payable in 24 equal semi-annual installments after a three-year grace period at an interest rate of 6.657% per annum. The loan includes prepayment option, which allows EDC to prepay all or part of the loan anytime starting from the date of the loan agreement until maturity. The prepayment amount is equivalent to the sum of the principal amount of the loan to be prepaid, redeployment cost and prepayment premium.

On March 22, 2018, EDC signed a 15-year \$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 \$91.5 million (₱4.8 billion).

Following the consummation of this financing agreement, EDC and IFC have agreed to amend and reduce the interest rate of the first two (2) loans to 1.30%.

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 IFC ₱4.1 billion 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 Secured Overnight Financing Rate (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 (FXR) Bonds

On May 3, 2013, EDC issued fixed-rate peso bonds with an aggregate principal amount of \$162.0 million (₱7.0 billion). The FXR bonds, which were listed on the Philippine Dealing and Exchange Corp. (PDEX), were comprised of \$69.4 million (₱3.0 billion) seven-year bonds at 4.1583% and \$92.6 million (₱4.0 billion) 10-year bonds at 4.7312% due on May 3, 2020 and May 3, 2023, respectively. Interest was payable semi-annually starting November 3, 2013. Transaction costs incurred in connection with the issuance of the 7-year bonds and 10-year bonds amounted to \$0.9 million (₱39.1 million) and \$1.2 million (₱52.1 million), respectively. The net proceeds of the FXR bonds were used to partially fund the 87 MW Burgos Wind project located in Burgos, Ilocos Norte with estimated project cost of \$300.0 million. On May 4, 2020 and May 3, 2023, EDC fully settled the ₱3.0 billion seven-year and ₱4.0 billion ten-year bonds, respectively.

EBWPC Loan

On October 17, 2014, EDC secured a \$315.0 million financing facility agreement, which covers a Peso Commercial Debt Facility of ₱5.6 billion (\$109.8 million), an ECA Debt Facility of \$150.0 million, and a USD Commercial Debt Facility of \$37.5 million, from local and foreign banks for the construction of the 150 MW Burgos Wind project in Ilocos Norte. The facility consists of U.S. Dollar and Philippine Peso-denominated tranches which will mature in 15 years. Portion of the proceeds received from the financing facility was used to settle the outstanding bridge loans availed in October 2014. Total borrowing costs amounted to \$1.8 million.



Under the agreement of the EBWPC's project financing, EBWPC's debt service is guaranteed by EDC. In the last quarter of 2014, EBWPC entered into seven (7) interest rate swap agreements with an aggregate notional amount of \$181.3 million. This is to partially hedge the interest rate risks on its ECA and Commercial Debt Facility (Hedged Loan) that is benchmarked against six (6) months U.S. LIBOR.

On June 15, 2015, EBWPC has fully drawn the \$315.0 million financing agreement in ECA Debt Facility, USD Commercial Debt Facility, and the Peso Commercial Debt Facility with various banks.

Under the agreement of the EBWPC's Project Financing, EBWPC entered into Mortgage Agreement with Philippine National Bank (PNB), 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 EDC.

In August 2019, pursuant to the "reserve support instruments" clause of the loan agreement, EBWPC secured an acceptable credit support instrument from EDC in lieu of cash deposit standing in the DSRA.

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 June 30, 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.

As of December 31, 2023, EBWPC had seven (7) interest rate swaps (IRS) with aggregate notional amount of US\$118.3 million. This was to partially hedge the interest rate risks on its Hedged Loan that was benchmarked against six (6) months Term SOFR (see Note 24). Four (4) of the IRS transactions were subsequently terminated on October 21, 2024.

On December 13, 2024, EBWPC secured an interest-free subordinated shareholder advances from EDC and voluntarily prepaid the principal outstanding of the Burgos Wind Project (BWP) project financing (PF) on December 16, 2024. With the prepayment of the PF, the remaining three (3) IRS were also subsequently terminated on December 16, 2024. EBWPC and the BWP PF parties subsequently executed a Global Deed of Release and Termination, discharging each party of its obligations under the PF agreements and reassigning to the Borrower all rights, title and interest in any collateral security or security interest previously created under the PF security documents.

On December 16, 2024 and December 17, 2024, EBWPC signed a bilateral corporate term loan agreements with BDO for ₱5.0 billion and Mizuho Bank, Ltd. (Mizuho) for \$80.0 million, where EBWPC drew ₱2.7 billion and \$80.0 million, respectively, to repay the advances received from EDC for the prepayment of the BWP PF, to fund capital expenditures, and/or for general corporate purposes. Under the term loan agreements with BDO and Mizuho, any debt service shortfall amount is guaranteed by EDC.

DBP ₱291.2 Million Term Loan

On December 8, 2015, EDC secured a ₱291.2 million loan from the Development Bank of the Philippines (DBP). The term loan carries an interest rate of 5.75% per annum and will mature on December 17, 2030. The proceeds were used to finance the Burgos Solar Phase 1 project. On December 17, 2017, the loan agreement was amended to reduce the interest rate to 5.50% per annum.



UBP ₱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 (Union Bank). The proceeds were used to refinance the outstanding ₱3.5 billion fixed rate bonds, which matured on December 4, 2016, and to fund other general corporate purposes.

SBC ₱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 (Security Bank) and SB Capital Investment Corporation. The proceeds were used to refinance the outstanding ₱3.5 billion fixed rate bonds, which matured on December 4, 2016, and to fund other general corporate purposes.

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.

SBC ₱3.0 Billion Term Loan

On April 26, 2017, EDC secured a ₱3.0 billion loan at 5.32% per annum maturing on May 4, 2027 with Security Bank.

SBC ₱1.0 Billion Term Loan

On April 26, 2017, EDC secured a ₱1.0 billion loan at 5.43% per annum maturing on May 4, 2032 with Security Bank.

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 (BPI).

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.

BPI ₱6.0 Billion Term Loan

On April 2, 2020, EDC signed a ₱6.0 billion, 10-year term loan facility with BPI. On April 15, 2020, EDC has drawn ₱3.0 billion from the loan facility at a fixed interest rate of 5.13% per annum. On July 29, 2020, EDC has drawn the remaining ₱3.0 billion at a fixed interest rate of 3.56% per annum. Transaction costs related to the loan amounted to \$0.9 million (₱45.0 million).

BDO ₱4.5 Billion Loan

On August 28, 2020, EDC signed an ₱11.5 billion, 10-year term loan facility with BDO. On September 10, 2020, EDC has drawn ₱4.5 billion from the loan facility at a fixed rate of 4.25% per annum subject to repricing after five (5) years from the initial drawdown. Transaction costs related to the loan amounted to \$0.7 million (₱33.8 million).

BDO ₱2.0 Billion Loan

On February 18, 2021, EDC has drawn additional ₱2.0 billion from the BDO loan facility at a fixed rate of 4.25% per annum maturing on September 10, 2030.

Fixed Rate ASEAN Green Bonds

On June 25, 2021, EDC successfully listed its SEC-registered ASEAN Green Bonds with an aggregate principal amount of ₱5.0 billion. The bonds, which are listed on the PDEX, are comprised of ₱2.5 billion 3-year Series A bonds at 2.8565% per annum due on June 25, 2024 and a ₱2.5 billion 5-year Series B bonds at 3.7305% per annum due on June 25, 2026.



On May 27, 2024, EDC successfully listed its SEC-registered ASEAN Green Bonds with an aggregate principal amount of ₱10.0 billion. The bonds, which have been listed on the PDEX, are comprised of ₱3.0 billion 3-year Series C bonds at 6.7478% per annum, ₱3.5 billion 5-year Series D bonds at 6.8873% per annum, and a ₱3.5 billion 7-year Series E bonds at 7.0626% per annum due on May 27, 2027, May 27, 2029 and May 27, 2031, respectively.

On June 25, 2024, EDC fully settled the ₱2.5 billion 3-year Series A bonds.

US\$50.0 Million Mizuho Loan

On March 24, 2022, the US\$50.0 million Mizuho Loan was refinanced by a new term loan with Mizuho at a six-month floating rate of 2.0879% per annum maturing on March 24, 2027. The loan was repriced and currently has a six (6)-month floating rate of 5.45139% per annum until its next repricing date in March 2025.

BPI ₱2.0 Billion Term Loan

On March 21, 2022, EDC secured a ₱2.0 billion loan at a six-month floating rate of 3.5% per annum maturing on March 21, 2032 with BPI. The loan was repriced and currently has a six (6)-month floating rate of 7.75% per annum until its next repricing date in March 2025.

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.

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, which partly refinanced the balance of the Fixed Rate Note Facility (FXCN) which matured on the same date.

CTBC ₱1.5 Billion Term Loan

On June 8, 2022, EDC secured a ₱1.5 billion loan at 6.1869% per annum maturing on June 8, 2027 with CTBC Bank (Philippines) Corp. (CTBC).

BDO ₱5.0 Billion Term Loan

On September 5, 2022 and February 22, 2023, EDC secured a ₱2.0 billion and ₱3.0 billion loans, respectively, maturing on September 3, 2032 from BDO. The loans were repriced at a six (6)-month floating rate of 6.7029% until its next repricing date in March 2025.

CBC ₱2.0 Billion Term Loan

On October 5, 2022, EDC secured a ₱2.0 billion loan maturing on October 5, 2032 with China Banking Corporation (CBC). The loan was repriced at a fixed rate of 6.1589% per annum until its next repricing date in October 2027.

CBC ₱2.0 Billion Term Loan

On April 25, 2023, EDC secured a ₱2.0 billion loan maturing on October 5, 2032 from CBC. The loan was repriced at a fixed rate of 6.1589% per annum until its next repricing date in October 2027.

BPI ₱2.0 Billion Term Loan

On June 21, 2023, EDC secured a ₱2.0 billion loan maturing on March 21, 2032 from the BPI. The loan was repriced at a six (6)-month floating rate of 6.6038% until its next repricing date in March 2025.



BDO ₱2.0 Billion Term Loan

On September 1, 2023, EDC secured a ₱2.0 billion loan maturing on September 1, 2033 from BDO. The loan was priced at a six (6)-month floating rate of 6.6819% per annum until its next repricing date in March 2025.

BPI ₱3.0 Billion Term Loan

On December 19, 2023, EDC secured a ₱3.0 billion loan maturing on March 21, 2032 from BPI. The loan was priced at a six (6)-month floating rate of 6.6038% until its next repricing date in March 2025.

BDO ₱3.0 Billion Term Loan

On March 6, 2024, EDC secured a ₱3.0 billion loan maturing on September 1, 2033 from BDO. The loan was priced at a six (6)-month floating rate of 6.6819% per annum until its next repricing date in March 2025.

BPI ₱3.0 Billion Term Loan

On September 12, 2024, EDC secured a ₱3.0 billion loan maturing on September 12, 2034 from BPI. The loan was priced at a six (6)-month floating rate of 6.6381% per annum until its next repricing date in March 2025.

BDO ₱3.0 Billion Term Loan

On November 7, 2024, EDC secured a ₱3.0 billion loan maturing on November 7, 2034 from BDO. The loan was priced at a six (6)-month floating rate of 6.3220% per annum until its next repricing date in May 2025.

CBC ₱3.0 Billion Term Loan

On December 12, 2024, EDC secured a ₱3.0 billion loan maturing on December 12, 2034 from CBC. The loan was priced at a six (6)-month floating rate of 6.5305% until its next repricing date in June 2025.

CTBC US\$50.0 Million Term Loan

On December 12, 2024, EDC secured a US\$50 million loan maturing on December 12, 2029 from CTBC. The loan was priced at a six (6)-month floating rate of 5.43598% per annum until its next repricing date in June 2025.

Mizuho US\$50.0 Million Term Loan

On December 12, 2024, EDC secured a US\$50 million loan maturing on December 12, 2029 from Mizuho. The loan was priced at a six (6)-month floating rate of 5.18598% per annum until its next repricing date in June 2025.

Unused Credit Facilities

As of December 31, 2024 and 2023, EDC has unused credit facilities from various local banks equivalent to \$170.3 million (₱9.8 billion) and \$88.2 million (₱4.9 billion) respectively, which may be availed for future operating activities.

Loan Covenants

The loans of EDC and its subsidiaries are subject to certain financial covenants. Under the various loan agreements, EDC and EBWPC are 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, 2024 and 2023, EDC and EBWPC are in compliance with the loan covenants of all their respective outstanding debts.



Parent Company

The details of the Parent Company's long-term debt are as follows:

	2024	2023
₱10.0 Billion BDO Term Loan	\$171,696	\$-
₱10.0 Billion BPI Term Loan	171,696	-
₱2.5 Billion BDO Term Loan	30,330	35,446
₱2.5 Billion BPI Term Loan	30,330	35,446
\$200.0 Million Term Facility	26,982	53,927
	431,034	124,819
Less current portion	34,189	34,465
Noncurrent portion	\$396,845	\$90,354

₱10.0 Billion Term Loans with BDO and BPI

On November 10, 2023, the Parent Company executed 10-year Term Loan Agreements with BPI and BDO each amounting to ₱10.0 billion (total of ₱20.0 billion or \$343.4 million). The loan proceeds were used to partially finance the acquisition of CHEPP and fund other general corporate requirements. On February 16, 2024, the Parent Company fully availed the term loans with BPI and BDO.

The interest on the loans will be paid semi-annually, every six months after the initial drawdown date and every six-months thereafter. The Parent Company used floating interest rates as its preferred interest rate pricing option for the loans. The floating interest rates will be computed as the sum of the 6-month PHP Bloomberg Valuation (BVAL) rate as of the repricing date plus a margin, with a one-time option to convert to a fixed interest rate up to the second anniversary of the Term Loan Agreements.

The facility imposes standard loan covenants on the Parent Company and requires the Parent Company to maintain a debt service coverage ratio of at least 1.2:1 and a debt-to-equity ratio of at most 2.5:1. The obligations of the Parent Company under these Term Loan Agreements are unsecured. As of December 31, 2024 and 2023, the Parent Company is in compliance with the terms of the Term Loan Agreements.

As of December 31, 2024 and 2023, total debt issuance costs incurred under the Term Loan Agreements amounted to nil and \$2.7 million (₱150.0 million), respectively, were presented as "Deferred debt issuance costs" in the "Other noncurrent assets" account in the consolidated statements of financial position (see Note 12).

The movements of the unamortized debt issuance costs account in 2024 follows:

Debt issuance costs incurred	\$2,665
Accretion during the year charged to "Interest expense and financing charges" account (see Note 19)	(169)
Foreign exchange differences	182
Balance at end of year	\$2,678

₱2.5 Billion Term Loans with BDO and BPI

On February 9, 2021, the Parent Company executed 10-year Term Loan Agreements with BPI and BDO each amounting to ₱2.5 billion (total of ₱5.0 billion). The loan proceeds were used to partially redeem the Parent Company's outstanding Series "G" redeemable preferred stocks and fund other general corporate purposes.



The interest on the loans are paid semi-annually, every February and August, at fixed interest rates of 4.00% per annum from the drawdown date to the fifth year anniversary of the respective loans. At the fifth year of the respective loans, interest will be computed at the higher of the sum of the five-year BVAL Reference Rate as of the repricing date plus a margin or 4.00% per annum.

In addition, the facility imposes standard loan covenants on the Parent Company and requires the Parent Company to maintain a debt service coverage ratio of at least 1.2:1 and a debt-to-equity ratio of at most 2.5:1. The obligations of the Parent Company under these Term Loan Agreements are unsecured. As of December 31, 2024 and 2023, the Parent Company is in compliance with the terms of the Term Loan Agreements.

The Parent Company incurred debt issuance costs under the Term Loan Agreements amounting to \$0.8 million (₱37.5 million).

The movements of the unamortized debt issuance costs account as of December 31, 2024 and 2023 are as follows:

	2024	2023
Balance at beginning of year	\$400	\$486
Accretion for the year charged to the “Interest expense and financing charges” account (see Note 19)	(80)	(89)
Foreign exchange differences	(16)	3
Balance at end of year	\$304	\$400

\$200.0 Million Term Facility

On September 22, 2015, the Parent Company signed an unsecured \$200.0 million Term Loan Agreement with BDO as Lender and BDO Capital as Arranger. The proceeds were intended to be used to invest in and/or finance the Parent Company’s subsidiaries to enable the latter to fund capital expenditures for the 420 MW San Gabriel natural gas-fired power plant and other projects, and fund other general corporate requirements. On September 29, 2015, the Parent Company fully availed the term loan of \$200.0 million that will fully mature in September 2025.

The interest on the loan is computed semi-annually, every March and September, using fixed interest rates of: (i) from the drawdown until the Repricing Date (i.e., September 30, 2024), the fixed rate of 4.90% per annum, and (ii) from the Repricing Date until the maturity date, a fixed rate of 5.09% per annum.

In addition, the facility imposes standard loan covenants on the Parent Company and requires the Parent Company to maintain a debt service coverage ratio of at least 1.2:1 and a debt-to-equity ratio of at most 2.5:1. The obligations of the Parent Company under this Term Loan Agreement are unsecured. As of December 31, 2024 and 2023, the Parent Company is in compliance with the terms of the Term Loan Agreement.

The movements of the unamortized debt issuance costs account as of December 31, 2024 and 2023 are as follows:

	2024	2023
Balance at beginning of year	\$73	\$163
Accretion during the year charged to the “Interest expense and financing charges” account (see Note 19)	(55)	(90)
Balance at end of year	\$18	\$73



FGP

Long-term debt of FGP consists of U.S. dollar-denominated borrowings availed from various lenders to partly finance the operations of its power plant complex.

Nature	Repayment Schedule	Facility Amount	Outstanding Balances	
			2024	2023
Term loan facility with BDO and with interest at six-month SOFR plus 1.30% margin plus CAS	Repayment to be made in various semi-annual installments from 2021 up to 2027	\$148,000	\$65,529	\$89,326
Term loan facility with BPI and with interest at six-month SOFR plus 1.30% margin plus CAS	Repayment to be made in various semi-annual installments from 2021 up to 2027	\$70,000	30,994	42,249
Term loan facility with PNB and with interest at six-month SOFR plus 1.30% margin plus CAS	Repayment to be made in various semi-annual installments from 2021 up to 2027	\$45,000	19,924	27,160
Term loan facility with SMBC and with interest at six-month SOFR plus 1.30% margin plus CAS for Tranche 1 and fixed interest rate of 4.37% for Tranche 2	Repayment to be made in various semi-annual installments from 2021 up to 2027	\$45,000	19,881	27,076
			136,328	185,811
Less current portion			51,615	49,483
Noncurrent portion			\$84,713	\$136,328

On May 25, 2021 (the “Refinancing Date”), FGP entered into four (4) Term Loan Facility Agreements (“Term Loan Facilities”) covering a total of \$308.0 million with four banks namely: BDO, BPI, PNB and Sumitomo Mitsui Banking Corporation Singapore Branch (SMBC). The proceeds were used to repay in full the aggregate principal, accrued interests and fees outstanding under the 2012 facility totaling to \$166.1 million on June 10, 2021, to fund the debt service reserve amount in the DSR, to fund FGP’s general and corporate working capital requirements, fund investments in other power projects and investments that will support the project, and to upstream funds to its shareholders. The interest rate for the Term Loan Facilities, except for the one with SMBC, is set semi-annually, every June and December, using the six-month U.S. LIBOR floating benchmark rate on the Interest Rate Setting Date plus 130 basis points. With respect to the Term Loan Facility with SMBC and for its outstanding loans from the initial drawdown (“Tranche 1”), the interest rate is set semi-annually, every June and December, using the six-month U.S. LIBOR floating benchmark rate on the Interest Rate Setting Date plus 130 basis points. As for the outstanding loans with SMBC from the second drawdown (“Tranche 2”), the interest rate was fixed at 4.37%. With the scheduled end of the LIBOR publication by June 2023, FGP transitioned to a six-month Term SOFR floating benchmark rate plus a Credit Adjustment Spread (CAS) of 31.29 basis points.

On June 10, 2021, FGP made an initial and partial drawdown on the Term Loan Facilities amounting to \$150.0 million. One year after, on June 10, 2022, FGP made a second drawdown on the Term Loan Facilities for the full amount of the Term Loans amounting to \$158.0 million.

The Term Loan Facilities are subject to a commitment fee of 0.25% per annum on the undrawn amount during the availability period. Total debt issuance costs incurred from the availment of the Term Loan Facilities amounted to \$4.0 million.



Movements of debt issuance costs as of December 31, 2024 and 2023 are as follows:

	2024	2023
Balance at beginning of year	\$1,189	\$2,143
Accretion for the year charged to the “Interest expense and financing charges” account (see Note 19)	(517)	(954)
Balance at end of year	<u>\$672</u>	<u>\$1,189</u>

FGPC

On April 5, 2017 (the “Refinancing Date”), FGPC entered into a 7-year Facility Agreement covering a \$500.0 million term loan facility with six banks namely: Bank of Commerce, BPI, BDO, PNB, Security Bank, and SMBC. The proceeds were used to repay in full the aggregate principal, accrued interest and fees outstanding under the existing facilities, to fund the debt service reserve amount in the DSRA, and to pay down a portion of the Parent Company’s existing loans, as well as pre-fund its upcoming maturities.

On May 19, 2017, FGPC availed of the \$500.0 million term loan facility with a 7-year tenor until May 2024. As a result of the refinancing, a portion of the proceeds of the term loan facility was used to pay the outstanding loans amounting to \$222.4 million, and the remaining balance, after funding of the DSRA and payment of other fees and expenses, was upstreamed to the Parent Company on June 28, 2017 as dividends and advances which are non-interest bearing. On November 12, 2020, the advances to the Parent Company were fully paid.

On May 17, 2024, FGPC fully paid the remaining balance of the term loan facility amounting to \$35.7 million.

The movements of the unamortized debt issuance costs account as of December 31, 2024 and 2023 are as follows:

	2024	2023
Balance at beginning of year	\$42	\$290
Accretion for the year charged to the “Interest expense and financing charges” account (see Note 19)	(42)	(248)
Balance at end of year	<u>\$–</u>	<u>\$42</u>

The covenants in the term loan facilities of FGP and FGPC’s financing agreements are limited to restrictions with respect to: change in corporate business; amendment of constituent documents; incurrence of other loans; granting of guarantees or right of set-off; maintenance of good, legal and valid title to the critical assets of the site free from all liens and encumbrances other than permitted liens; transactions with affiliates; and specified debt service coverage ratio during any Restricted Payment. FGPC and FGP’s real and other properties and shares of stock are no longer mortgaged and pledged as part of security to the lenders. Instead, FGP and FGPC covenant to its lenders that it shall not permit any indebtedness to be secured by or to benefit from any lien on the critical assets of the plant except Permitted Liens. As of December 31, 2024 and 2023, FGP and FGPC are in compliance with the terms of the said agreements.

On November 13, 2018, FGP and FGPC entered into amendment agreements to the financing agreements to allow the option to fund (in whole or in part) the DSRA with SBLC issued by an investment grade SBLC provider. On November 19, 2018, FGPC provided a 5.5-year SBLC issued by



MUFG; while FGP provided a 1-year SBLC issued by Mizuho on December 10, 2018. The FGP SBLC for its DSRA was renewed annually in 2019 and 2020, but subsequently cancelled in June 2021 with the prepayment of the \$420.0 million term loan facility. The purpose of the SBLC is to ensure that the DSRA is fully funded at all times, in accordance with the financing agreement, until full satisfaction of the obligations of FGPC and FGP under their respective financing agreements. Following the full settlement of the FGPC Facility Agreement in May 2024, the corresponding SBLC was likewise terminated.

The Term Loan Facilities entered into by FGP last May 25, 2021 includes the provision to fund (in whole or in part) the DSRA with SBLC issued by an investment grade SBLC provider. On June 4, 2021, FGP provided 1-year SBLCs issued by BDO and MUFG Bank, Ltd. in favor of the Lenders of the Term Loan Facilities. This SBLC is being extended annually with the most recent extension expiring in June 2025. The purpose of the SBLC is to ensure that the DSRA is fully funded at all times, in accordance with the financing agreements, until full satisfaction of the obligation of FGP under the financing agreements.

FNPC

Long-term debt of FNPC pertains to U.S. dollar-denominated borrowings availed from KfW IPEX-Bank of Germany (KfW-IPEX).

Nature	Repayment Schedule	Facility Amount	Carrying value	
			2024	2023
Export credit facility with KfW-IPEX and with fixed interest rate per annum of 3.12% plus 25 basis points	Repayment to be made in various semi-annual installments from 2016 up to 2028	\$265,000	\$64,989	\$82,816
Less current portion			18,144	17,827
Noncurrent portion			\$46,845	\$64,989

On July 10, 2014, FNPC signed an Export Credit Facility with KfW-IPEX with a tenor of 13.7 years to partially finance the 420 MW San Gabriel natural gas-fired power project. This facility has an export credit guarantee provided by Euler Hermes, acting on behalf of the Federal Republic of Germany. The proceeds of the loan were used primarily to finance the eligible German and non-German goods and services under the Supply Contract of FNPC with Siemens AG, the equipment supplier. FNPC (as the Borrower) and AlliedGen (as the Pledgor) also signed a Pledge Agreement wherein AlliedGen has pledged 100% of the issued and outstanding capital stock of FNPC in favor of KfW-IPEX. Furthermore, the Parent Company signed a Guarantee and Indemnity Agreement with KfW-IPEX, guaranteeing FNPC's punctual performance on all its payment obligations under the Export Credit Facility loan agreement (see Note 17).

With respect to the Export Credit Facility, the interest is paid semi-annually, every March and September, using the fixed interest rate (per annum) of 3.12% plus 25 basis points. Total drawdowns amounted to \$229.4 million.

The movements of the unamortized debt issuance costs account as of December 31, 2024 and 2023 are as follows:

	2024	2023
Balance at beginning of year	\$3,534	\$5,190
Accretion during the year charged to "Interest expense and financing charges" account (see Note 19)	(1,362)	(1,656)
Balance at end of year	\$2,172	\$3,534



As of December 31, 2024 and 2023, FNPC is in compliance with the covenants as set forth in its agreement with KfW-IPEX.

Prime Meridian

On December 1, 2021, Prime Meridian entered into two (2) 3-year Term Loan Facility Agreements covering a total of ₱2.8 billion (\$54.9 million) with two banks namely: BPI and ING Bank N.V., Manila Branch (ING) (the “Term Loan facility”). The Term Loan facility for each of BPI and ING amounted to ₱1.8 billion and ₱1.0 billion, respectively. The proceeds were used to fund fees and expenses incurred in connection with the facilities, to fund the debt service reserve amount in the DSRA, to fund the general corporate and working capital requirements, to fund investments in other power projects, to fund investments that will support the Project, and/or to make Restricted Payment with an amount equal to the balance remaining in the Operating Accounts. On December 14, 2021, Prime Meridian made a full drawdown on the Term Loan facility amounting to ₱2.8 billion.

As of December 31, 2023, Prime Meridian’s long-term debt consists of:

₱1.8 billion BPI Term Loan	\$12,760
₱1.0 billion ING Term Loan	7,009
	<u>19,769</u>
Less current portion	19,769
Noncurrent portion	<u>\$-</u>

With respect to the Term Loan facility, the interest rate was computed semi-annually, every June and December, using the effective interest rate which is the higher of the six-month PHP BVAL Reference Rate plus the applicable margin, and the floor rate of 3.125% per annum.

Prime Meridian incurred debt issuance costs under the Term Loan facility amounting to \$0.7 million (₱35.4 million).

The movements of the unamortized debt issuance costs account as of December 31, 2024 and 2023 are as follows:

	2024	2023
Balance at beginning of year	\$97	\$316
Accretion for the year charged to the “Interest expense and financing charges” account (see Note 19)	(95)	(220)
Foreign exchange differences	(2)	1
Balance at end of year	<u>\$-</u>	<u>\$97</u>

The covenants in the Term Loan facility were limited to restrictions with respect to: change of corporate business; amendment of constituent documents; incurrence of other loans; granting of guarantees or right of set off; transactions with affiliates; maintenance of good, legal and valid title to the critical assets of the site free from all liens and encumbrances other than permitted liens; and compliance with the specified debt service coverage ratio during any Restricted Payment. As of December 14, 2024 and December 31, 2023, Prime Meridian was in compliance with the terms of the said agreement.

FG Hydro

On November 28, 2024, FG Hydro executed a 15-year Term Loan Agreements with BDO, BPI and Rizal Commercial Banking Corporation (RCBC) for a combined total amount of ₱7.0 billion (\$121.0 million). On February 6, 2025, FG Hydro fully availed the term loans with BPI, BDO and RCBC. The loan proceeds were used to fund general corporate requirements.



The loan facilities require FG Hydro to maintain a debt-to-equity ratio which shall not exceed 75:25, and maintain a DSCR which shall not fall below 1.05. Interest rates on the loans are computed semi-annually. A floating interest rate was selected for each facility prior to drawdown which was computed using the 6-month BVAL plus a spread.

Total debt issuance costs incurred under the Term Loan Agreements amounted to \$0.9 million (₱52.5 million) and are presented as “Deferred debt issuance costs” in the “Other noncurrent assets” account in the consolidated statement of financial position as of December 31, 2024 (see Note 12).

15. Other Noncurrent Liabilities

This account consists of:

	2024	2023
Lease liabilities - net of current portion (see Note 25)	\$207,307	\$169,245
Asset retirement obligations (see Notes 3 and 10)	56,716	55,121
Provision for sick and vacation leaves	6,589	6,103
Others (see Notes 3 and 25)	47,718	87,525
	\$318,330	\$317,994

Asset Retirement Obligations

Movements of the asset retirement obligations are as follows:

	2024	2023
Balance at beginning of year	\$55,121	\$47,704
Effect of change in estimates (see Note 3)	1,197	4,041
Accretion for the year charged to “Interest expense and financing charges” account (see Note 19)	3,222	3,167
Foreign exchange adjustments	(2,824)	209
Balance at end of year	\$56,716	\$55,121

Lease Liabilities

First Gen Group recognized lease liabilities from its operating lease contracts based on the present value of the remaining lease payments over the lease term, discounted using the incremental borrowing rate at lease commencement date.

Movements of the lease liabilities are as follows:

	2024	2023
Balance at beginning of year	\$223,541	\$11,059
Additions [see Note 25(m)]	83,699	220,307
Accretion for the year charged to “Power plant operations and maintenance” account under “Costs of sale of electricity” (see Note 18)	9,132	1,917
Accretion for the year charged to “Interest expense and financing charges” account (see Note 19)	1,245	763
Payments (see Note 17)	(50,373)	(10,664)
Foreign exchange adjustments	(3,344)	(220)
Adjustments	3,398	379
Balance at end of year	267,298	223,541
Less current portion	59,991	54,296
Noncurrent portion	\$207,307	\$169,245



Provision for Sick Leaves and Vacation Leaves

Sick and annual vacation leaves with pay are given to active employees subject to certain requirements set by First Gen Group. These leaves are convertible into cash upon separation of the employees. At the end of the year, any remaining unused sick and vacation leave are accrued up to maximum allowed number of leave credits which is based on the employees' length of service. For EDC, vacation and sick leave credits exceeding the maximum allowed for accrual are forfeited.

Others

Others include cash received from Tokyo Gas Co., Ltd. (Tokyo Gas) for the development of the FGEN Batangas LNG Terminal Project (FGEN LNG Project) in accordance with the Joint Development Agreement (JDA) entered with the Parent Company last December 5, 2018. The JDA is a preliminary agreement between the parties to pursue development work to achieve a Final Investment Decision (FID). On October 6, 2020, the Parent Company and Tokyo Gas executed a Joint Cooperation Agreement (JCA) which represents the next phase of their joint development of FGEN LNG's IOT Project. Under the JCA, Tokyo Gas will have a 20% participating interest in the IOT Project and provide support in development, construction, operations and maintenance work to achieve an FID.

On May 21, 2024, FGEN LNG entered into a Share Subscription Agreement (SSA) and Shareholder's Agreement (SA) with Tokyo Gas and LNG Holdings to confirm the intention to proceed with the project, provide additional respective subscription, govern each Investor's rights and obligations with respect to FGEN LNG and the other shareholders, provide for the management of the business and operations of FGEN LNG, and to underpin new large and small-scale LNG opportunities as a means to introduce natural gas throughout the many islands of the Philippines.

As of December 31, 2024 and 2023, total cash received from Tokyo Gas amounted to \$78.3 million and \$62.5 million, respectively. On December 27, 2024, the Philippine SEC approved FGEN LNG's application of confirmation of valuation of Tokyo Gas' and LNG Holding's investments. Tokyo Gas' cash investment amounting to \$65.2 million was presented as deposit for future stock subscriptions under "non-controlling interest" account in the consolidated statement of financial position as of December 31, 2024 and was subsequently converted into capital stock following the fulfillment of the SSA conditions in February 2025 (see Note 28).

This account also includes EDC's estimate of the probable costs for the resolution of EDC's 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 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, 2024 and 2023, provision for pending assessments amounted to \$8.3 million and \$8.5 million, respectively.

Others also include proceeds received by EDC from the Joint Crediting Mechanism (JCM) Program of the Ministry of Environment of Japan (MOEJ) for the 29 MW Palayan Bayan Project amounting to \$20.4 million and \$14.1 million as of December 31, 2024 and 2023, 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 greenhouse gasses emission reductions. This allows the Japanese Government to achieve its overall emissions reduction targets. The MOEJ can demand repayment of the amount if certain conditions are not met.

Under the JCM Program, EDC 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.



16. Equity

a. Capital Stock

Details and movements of the Parent Company's capital stock are as follows:

	Number of Shares		
	2024	2023	2022
Redeemable preferred stock (Series "B")			
- ₱0.50 par value			
Authorized	1,000,000,000	1,000,000,000	1,000,000,000
Issued and outstanding	1,000,000,000	1,000,000,000	1,000,000,000
Redeemable preferred stock (Series "E")			
- ₱0.50 par value			
Authorized	1,500,000,000	1,500,000,000	1,500,000,000
Issued and outstanding	468,553,892	468,553,892	468,553,892
Redeemable preferred stock (Series "F")			
- ₱10.00 par value			
Authorized	100,000,000	100,000,000	100,000,000
Issued	100,000,000	100,000,000	100,000,000
Redeemable preferred stock (Series "G")			
- ₱10.00 par value			
Authorized	135,000,000	135,000,000	135,000,000
Issued	133,750,000	133,750,000	133,750,000
Outstanding			
Balance at beginning of year	-	-	66,603,840
Redemptions	-	-	(66,603,840)
Balance at end of year	-	-	-
Redeemable preferred stock (Series "H")			
- ₱10.00 par value*			
Authorized	300,000,000	300,000,000	300,000,000
Issued	82,986,740	82,986,740	82,986,740
Outstanding	-	-	-
Common stock - ₱1 par value			
Authorized	5,000,000,000	5,000,000,000	5,000,000,000
Issued	3,660,943,557	3,660,943,557	3,660,943,557
Outstanding	3,596,575,505	3,596,575,505	3,596,575,505

* As of December 31, 2024 and 2023, all subscribed and issued Series "H" redeemable preferred stocks are held by the subsidiaries of the Parent Company and presented as part of "Cost of stocks held in treasury" upon consolidation.

As of December 31, 2024 and 2023, the Parent Company's redeemable preferred stock consists of the following:

- The Series "B" preferred stocks have voting rights, entitled to cumulative dividends of two centavos (₱0.02) a share and redeemable at the option of the Parent Company.
- The Series "E" preferred stocks have voting rights, entitled to receive dividends at one centavo (₱0.01) a share and redeemable at the option of the Parent Company.
- The Series "G" preferred stocks have non-voting rights except in the cases provided by law, issue value of one hundred pesos (₱100.00) a share, dividend rate of 7.7808% on the issue price, entitled to receive cumulative dividends, and redeemable at the option of the Parent Company. As of December 31, 2024 and 2023, the Parent Company has redeemed its outstanding Series "G" Preferred Shares.



- The Series “H” preferred stocks have non-voting rights except in the cases provided by law, issue value of ten pesos (₱10.0) a share, dividend rate shall be based on the 6-month BVAL rate as published on the PDEX page plus 150 basis points on the issue price, entitled to receive cumulative dividends, and redeemable at the option of the Parent Company. As of December 31, 2024 and 2023, the Parent Company has redeemed all of its outstanding Series “H” Preferred Shares.

Preferred stocks, regardless of series, are non-participating and non-convertible to common stocks.

On May 16, 2012, the BOD of the Parent Company approved the extension of the two-year share buyback program which was previously approved by the BOD of the Parent Company on May 12, 2010 covering up to 300.0 million of the Parent Company’s common stocks representing approximately 9% of the Parent Company’s total outstanding common stocks. The number of shares and buyback period are subject to revision from time to time as circumstances may warrant, subject to the proper disclosures to regulatory agencies, by the BOD of the Parent Company. The Parent Company will undertake a buyback transaction only if and to the extent that the price per share is deemed extremely undervalued, if share prices are considered highly volatile, or in any other instance where the Parent Company believes that a buyback will result in enhancing shareholder value. On May 12, 2014, the stockholders and the BOD of the Parent Company approved the extension of the buyback program for another two years from June 1, 2014 to May 31, 2016 under the same terms and conditions as the original share buyback program. There were no stocks purchased under the program from May 16, 2012 to May 31, 2016.

During the May 12, 2014 Annual Stockholders’ Meeting, the stockholders and the BOD of the Parent Company approved a two-year buyback program covering the repurchase of up to ₱5.0 billion worth of Series “F” and “G” redeemable preferred stocks from the open market. The two-year period commenced on June 1, 2014 and ended on May 31, 2016. Under the Series “F” and “G” redeemable preferred stocks buy-back program, the maximum amount of the shares and buyback period will be subject to revision by the BOD from time to time as circumstances warrant, subject to proper disclosures to regulatory agencies. The program will not involve active and widespread solicitation from shareholders in general, and not adversely affect the Parent Company’s prospective and existing development projects. The program will be executed in open market through the trading facilities of the PSE and be implemented under the supervision of the Parent Company’s Chief Executive Officer, President, and Chief Finance Officer. In 2015, the Parent Company purchased from the open market 36,365,000 Series “F” redeemable preferred stocks at an issue price of ₱110.0 per share.

On January 20, 2015, the Parent Company authorized the issuance and sale of an aggregate of 297,029,800 common stocks to be taken from its unissued capital stock and treasury stock at an identical issue price of ₱25.25 per share (the “Offer Price”). The price represents a 2.9% discount to the last traded price of ₱26.00 per share. The placement was conducted via an accelerated bookbuilding process (see Note 1).

On May 11, 2016, the BOD of the Parent Company approved during its Organizational board meeting the two-year extension of the buy-back programs from June 1, 2016 to May 31, 2018. The two-year extension covers the: (i) common stock buy-back program covering up to 300.0 million of the Parent Company’s common stocks; and (ii) Series “F” and “G” Preferred Shares buyback program covering up to ₱10.0 billion worth of said redeemable preferred stocks.



In 2016 and 2017, the Parent Company purchased from the open market a total of 432,840 and 6,894,480 Series “F” and Series “G” redeemable preferred stocks, respectively. Total payments for the buyback of the Series “F” and Series “G” redeemable preferred stocks amounted to ₱46.9 million (\$0.92 million) and ₱810.5 million (\$16.4 million), respectively.

On June 14, 2018, the BOD of the Parent Company approved during its board meeting the two-year extension of the buy-back programs from June 15, 2018 to June 14, 2020. The two-year extension covers the: (i) common stock buy-back program covering up to 300.0 million of the Parent Company’s common stocks; and (ii) Series “G” Preferred Shares buyback program covering up to ₱10.0 billion worth of said redeemable preferred stocks.

On the same date, the BOD of the Parent Company approved during its board meeting, in accordance with the terms and condition of the Parent Company’s Series “F” Preferred Shares, the redemption of all outstanding Series “F” Preferred Shares on July 25, 2018 at the applicable redemption value of ₱100.0 a share. On July 25, 2018, the Parent Company redeemed all outstanding Series “F” Preferred Shares amounting to ₱6,320.2 million (\$119.1 million).

In 2018 and 2019, the Parent Company purchased from the open market 8,704,720 Series “G” redeemable preferred stocks and 51,020,352 common stocks. Total payments for the buyback of Series “G” redeemable preferred stocks and common stocks amounted to ₱941.3 million (\$18.0 million) and ₱1,084.1 million (\$20.9 million), respectively. From the total common stocks purchased from the open market, a total of 16,429,352 common stocks are held by subsidiaries.

On April 15, 2020, the BOD of the Parent Company approved during its board meeting the two-year extension of the buy-back programs from June 14, 2020 to June 14, 2022. The two-year extension covers the: (i) common stock buy-back program covering up to 300.0 million of the Parent Company’s common stocks; and (ii) Series “G” Preferred Shares buyback program covering up to ₱10.0 billion worth of said redeemable preferred stocks.

In 2020, the Parent Company purchased from the open market 12,008,700 common stocks for ₱228.9 million (\$4.5 million).

On July 1, 2020, the global investment firm KKR acquired 427,041,291 common stocks of First Gen for a total investment value of ₱9.6 billion (\$192.2 million), representing an approximate 11.9% economic interest, or an 8.4% voting interest in First Gen. These shares represent all of the shares that were tendered by the public to Valorous, an entity controlled by KKR investment funds. The acquisition follows the completion of a voluntary tender offer for First Gen’s common stocks filed with the Philippine SEC on May 26, 2020 by Valorous. The tender offer period ran from May 27 to June 24, 2020 at an offer price of ₱22.50 per common share.

Meanwhile, PCEHI, a subsidiary of Valorous, announced on August 27, 2021 its intent to acquire a minimum of 3.0% up to a maximum of 5.7% of First Gen's total issued and outstanding common stocks through a voluntary and public tender offer. The tender offer period ran from September 1 to September 29, 2021 at an offer price of ₱33.00 per common share.

On October 8, 2021, PCEHI further acquired 262,937,672 common stocks of First Gen for a total investment value of ₱8.7 billion, representing an approximate 7.3% economic interest, or a 5.2% voting interest in First Gen. These shares represent all of the shares that were tendered by the public to PCEHI. As of December 31, 2023 and 2022, KKR owns and holds 715,855,363 common stocks of the Parent Company, representing an approximate 19.9% economic interest, or a 14.1% voting interest in First Gen.



In 2021, the Parent Company purchased from the open market 51,546,960 Series “G” redeemable preferred stocks for ₱5,572.1 million (\$115.9 million) and 1,339,000 common stocks for ₱38.9 million (\$0.8 million).

On February 17, 2022, the Parent Company purchased from the open market 1,263,230 Series “G” redeemable preferred stocks for ₱130.4 million (\$2.6 million).

On May 18, 2022, the BOD of the Parent Company approved during its board meeting the two-year extension of the buy-back programs from June 15, 2022 to June 14, 2024. The two-year extension covers the: (i) common stock buy-back program covering up to 30.0 million of the Parent Company’s common stocks; and (ii) Series “G” Preferred Shares buyback program covering up to ₱5.3 billion worth of said redeemable preferred stocks.

On June 14, 2022, the BOD of the Parent Company approved during its board meeting, in accordance with the terms and condition of the Parent Company’s Series “G” Preferred Shares, the redemption of all outstanding Series “G” Preferred Shares on July 25, 2022 at the applicable redemption value of ₱100.0 and a ₱10.00 a share. As of December 31, 2023 and 2022, the Parent Company has redeemed its outstanding Series “G” Preferred Shares amounting to ₱5,296.6 million (\$98.8 million).

On March 12, 2015 and May 13, 2015, the BOD and the stockholders of the Parent Company approved the following amendments/matters to Article Seventh of the Parent Company’s Amended Articles of Incorporation:

- to create 160 million Series “H” preferred stocks with a par value of ₱10.0 per share with the following features: issue value and dividend rate to be determined by the BOD at the time of issuance, entitled to cumulative dividends, non-voting, non-participating, redeemable at option of the Parent Company and in the event of liquidation, dissolution, distribution of assets or winding-up of the Parent Company shall be entitled to be paid at their issue value plus any accrued and unpaid dividends thereon;
- to increase the authorized capital stock from ₱8,600.0 million to ₱10,200.0 million; and,
- to file the corresponding amendments to Article Seventh of the Parent Company’s Amended Articles of Incorporation to reflect the above items.

On March 15, 2018, the BOD of the Parent Company approved the amendment to Article Seventh of the Parent Company’s Amended Articles of Incorporation to increase the authorized capital stock from ₱8,600.0 million to ₱11,600.0 million by way of creating 300.0 million Series ”H” preferred stocks with a par value of ₱10.0 a share. This amends the March 12, 2015 resolutions of the BOD increasing the authorized capital stock for ₱8,600.0 million to ₱10,200.0 million by creation of 160.0 million Series “H” preferred stocks.

On December 28, 2018, the Parent Company submitted to the Philippine SEC an application for the increase of its authorized capital stock. The increase will be paid through the conversion of FGPC’s existing deposits for future stocks subscriptions amounting to ₱3,766.3 million (\$70.5 million) as partial payment for its subscription to 75,000,000 Series “H” redeemable preferred stocks. On March 27, 2019, the Philippine SEC approved the Parent Company’s application.

In 2019, the Parent Company issued a total of 7,986,740 Series “H” redeemable preferred stocks at ₱100.0 issue price to Prime Meridian totaling to ₱798.7 million (\$15.3 million).



On February 10, 2020, the BOD of the Parent Company approved the amendment to Article Seventh of the Parent Company’s Amended Articles of Incorporation to increase the authorized capital stock from ₱11,600.0 million to ₱13,200.0 million by way of creating 160.0 million Series “I” preferred stocks with a par value of ₱10.0 a share.

On December 3, 2020, the Parent Company received from FGPC the remaining subscription receivable balance for Series “H” redeemable preferred stocks amounting to ₱3,773.7 million (\$77.4 million).

On December 15, 2022, the Parent Company redeemed 43,000,000 and 550,000 Series “H” redeemable preferred stocks from FGPC and Prime Meridian, respectively, at a redemption price of ₱100.0 a share representing 52% of outstanding shares totaling to \$75.6 million (₱4,355.0 million).

On November 6, 2023, the Parent Company fully redeemed 32,000,000 and 7,436,740 Series “H” redeemable preferred stocks from FGPC and Prime Meridian, respectively, at a redemption price of ₱100.0 a share totaling to \$69.4 million (₱3,943.7 million).

b. Retained Earnings

Following are the dividends declared and paid by the Parent Company in 2024, 2023 and 2022:

2024

Declaration date	Record date	Payment date	Shareholders	Description	Dividend per share	Total amount (in USD)	Total amount (in PHP)
Nov. 28, 2024	Dec. 12, 2024	Jan. 6, 2025	Series “B” Preferred	Regular	₱0.02	\$340	₱20,000
Nov. 28, 2024	Dec. 12, 2024	Jan. 6, 2025	Series “E” Preferred	Regular	0.01	80	4,686
Nov. 28, 2024	Dec. 12, 2024	Dec. 23, 2024	Common	Regular	0.45	27,567	1,618,459
May 31, 2024	June 18, 2024	July 9, 2024	Common	Regular	0.45	28,386	1,618,459
						\$56,373	₱3,261,604

2023

Declaration date	Record date	Payment date	Shareholders	Description	Dividend per share	Total amount (in USD)	Total amount (in PHP)
Nov. 17, 2023	Dec. 11, 2023	Jan. 5, 2024	Series “B” Preferred	Regular	₱0.02	\$352	₱20,000
Nov. 17, 2023	Dec. 11, 2023	Jan. 5, 2024	Series “E” Preferred	Regular	0.01	82	4,686
Nov. 17, 2023	Dec. 5, 2023	Dec. 22, 2023	Common	Regular	0.50	31,635	1,798,288
Sep. 27, 2023	Oct. 10, 2023	Nov. 6, 2023	Series “H” Preferred*	Regular	5.42	3,797	213,559
May 17, 2023	June 7, 2023	June 30, 2023	Common	Regular	0.40	25,974	1,438,630
						\$61,840	₱3,475,163

*Pertains to the Series “H” preferred stocks issued to subsidiaries that were eliminated upon consolidation.

2022

Declaration date	Record date	Payment date	Shareholders	Description	Dividend per share	Total amount (in USD)	Total amount (in PHP)
Nov. 28, 2022	Dec. 28, 2022	Jan. 24, 2023	Series “B” Preferred	Regular	₱0.02	\$340	₱20,000
Nov. 28, 2022	Dec. 28, 2022	Jan. 24, 2023	Series “E” Preferred	Regular	0.01	80	4,686
Nov. 28, 2022	Dec. 15, 2022	Jan. 10, 2023	Common	Regular	0.42	25,692	1,510,562
Nov. 28, 2022	Dec. 14, 2022	Dec. 15, 2022	Series “H” Preferred*	Regular	4.37	6,175	363,050
June 15, 2022	July 1, 2022	July 25, 2022	Series “G” Preferred	Regular	3.8904	3,833	200,708
June 15, 2022	July 1, 2022	July 25, 2022	Series “G” Preferred**	Regular	0.38904	102	5,349
May 18, 2022	June 6, 2022	June 30, 2022	Common	Regular	0.35	24,208	1,258,801
						\$60,430	₱3,363,156

*Pertains to the Series “H” preferred stocks issued to subsidiaries that were eliminated upon consolidation.

**Pertains to the 13,750,000 Series “G” preferred stocks issued to FPH by way of private placement.



As of December 31, 2024 and 2023, total unpaid cash dividends on common and preferred stocks amounting to \$0.4 million (₱24.7 million) is presented as “Dividends payable” in the consolidated statements of financial position.

The retained earnings balance is restricted to the extent of: (a) acquisition price of the treasury stocks each amounting to \$646.9 million as of December 31, 2024 and 2023; and (b) the undistributed net earnings of subsidiaries and associates amounting to \$819.0 million and \$734.1 million as of December 31, 2024 and 2023, respectively. Undistributed earnings of the subsidiaries and associates are not available for dividend distribution until such time that the Parent Company receives the dividends from these investee companies.

c. Treasury Stocks

(i) Common stocks

Movements of common stocks held in treasury are as follows:

	2024		2023		2022	
	Number of Shares	Cost	Number of Shares	Cost	Number of Shares	Cost
Balances at beginning and end of year	64,368,052	\$26,169	64,368,052	\$26,169	64,368,052	\$26,169

(ii) Redeemable preferred stocks

Movements of redeemable preferred stocks held in treasury are as follows:

	2024		2023		2022	
	Number of Shares	Cost	Number of Shares	Cost	Number of Shares	Cost
Redeemable Preferred Stock Series “F”:						
Balances at beginning and end of year	100,000,000	\$205,713	100,000,000	\$205,713	100,000,000	\$205,713
Redeemable Preferred Stock Series “G”:						
Balances at beginning of year	133,750,000	\$251,754	133,750,000	\$251,754	67,146,160	\$150,402
Redemption during the year	–	–	–	–	66,603,840	101,352
Balances at end of year	133,750,000	\$251,754	133,750,000	\$251,754	133,750,000	\$251,754
Redeemable Preferred Stock Series “H”:						
Balances at beginning of year	82,986,740	\$163,274	82,986,740	\$163,222	82,986,740	\$163,222
Redemption during the year – transaction costs	–	–	–	52	–	–
Balances at end of year	82,986,740	\$163,274	82,986,740	\$163,274	82,986,740	\$163,222

In 2024 and 2023, the cash dividends declared pertaining to Series “H” preferred stock held by subsidiaries amounting to nil and \$6.2 million, respectively, were eliminated upon consolidation.

On December 15, 2022, the Parent Company redeemed 43,000,000 and 550,000 Series “H” redeemable preferred stocks from FGPC and Prime Meridian, respectively, at a redemption price of ₱100.0 a share representing 52% of outstanding shares totaling to \$75.6 million (₱4,355.0 million).



In 2022, the Parent Company incurred documentary stamp tax and fees related to the redemption of Series “G” and Series “H” redeemable preferred stock amounting to \$0.1 million (₱5.1 million) and \$0.1 million (₱3.3 million), respectively, which were presented as part of “Redeemable preferred stock held in treasury” account in the consolidated statements of financial position.

On November 6, 2023, the Parent Company fully redeemed 32,000,000 and 7,436,740 Series “H” redeemable preferred stocks from FGPC and Prime Meridian, respectively, at a redemption price of ₱100.0 a share totaling to \$69.4 million (₱3,943.7 million).

In 2023, the Parent Company incurred documentary stamp tax and fees related to the redemption of Series “H” redeemable preferred stocks amounting to \$0.1 million (₱3.0 million), which was presented as part of “Redeemable preferred stock held in treasury” account in the consolidated statements of financial position.

d. Non-controlling Interests

For the years ended December 31, 2024 and 2023, the NCI arises from the total comprehensive income and net assets not held by First Gen Group in EDC and Subsidiaries. Financial information of subsidiaries that have material NCI interests are provided below:

	2024	2023
Accumulated balances of NCI		
EDC and Subsidiaries	\$656,557	\$624,954
Total comprehensive income allocated to NCI		
EDC and Subsidiaries	\$163,263	\$132,917

In 2024 and 2023, EDC declared cash dividends to its non-controlling common stockholders amounting to \$58.9 million (₱3,361.9 million) and \$53.6 million (₱2,982.7 million), respectively. There were no unpaid cash dividends of EDC to its non-controlling common stockholders as of December 31, 2024 and 2023.

Following are the summarized financial information of EDC and Subsidiaries (amounts in thousands):

Consolidated Statements of Financial Position as of December 31, 2024 and 2023

	2024		2023	
	In USD	In Php	In USD	In Php
Current assets	\$630,308	₱36,460,158	\$704,987	₱39,035,153
Non-current assets	2,709,393	156,724,853	2,297,598	127,217,983
Total Assets	\$3,339,701	₱193,185,011	\$3,002,585	₱166,253,136
Current liabilities	\$546,744	₱31,626,430	\$538,835	₱29,835,288
Non-current liabilities	1,318,590	76,273,813	958,010	53,045,031
Total Liabilities	1,865,334	107,900,243	1,496,845	82,880,319
Total Equity	1,474,367	85,284,768	1,505,740	83,372,817
Total Liabilities and Equity	\$3,339,701	₱193,185,011	\$3,002,585	₱166,253,136



Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2024, 2023 and 2022

	2024		2023		2022	
	In USD	In Php	In USD	In Php	In USD	In Php
Revenues from sale of electricity	\$809,138	₱46,148,666	\$847,823	₱47,171,650	\$901,041	₱48,700,353
Costs of sale of electricity	(433,354)	(24,716,083)	(405,641)	(22,569,293)	(491,915)	(26,587,500)
General and administrative expenses	(143,424)	(8,180,069)	(123,084)	(6,848,216)	(118,459)	(6,402,578)
Financial income (expenses)	(53,699)	(3,062,709)	(42,443)	(2,361,443)	(48,372)	(2,614,444)
Other income (charges)	961	54,784	10,418	579,620	(3,149)	(170,219)
Income before income tax	179,622	10,244,589	287,073	15,972,318	239,146	12,925,612
Provision for income tax	(17,592)	(1,003,323)	(28,411)	(1,580,760)	(33,175)	(1,793,085)
Net income	162,030	9,241,266	258,662	14,391,558	205,971	11,132,527
Other comprehensive income (loss)	1,233	70,334	(14,444)	(803,645)	33,221	1,795,536
Total comprehensive income	\$163,263	₱9,311,600	\$244,218	₱13,587,913	\$239,192	₱12,928,063

Consolidated Statements of Cash Flows for the Years Ended December 31, 2024, 2023 and 2022

	2024		2023		2022	
	In USD	In Php	In USD	In Php	In USD	In Php
Operating activities	\$359,320	₱20,493,595	\$449,900	₱25,031,823	\$403,495	₱21,808,516
Investing activities	(558,055)	(31,828,296)	(334,778)	(18,626,570)	(174,574)	(9,435,556)
Financing activities	130,818	7,461,132	(117,208)	(6,521,314)	(161,868)	(8,748,828)
Net increase (decrease) in cash and cash equivalents	(\$67,917)	(₱3,873,569)	(\$2,086)	(₱116,061)	\$67,053	₱3,624,132

e. Cumulative Translation Adjustments

The details of cumulative translation adjustments (net of NCI's share) as of December 31 are as follows:

	2024	2023
Net gains on cash flow hedges - net of tax (see Note 24)	\$20,276	\$20,305
Foreign exchange adjustments	(407,436)	(297,998)
Balance at end of year	(\$387,160)	(\$277,693)

The movements in the "Cumulative translation adjustments" account (net of NCI's share) for the years ended December 31 are as follows:

	2024	2023
Balance at beginning of year	(\$277,693)	(\$292,033)
Net losses on cash flow hedges - net of tax (see Note 24)	(29)	(623)
Foreign exchange adjustments	(109,438)	14,963
Balance at end of year	(\$387,160)	(\$277,693)



17. Related Party Transactions

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

The following are the significant transactions with related parties:

- a. Due to a related party represents noninterest-bearing U.S. dollar and Philippine peso-denominated emergency loans to meet working capital and investment requirements of certain entities in the Lopez Group.
- b. First Gen Group leases its office premises where its principal offices are located from Rockwell-Meralco BPO Venture, a joint venture of Rockwell Land Corporation (Rockwell), a subsidiary of FPH [(see Note 25(m)]. Total rental payments amounted to \$3.6 million and \$4.0 million for the years ended December 31, 2024 and 2023, respectively, and were considered as reduction of the “Lease liabilities” account in the consolidated statements of financial position (see Note 15).
- c. Following the usual bidding process, EDC awarded to First Balfour, Inc. (First Balfour) procurement contracts for various works such as civil, structural and mechanical/ piping works in EDC’s geothermal, solar and wind power plants. EDC also engaged the services of Thermaprime Drilling Corporation (Thermaprime), a subsidiary of First Balfour, for the drilling services such as, but not limited to, rig operations, rig maintenance, well design and engineering. As of December 31, 2024 and 2023, the outstanding balances of EDC’s payables to First Balfour and Thermaprime totaled to \$56.2 million and \$66.5 million, respectively, recorded under “Accounts payable and accrued expenses” account in the consolidated statements of financial position (see Note 13).

As of December 31, 2024, the outstanding payable to Thermaprime amounted to \$78.5 million recorded under “Lease liabilities” account in the consolidated statement of financial position [(see Notes 15 and 25(m)].

As of December 31, 2024, the outstanding balance of the amount due from Thermaprime amounted to \$17.7 million, and was presented under “Long-term receivables” account under “Other noncurrent assets” account in the consolidated statements of financial position (see Note 12). No similar transaction occurred in 2023.

First Balfour is a wholly owned subsidiary of FPH.

- d. On June 2, 2021, FGEN LNG executed a 10-year Tugs Time Charter Party (Tugs TCP) contract with Svitzer Bahrain W.L.L. (Svitzer), a company registered in Bahrain, for the charter of the four (4) tugs vessel. On July 13, 2022, Svitzer novated all its rights and obligations under the Tugs TCP to Batangas Bay Towage Inc. (BBTI), a Philippine-registered company. An Amended and Restated Tugs TCP was also signed on July 13, 2022 between FGEN LNG and BBTI. After the completion of the acceptance tests, the Service Commencement date of July 7, 2023 was agreed by the parties.

BBTI is 30%-owned by Therma One Transport Corp. (Therma One). Therma One is a wholly-owned subsidiary of FPH through First Balfour.



Under the Tugs TCP, FGEN LNG shall pay BBTI the cost of the daily hire, from the Service Commencement date until the end of term, as well as other reimbursable costs. Total hire payments amounted to \$6.3 million and \$4.1 million for the years ended December 31, 2024 and 2023, respectively, and was considered as reduction of the “Lease liabilities” account in the consolidated statements of financial position [(see Notes 15 and 25(m)].

- e. During the February 27, 2014 meeting, the BOD of the Parent Company approved the confirmation, ratification and approval of the authority of the Parent Company, pursuant to Clause (i) of the Second Article of the Parent Company’s Amended Articles of Incorporation, to act as a guarantor or co-obligor or assume any obligation of any person, corporation or entity in which the Corporation may have an interest, directly or indirectly, including but not limited to FNPC, which is the operating company of the 420 MW San Gabriel power plant and Prime Meridian, which is the operating company of the 97 MW Avion power plant, under such terms and conditions as the Parent Company’s duly authorized representatives may deem necessary, proper or convenient in the best interest of the Parent Company and its relevant subsidiary. On May 12, 2014, the stockholders of the Parent Company ratified and confirmed such authority.

On July 10, 2014, the Parent Company signed a Guarantee and Indemnity Agreement with KfW-IPEX, guaranteeing FNPC’s punctual performance on all its payment obligations under the Export Credit Facility loan agreement.

- f. On July 9, 2021, the Parent Company signed a Guarantee Agreement with MUFG Bank Ltd. (MUFG) as a guarantor pursuant to the General Credit Agreement (the “MUFG Agreement”) signed by FGEN LNG and MUFG last July 7, 2021. Under the MUFG Agreement, MUFG is giving credit or affording bank facilities of up to \$40.0 million to FGEN LNG. The Parent Company, as a guarantor, agrees to be jointly and severally liable with FGEN LNG to pay MUFG all sums of money which are or at any time during the term of the guarantee be owing to MUFG by FGEN LNG pursuant to the MUFG Agreement.
- g. On July 28, 2023, the Parent Company signed a Guarantee Agreement with ING as a guarantor to pursuant to the Reimbursement Agreement (the “ING Agreement”) signed by FGen SG and ING on the same date. Under the ING Agreement, as amended on September 26, 2023, ING agrees to issue SBLCs as may be required from time to time of up to \$75.0 million to FGen SG. The Parent Company, as a guarantor, agrees to be jointly and severally liable with FGen SG to pay ING all sums of money which are or at any time during the term of the guarantee be owing to ING by FGen SG pursuant to the ING Agreement.
- h. On May 29, 2024, the Parent Company signed a Guarantee Agreement with ING as a guarantor pursuant to the Accession Agreement to the ING Agreement (the “ING Accession Agreement”) signed by FGEN LNG and ING on the same date. Under the ING Accession Agreement, ING agrees to issue SBLC/s as may be required from time to time of up to \$75.0 million to FGEN LNG. The Parent Company, as a guarantor, agrees to be jointly and severally liable with FGEN LNG to pay ING all sums of money which are or at any time during the term of the guarantee be owing to ING by FGEN LNG pursuant to the ING Accession Agreement.
- i. EDC issued letters of credit amounting to \$80.0 million in favor of its subsidiary, EDC Chile Limitada, as evidence of its financial support for EDC Chile Limitada’s participation in the bids for geothermal concession areas by the Chilean Government.

EDC also 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 \$0.27 million each as evidence of EDC’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 EDC Peru S.A.C. decided to no longer pursue exploration and development activities in Peru due to political and market factors (see Note 3).

Under the bilateral corporate term loan agreements executed in December 2024 by EBWPC with BDO and Mizuho, any debt service shortfall amount under these loans is guaranteed by EDC.

- j. On July 25, 2023, FGen SG executed a Master Ex-ship LNG Sale and Purchase Agreement (“MSPA”) each with FGPC, FGP, FNPC and Prime Meridian (collectively referred to as “the Gas Plants”), for prospective LNG transactions during the term of the MSPA. The MSPA shall cover the transactions entered into, from time to time, between the parties and shall consist of the general terms and conditions regarding a specific transaction contained in a Confirmation Notice (“CN”). Upon the execution of a CN, FGen SG agrees to sell and deliver; and the Gas Plants agrees to purchase, receive and pay FGen SG for, or pay for if not taken, one or more LNG cargoes, in each case, in accordance with and subject to the terms and conditions of the applicable transaction. The term shall be in full force and effect on and from the execution date and shall remain in force until either of the parties terminates this MSPA.

The amount payable by the Gas Plants to FGen SG for LNG sold and delivered under a transaction shall be calculated by multiplying the quantity delivered in respect of the relevant LNG cargo, by the price in respect of such LNG cargo. The parties may agree on an additional fee, which may be a fixed amount or a percentage of the total amount due, to be paid by the Gas Plants to FGen SG representing any additional costs and expenses related to the procurement, aggregation and sale of the required LNG volume by the Gas Plants.

In 2024 and 2023, FGen SG bought LNG cargoes totaling to \$119.2 million and \$96.8 million, respectively. FGen SG then sold the LNG cargoes to the Gas Plants totaling to \$124.0 million and \$100.7 million; and were part of “Inventories” in the consolidated statements of financial position in 2024 and 2023, respectively (see Note 7). The net amount of \$4.8 million and \$3.9 million are presented as part of “Others – net” in the “Other income (charges)” account in the consolidated statements of income in 2024 and 2023, respectively.

- k. Compensation of key management personnel are as follows:

	2024	2023	2022
Other short-term employee benefits	\$26,766	\$19,236	\$27,803
Retirement benefits (see Note 20)	2,529	361	1,834
	\$29,295	\$19,597	\$29,637

Terms and Conditions of Transactions with Related Parties.

Except for the following items: (a) the letters of credit issued by EDC in favor of EDC Chile Limitada, EDC Peru S.A.C. and EDC Energia Verde Peru S.A.C., and the debt service shortfall guaranteed by EDC to the lenders of EBWPC with respect to the bilateral corporate term loan agreements executed in December 2024, and (b) the Parent Company guarantees issued to (i) FNPC in relation to FNPC’s payment obligations under its Export Credit Facility loan agreement, (ii) to FGEN LNG in relation to its General Credit Agreement with MUFG on the bank facilities of up to \$40.0 million, (iii) to FGen SG with regard to its Reimbursement Agreement with ING, as amended in September 2023, on the SBLCs of up to \$75.0 million, and (iv) to FGEN LNG with regard to its Accession Agreement with ING signed in May 2024 on the SBLCs of up to \$75.0 million, there have been no other guarantees provided for or received from any other related party during the years ended December 31, 2024 and 2023. The outstanding balances at the end of each year are unsecured and interest-free and settlement occurs in cash.



Details of amounts due from related parties (included in the “Receivables” account), and due to a related party (included in the “Accounts payable and accrued expenses” account) are as follows:

Related Party	Nature of Transactions	Terms	Transactions for the Years ended			Net Amounts due from/to related parties as of	
			December 31	2023	2022	December 31	2023
Due from related parties (see Note 6)							
First Philec	Marketing services	Unsecured and payable by demand	\$1	\$93	\$76	\$267	\$266
Others	Interest-free advances	- do -	1,043	(1,147)	796	1,126	83
			\$1,044	(\$1,054)	\$872	\$1,393	\$349
Other noncurrent assets (see Note 12)							
Thermaprime	Interest-free advances	Unsecured and payable by demand	\$17,980	\$-	\$-	\$17,728	\$-
Due to a related party (see Note 13)							
FGHC International Ltd.	Interest-free advances	Unsecured and payable by demand	\$-	\$-	\$-	\$145	\$145
Trade payables (see Note 13)							
First Balfour	Civil works and other services	Unsecured and will be settled in cash	\$126,414	\$97,889	\$51,809	\$45,774	\$61,842
Thermaprime	Drilling and other related services	- do -	86,356	20,863	34,035	10,469	4,661
			\$212,770	\$118,752	\$85,844	\$56,243	\$66,503
Lease liabilities (see Note 15)							
BBTI	Charter hire of Tug vessels	Unsecured and will be settled in cash	\$6,294	\$4,076	\$-	\$48,617	\$52,460
Thermaprime	Rental of rigs	- do -	83,199	-	-	78,513	-
Rockwell Land Corporation	Rental payments and utilities	- do -	3,645	4,048	3,782	2,574	7,431
			\$93,138	\$8,124	\$3,782	\$129,704	\$59,891

Due from related parties - Others are advances to FPH, Lopez Holdings, and FPH Capital Resources, Inc. (FCRI). Lopez Holdings is the intermediate parent company of First Gen through FPH. First Philec, FCRI and FGHC International Ltd. are subsidiaries of FPH.

No impairment loss was recognized on the amounts due from related parties for the years ended December 31, 2024, 2023 and 2022. This assessment is undertaken each financial year through review of the financial position of each of the related parties and the market in which the related party operates.

All related parties are incorporated in the Philippines, except for FGHC International which was incorporated in Cayman Islands.

18. Costs and Expenses

Costs of Sale of Electricity

	2024	2023	2022
Fuel cost [see Notes 7 and 25(e)]	\$961,217	\$1,087,365	\$1,240,209
Power plant operations and maintenance [see Notes 7, 15, 20 and 25(h)]	326,420	297,849	405,547
Depreciation and amortization (see Notes 10 and 11)	266,733	219,446	207,943
Others (see Notes 7 and 13)	93,595	84,210	59,977
	\$1,647,965	\$1,688,870	\$1,913,676



General and Administrative Expenses

	2024	2023	2022
Staff costs (see Note 20)	\$76,579	\$75,753	\$70,082
Professional fees	63,324	61,298	55,163
Insurance, taxes and licenses	57,756	41,224	42,186
Business and related expenses (see Note 17)	36,147	31,739	29,575
Depreciation and amortization (see Notes 10, 11 and 12)	10,958	10,023	9,120
Repairs and maintenance	9,863	9,201	5,902
Provision for impairment losses on trade and other receivables, prepaid expenses, and others (see Notes 3, 6 and 12)	5,822	268	4,159
Provision for (reversal of) impairment of spare parts and supplies inventories (see Notes 3 and 7)	2,435	(1,254)	383
Spare parts and supplies issued (see Note 7)	2,194	1,930	3,449
Provision for impairment of goodwill, property, plant and equipment, exploration and evaluation, and other various assets (see Notes 10, 11 and 12)	-	5,075	-
	\$265,078	\$235,257	\$220,019

19. Financial Income (Expense)

Interest Income

	2024	2023	2022
Cash and cash equivalents (see Note 5)	\$24,869	\$33,671	\$8,560
Others (see Note 12)	8	143	652
	\$24,877	\$33,814	\$9,212

“Others” include interest income on short-term investments, financial assets at FVOCI and financial assets at FVPL.

Interest Expense and Financing Charges

	2024	2023	2022
Interest on:			
Long-term debt and loans payable	\$105,114	\$86,457	\$73,295
Liability from litigation	138	140	145
Accretion on:			
Debt issuance costs (see Note 14)	4,443	5,914	6,918
Asset retirement obligation (see Note 15)	3,222	3,167	2,463
Lease liabilities (see Note 15)	1,245	763	467
	\$114,162	\$96,441	\$83,288



20. Retirement Benefits

The following tables summarize the funded status and amounts recognized in the consolidated statements of financial position for the retirement plans and the components of net retirement benefit expense recognized as part of “Power plant operations and maintenance” in the “Costs of sale of electricity” account and “Staff costs” in the “General and administrative expenses” account in the consolidated statements of income. As of December 31, 2024 and 2023, the net retirement liabilities presented in the consolidated statements of financial position amounted to \$55.6 million and \$63.1 million, respectively.

The amounts recognized in the consolidated statements of financial position are as follows:

December 31, 2024

	First Gen	FGPC	FGP	FGHC	EDC and Subsidiaries	Others	Total
Present value of defined benefit obligation	\$12,324	\$8,892	\$10,883	\$4,299	\$82,253	\$3,397	\$122,048
Fair value of plan assets	(7,991)	(5,454)	(8,451)	(3,204)	(40,075)	(1,308)	(66,483)
Net retirement liabilities	\$4,333	\$3,438	\$2,432	\$1,095	\$42,178	\$2,089	\$55,565

December 31, 2023

	First Gen	FGPC	FGP	FGHC	EDC and Subsidiaries	Others	Total
Present value of defined benefit obligation	\$11,267	\$9,547	\$10,634	\$3,855	\$82,427	\$2,649	\$120,379
Fair value of plan assets	(6,176)	(5,683)	(7,606)	(2,412)	(34,977)	(440)	(57,294)
Net retirement liabilities	\$5,091	\$3,864	\$3,028	\$1,443	\$47,450	\$2,209	\$63,085

The amounts recognized in the consolidated statements of income are as follows:

December 31, 2024

	First Gen	FGPC	FGP	FGHC	EDC and Subsidiaries	Others	Total
Current service cost	\$824	\$576	\$615	\$137	\$3,981	\$492	\$6,625
Net interest cost (income)	260	188	142	(24)	2,771	98	3,435
Retirement benefits expense	\$1,084	\$764	\$757	\$113	\$6,752	\$590	\$10,060

December 31, 2023

	First Gen	FGPC	FGP	FGHC	EDC and Subsidiaries	Others	Total
Current service cost	\$627	\$477	\$515	\$115	\$3,301	\$257	\$5,292
Net interest cost	252	116	164	6	2,183	33	2,754
Retirement benefits expense	\$879	\$593	\$679	\$121	\$5,484	\$290	\$8,046

December 31, 2022

	First Gen	FGPC	FGP	FGHC	EDC and Subsidiaries	Others	Total
Current service cost	\$644	\$505	\$516	\$126	\$3,578	\$310	\$5,679
Net interest cost	221	114	125	12	1,651	37	2,160
Retirement benefits expense	\$865	\$619	\$641	\$138	\$5,229	\$347	\$7,839



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

December 31, 2024

	First Gen	FGPC	FGP	FGHC	EDC and Subsidiaries	Others	Total
Balance at beginning of year	\$11,267	\$9,547	\$10,634	\$3,855	\$82,427	\$2,649	\$120,379
Current service cost	824	576	615	137	3,981	492	6,625
Interest cost	502	490	578	134	4,809	152	6,665
Benefits paid	(33)	(1,514)	(623)	–	(6,051)	(63)	(8,284)
Actuarial losses (gains) due to:							
Experience adjustments	263	217	188	354	436	96	1,554
Changes in financial assumptions	5	(19)	(43)	(8)	187	214	336
Foreign exchange adjustments	(504)	(405)	(466)	(173)	(3,536)	(143)	(5,227)
Balance at end of year	\$12,324	\$8,892	\$10,883	\$4,299	\$82,253	\$3,397	\$122,048

December 31, 2023

	First Gen	FGPC	FGP	FGHC	EDC and Subsidiaries	Others	Total
Balance at beginning of year	\$8,565	\$7,493	\$8,041	\$3,021	\$64,508	\$1,212	\$92,840
Current service cost	627	477	515	115	3,301	257	5,292
Interest cost	508	472	532	124	4,481	86	6,203
Benefits paid	(343)	(95)	–	–	(3,178)	(27)	(3,643)
Actuarial losses (gains) due to:							
Experience adjustments	663	168	303	396	1,954	74	3,558
Changes in financial assumptions	1,175	971	1,174	173	10,979	1,021	15,493
Foreign exchange adjustments	72	61	69	26	382	26	636
Balance at end of year	\$11,267	\$9,547	\$10,634	\$3,855	\$82,427	\$2,649	\$120,379

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

December 31, 2024

	First Gen	FGPC	FGP	FGHC	EDC and Subsidiaries	Others	Total
Balance at beginning of year	\$6,176	\$5,683	\$7,606	\$2,412	\$34,977	\$440	\$57,294
Interest income	242	302	436	158	2,038	54	3,230
Return on plan assets, excluding interest income	496	(89)	322	136	254	(5)	1,114
Contributions	1,403	1,315	1,052	614	10,448	859	15,691
Benefits paid	(33)	(1,514)	(623)	–	(6,051)	(63)	(8,284)
Foreign exchange adjustments	(293)	(243)	(342)	(116)	(1,591)	23	(2,562)
Balance at end of year	\$7,991	\$5,454	\$8,451	\$3,204	\$40,075	\$1,308	\$66,483
Actual return on plan assets	\$738	\$213	\$758	\$294	\$2,292	\$49	\$4,344

December 31, 2023

	First Gen	FGPC	FGP	FGHC	EDC and Subsidiaries	Others	Total
Balance at beginning of year	\$4,382	\$5,349	\$5,076	\$1,511	\$32,946	\$448	\$49,712
Interest income	256	356	368	118	2,298	53	3,449
Return on plan assets, excluding interest income	1,843	34	2,114	768	(517)	(39)	4,203
Contributions	–	–	–	–	3,189	–	3,189
Benefits paid	(343)	(95)	–	–	(3,178)	(27)	(3,643)
Foreign exchange adjustments	38	39	48	15	239	5	384
Balance at end of year	\$6,176	\$5,683	\$7,606	\$2,412	\$34,977	\$440	\$57,294
Actual return on plan assets	\$2,099	\$390	\$2,482	\$886	\$1,781	\$14	\$7,652

First Gen Group expects to contribute \$10.0 million to its defined benefit retirement plan in 2025.

Retirement plans

The retirement funds of the Parent Company, FGHC, FGP and First Gen Group are maintained and managed by BDO Trust, while the retirement fund of FGPC is maintained and managed by BPI Asset Management. In addition, EDC's retirement fund is maintained by BPI Asset Management and BDO



Trust, while FG Hydro's, GCGI's and BGI's retirement funds are maintained by BDO Trust. These trustee banks are 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.

The plan assets' carrying amount approximates their fair value since these are either short-term in nature or marked-to-market.

The plans' assets and investments by each class as of December 31, 2024 and 2023 are as follows:

	2024	2023
Investments quoted in active market		
Quoted equity investments:		
Holding firms	\$3,810	\$4,175
Property	3,395	3,497
Financials - banks	4,566	2,905
Transportation services	1,245	1,014
Industrial - electricity, energy, power and water	777	852
Industrial - food, beverage and tobacco	842	742
Services - telecommunications	657	682
Golf and country club	463	396
Retail	75	130
	15,830	14,393
Investments in debt instruments:		
Government securities	\$26,644	\$29,909
Investments in corporate bonds	1,222	1,481
	27,866	31,390
Investment in mutual funds	9,378	7,082
Unquoted investments:		
Cash and cash equivalents	12,890	4,037
Receivables and other assets	543	412
Liabilities	(24)	(20)
	13,409	4,429
Fair value of plan assets	\$66,483	\$57,294

- Cash and cash equivalents include regular savings and time deposits;
- Investments in corporate debt instruments, consisting of both short-term and long-term corporate loans, notes and bonds, which bear interest ranging from 3.00% to 6.37% and have maturities from 2025 to 2029; and
- Investments in government securities, consisting of retail treasury bonds that bear interest ranging from 2.13% to 10.25% and have maturities from 2025 to 2042.

The carrying amounts of investments in equity securities also approximate their fair values since they are marked-to-market. The voting rights over these equity securities are exercised by the trustee banks.

- 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 retirement benefits payable.



The principal actuarial assumptions used in determining retirement benefit obligations for First Gen Group as of December 31 are as follows:

	2024	2023
Discount rate	6.01%-6.12%	5.97%-6.18%
Future salary increase rate	6.00%-9.00%	4.00%-9.00%
Medical costs trend rate	6.00%	6.00%

The sensitivity analysis below was determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of December 31, 2024 and 2023 assuming all other assumptions were held constant.

	Increase/Decrease in Percentage Point	Effect on Present Value of Defined Benefit Obligation	
		2024	2023
Discount rate	+1%	(\$8,990)	(\$9,108)
	-1%	10,382	10,490
Future salary increases	+1%	10,296	10,398
	-1%	(9,156)	(9,265)
Medical costs trend	+1%	50	53
	-1%	(44)	(47)

For EDC, the estimated weighted average duration of benefit payment is 15 to 18 years in 2024 and 2023 while the estimated weighted average duration of benefit payment for the Parent Company, FGHC, FGP, FGPC, and others is 1 to 25 years in 2024 and 2023.

Following are the information about the maturity profile of the defined benefit obligations as of December 31, 2024 and 2023:

	2024	2023
Less than one (1) year	\$23,575	\$19,707
One (1) year up to five (5) years	55,797	55,809
More than five (5) years up to 10 years	63,765	70,932
More than 10 years up to 15 years	49,575	48,178
More than 15 years up to 20 years	119,349	123,976
More than 20 years	75,786	65,707

21. Income Tax

- a. The deferred income tax assets (liabilities) of First Gen Group are presented in the consolidated statements of financial position as follows:

	2024	2023
Deferred income tax assets	\$21,060	\$22,102
Deferred income tax liabilities	(19,315)	(18,829)



The components of these deferred income tax assets (liabilities) as of December 31, 2024 and 2023 are as follows:

	2024	2023
<i>Deferred income tax items recognized in the consolidated statements of income:</i>		
Deferred income tax assets on:		
Lease liabilities	\$48,079	\$51,095
Impairment loss on property, plant and equipment	10,708	11,185
Asset retirement obligations	9,443	3,853
Capitalized project development costs	7,918	3,529
Allowance for impairment loss	5,081	3,405
Revenue generated during testing period of BGI power plant	2,151	2,365
Provision for impairment of spare parts and supplies inventories	1,197	987
Excess amortization of debt issuance costs under EIR method over straight-line method	953	810
MCIT	629	167
Unrealized foreign exchange losses - BOT power plants	407	568
NOLCO	309	3,696
Unrealized foreign exchange losses	39	5,151
Retirement benefit obligation and others	15,013	10,282
	101,927	97,093
Deferred income tax liabilities on:		
Right-of-use assets	(\$48,646)	(\$52,537)
Difference between the carrying amounts of nonmonetary assets and their related tax bases	(39,671)	(32,872)
Capitalized borrowing costs	(7,942)	(3,665)
Capitalized asset retirement obligations	(1,462)	(1,170)
Difference between fair value and book value resulting from business combinations	(1,401)	(1,258)
Capitalized costs and losses during commissioning period of the power plants	(607)	(649)
Others	–	(549)
	(99,729)	(92,700)
	2,198	4,393
<i>Deferred income tax items recognized directly in other comprehensive income:</i>		
Deferred income tax asset on net retirement benefit and others	503	615
Deferred income tax liabilities on derivative assets	(956)	(1,735)
	(453)	(1,120)
	\$1,745	\$3,273



- b. Certain deferred income tax assets of the Parent Company and certain subsidiaries have not been recognized since management believes that it is not probable that sufficient future taxable income for these entities will be available against which they can be utilized. The deductible temporary differences of certain items in the consolidated statements of financial position and carryforward benefits of NOLCO and MCIT of the Parent Company and certain subsidiaries for which no deferred income tax assets have been recognized consist of the following:

	2024	2023
NOLCO	\$181,208	\$158,160
Unrealized foreign exchange losses	29,436	29,656
Accrual for retirement benefits	4,333	5,090
MCIT	616	511
Others	956	1,284

As of December 31, 2024 and 2023, the taxable temporary differences representing the excess of the carrying amount of the investments in subsidiaries over the tax base amounted to \$917.8 million and \$820.3 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.

- c. The provision for current income tax in 2024, 2023 and 2022 includes the RCIT of FGP, FGPC, FG Bukidnon, FNPC and Prime Meridian. In 2024, 2023 and 2022, FGPC, FGP and Prime Meridian computed its current income tax using the Optional Standard Deduction (OSD) method. In 2024, 2023 and 2022, FNPC computed its current income tax using the Itemized Deduction method.
- d. The balance of NOLCO as of December 31, 2024 may be used by the Parent Company and certain subsidiaries as additional deductions against their respective future taxable income. Similarly, the MCIT balance as of December 31, 2024 may be applied as credit against future income tax liabilities of the Parent Company and certain subsidiaries.

The balances of NOLCO and MCIT, with their corresponding years of expiration, are as follows:

Incurred for the Year Ended December 31	Available Until December 31	NOLCO		MCIT	
		<i>(In U.S Dollar)</i>	<i>(In Philippine Peso)</i>	<i>(In U.S. Dollar)</i>	<i>(In Philippine Peso)</i>
2020	2025	\$4,921	₱284,494	\$-	₱-
2021	2026	33,859	1,958,574	-	-
2022	2025	92,836	5,370,122	300	17,355
2023	2026	4,445	257,140	336	19,429
2024	2027	46,383	2,683,074	609	35,258
		\$182,444	₱10,553,404	\$1,245	₱72,042

Bayanihan to Recover as One Act (Bayanihan 2)

On September 30, 2020, the BIR issued Revenue Regulations (RR) 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. Subsequent to taxable year 2021, the period over which the carry-over of NOLCO can be offset against taxable income reverts to three consecutive taxable years immediately following the year of such loss.



A reconciliation between the statutory income tax rate and effective income tax rate follows:

	2024	2023	2022
Statutory income tax rate	25.00%	25.00%	25.00%
Income tax effect of:			
Foregone itemized deduction before reconciling items	6.61	5.61	2.66
Movement of temporary differences reversing during income tax holiday (ITH)	(0.12)	0.02	(0.09)
Non-taxable/non-deductible foreign exchange (gains) losses	(0.38)	(0.01)	0.09
Availment of optional standard deduction	(8.41)	(5.68)	(6.46)
Non-deductible loss (non-taxable income) arising from ITH incentives	(1.22)	0.02	(0.02)
Foreign currency translation and others	(1.84)	(9.68)	(0.85)
Effective income tax rate	19.64%	15.28%	20.33%

- e. The BIR issued RR No. 16-2008 which implemented the provisions of R.A. 9504 on OSD. This regulation allowed both individual and corporate taxpayers to use OSD in computing their taxable income. For corporations, they may elect a standard deduction in an amount equivalent to 40% of gross income, as provided by law, in lieu of the itemized allowed deductions. The provisions of R.A. No. 9504 and RR No. 16-2008 became effective on July 1, 2008.
- f. Registrations with the BOI
- On June 24, 2021, EDC was granted with an ITH incentive by the BOI covering its 3.6 MW Mindanao 3 (M3 Binary) Geothermal Project in North Cotabato, effective for a 7-year period beginning in March 2022 until March 2029.
 - On February 8, 2019, EDC Siklab was granted with an ITH incentive by the BOI covering its 1.03 MW Gaisano La Paz Solar Rooftop Project in Iloilo, effective for 7-year period beginning March 26, 2017. On March 25, 2024, the ITH entitlement for the entire project expired.
 - On October 31, 2018, FGEN LNG received its Certificate of Registration with the BOI under the Omnibus Investments Code of 1987 as the new operator of FGEN Batangas LNG Terminal Project on a Pioneer Status pursuant to Article 17 of Executive Order No. 226.
 - On December 3, 2015, EDC 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.
 - On November 13, 2015, GCGI was granted with an ITH incentive by the BOI covering its 112.5 MW Tongonan Geothermal Power Plant, effective for 7-year period beginning in April 2015. Only revenues derived from power generated (i.e., 36.79 MW or the capacity in excess of the 75.71 MW, whichever is lower) and sold to the grid, other entities and/or communities shall be entitled to ITH. On April 9, 2022, the ITH entitlement for the original 112.5 MW approved operating capacity expired. The remaining ITH entitlement, which will expire in May 2027, 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.

- On June 16, 2015, EDC was granted with an ITH incentive by the BOI covering its 4.16 MW Burgos Solar Power Plant - Phase 1, effective for a 7-year period beginning in June 16, 2015. On March 4, 2022, the ITH entitlement for the entire project expired. Meanwhile, on December 3, 2015, the BOI granted another ITH incentive to EDC covering its 2.66 MW Burgos Solar Power Plant - Phase 2, effective for a 7-year period beginning January 19, 2016. On January 18, 2023, the ITH entitlement for the entire project expired.
- On May 6, 2021, BGI was registered with BOI covering the 29 MW Palayan Binary Power Plant (PBPP) - Phase 1 and the 20 MW Tanawon Geothermal Power Plant (Tanawon Power Plant) - Phase 2 projects. In February 2024, PBPP had already started its commissioning and testing and generated its first kilowatt-hour of electricity. As of December 31, 2024, PBPP has yet to start its commercial operations pending clearance from ERC but the electricity generated was being sold to the WESM. Pursuant to the BOI Terms and Conditions, PBPP is already subject to ITH. As of December 31, 2024, the Tanawon Power Plant is still being constructed and has not yet started its commissioning and testing.
- On August 1, 2024, EDC was registered as an Operator of 10 MW Battery Energy Storage System in Kananga, Leyte (Tongonan ESS). As of December 31, 2024, the BESS is being constructed and has not yet started its commissioning and testing.
- On December 27, 2024, EDC was registered as an Operator of 10 MW Southern Negros Energy Storage System in Valencia, Negros Oriental (Southern Negros ESS). As of December 31, 2024, the Southern Negros ESS is still being constructed and has not yet started its commercial operations.
- On December 27, 2024, EDC was registered as an Operator of 20 MW Bac-Man Energy Storage System in Manito, Albay (Bac-Man ESS). As of December 31, 2024, the Bac-Man ESS is still being constructed and has not yet started its commercial operations.

22. Earnings Per Share Calculations

	2024	2023	2022
(a) Net income attributable to equity holders of the Parent Company	\$252,919	\$312,204	\$261,390
Less dividends on preferred stocks	(420)	(434)	(4,355)
(b) Net income available to common stocks	\$252,499	\$311,770	\$257,035
(c) Weighted average number of common stocks for basic/diluted earnings per share	3,596,575,505	3,596,575,505	3,596,575,505
Basic/Diluted Earnings Per Share (b/c)	\$0.070	\$0.087	\$0.071

In 2024, 2023 and 2022, First Gen Group does not have any dilutive potential common stocks. Hence, diluted EPS is the same as basic EPS.



23. Financial Risk Management Objectives and Policies

First Gen Group's principal financial liabilities are comprised of loans payable and long-term debts, among others. The main purpose of these financial liabilities is to raise financing for First Gen Group's growth and operations. First Gen Group has other various financial assets and liabilities such as cash and cash equivalents, receivables, amounts due to and from related parties, and accounts payable and accrued expenses, which arise directly from its operations.

As a matter of policy, First Gen Group does not trade its financial instruments. However, First Gen Group enters into derivative and hedging transactions, primarily interest rate swaps, cross currency swaps and foreign currency forwards, as needed, for the sole purpose of managing the relevant financial risks that are associated with First Gen Group's borrowing activities and as required by the lenders in certain cases.

First Gen Group has an Enterprise-Wide Risk Management Program which is aimed to identify risks based on the likelihood of occurrence and impact to the business, formulate risk management strategies, assess risk management capabilities and continuously monitor the risk management efforts.

The main financial risks arising from First Gen Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and merchant risk. The BOD reviews and approves policies for managing each of these risks as summarized below. First Gen Group's accounting policies in relation to derivative financial instruments are set out in Note 2 to the consolidated financial statements.

Interest Rate Risk

First Gen Group's exposure to the risk of changes in market interest rate relates primarily to First Gen Group's long-term debt obligations that are subject to floating interest rates, derivative assets and derivative liabilities.

First Gen Group believes that prudent management of its interest cost will entail a balanced mix of fixed and variable rate debt. On a regular basis, the Finance team of First Gen Group monitors the interest rate exposure and presents it to management by way of a compliance report. To manage the exposure to floating interest rates in a cost-efficient manner, First Gen Group may consider prepayment, refinancing, or hedging the risks as deemed necessary and feasible.

In the last quarter of 2014, EBWPC entered into four (4) IRS with aggregate notional amount of \$150.0 million. This is to partially hedge the interest rate risks on its ECA and Commercial Debt Facilities (the Foreign Facility) that is benchmarked against U.S. LIBOR and with flexible interest reset feature that allows EBWPC to select the interest reset frequency to apply (i.e., monthly, quarterly or semi-annually) [see Note 14]. 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) additional IRS with aggregate notional amount of \$30.0 million.

Under the IRS agreement, EBWPC will receive semi-annual interest of six (6)-month SOFR 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.

Under these IRS agreements, EBWPC agreed to exchange, at specific intervals, the difference between fixed and variable rate interest amounts calculated by reference to the agreed-upon notional principal amounts.



As of December 31, 2024 and 2023, approximately 37.5% and 66.5%, respectively, of First Gen Group's borrowings are subject to fixed interest rate after considering the effect of its IRS agreements.

Interest Rate Risk Table

The following table sets out the nominal amount, by maturity, of First Gen Group's financial instruments that are exposed to interest rate risk (amounts in millions):

	2024					Total
	Interest Rates	Within 1 Year	More than 1 Year up to 3 Years	More than 3 Years up to 5 Years	More than 5 Years	
<u>Fixed Rate:</u>						
Long-term debts:						
Parent \$200 million Term Loan	4.900%	\$27.00	\$-	\$-	\$-	\$27.00
Parent BDO ₱2.5 Billion Loan	4.040%	3.64	7.28	7.28	12.29	30.49
Parent BPI ₱2.5 Billion Loan	4.040%	3.64	7.28	7.28	12.29	30.49
FNPC Term Loan Facility	3.370%	19.19	38.38	9.59	-	67.16
FGP SMBC Term Loan facility	4.370%	4.53	7.82	-	-	12.35
IFC 2	4.680%	4.23	-	-	-	4.23
IFC 3	7.800%	5.73	11.45	11.45	20.05	48.68
UBP ₱1.5 billion Term Loan	5.2500%	5.19	10.37	-	-	15.56
SBC ₱1.0 billion Term Loan	5.5788%	1.04	2.07	2.07	7.43	12.61
DBP ₱291.2 million Term Loan	5.500%	0.39	0.77	0.77	0.39	2.32
UBP ₱2.0 billion Term Loan	5.4382%	2.31	4.61	4.61	5.76	17.29
SBC ₱3.0 billion Term Loan	5.3166%	6.22	9.34	-	-	15.56
BPI ₱1.0 billion Term Loan	5.2059%	2.07	3.11	-	-	5.18
SBC ₱1.0 billion Term Loan	5.4277%	1.15	2.31	2.31	2.88	8.65
SBC ₱500.0 million Term Loan	5.4904%	0.58	1.15	1.15	1.44	4.32
BPI ₱3.0 billion Term Loan	3.5600%	5.70	12.45	12.45	3.11	33.71
BPI ₱3.0 billion Term Loan	5.1323%	5.70	12.45	12.45	3.11	33.71
BDO ₱4.5 billion Term Loan	4.2500%	9.34	18.67	15.56	7.78	51.35
BDO ₱2.0 billion Term Loan	4.2500%	4.15	8.30	8.30	2.07	22.82
ASEAN Green Bonds-Series B	3.7305%	-	43.22	-	-	43.22
ASEAN Green Bonds-Series C	6.7478%	-	51.86	-	-	51.86
ASEAN Green Bonds-Series D	6.8873%	-	-	60.51	-	60.51
ASEAN Green Bonds-Series E	7.0626%	-	-	-	60.51	60.51
UBP ₱1.0 billion Term Loan	5.8316%	1.73	3.46	3.46	4.32	12.97
SBC ₱2.6 billion Term Loan	5.7829%	4.49	8.99	8.99	11.24	33.71
CTBC ₱1.5 billion Term Loan	6.1869%	2.59	16.86	-	-	19.45
<u>Floating Rate:</u>						
Long-term debts:						
FGEN Term Loan Facility						
BDO Term Loan facility	6.806%	-	6.92	31.12	134.84	172.88
BPI Term Loan facility	6.805%	-	6.92	31.12	134.84	172.88
FGP Term Loan Facilities						
BDO Term Loan facility	6.9230%	11.82	19.32	-	-	31.14
BPI Term Loan facility	6.923%	\$24.99	\$40.84	\$-	\$-	\$65.83
PNB Term Loan facility	6.923%	7.60	12.42	-	-	20.02
SMBC Term Loan facility	6.923%	3.07	4.60	-	-	7.67
EBWPC Loans						
₱2.7 million Term Loan	6.589%	-	9.34	9.34	28.01	46.69
\$80.0 million Mizuho	5.303%	4.80	11.20	64.00	-	80.00
US\$50M Mizuho Loan	5.4514%	25.00	25.00	-	-	50.00
	6.6038%	-	-	-	-	-
BPI ₱7.0 billion Term Loan	7.75%	12.10	24.89	26.97	38.90	102.86
BDO ₱5.0 billion Term Loan	6.7029%	8.64	17.29	17.29	25.93	69.15
CBC ₱4.0 billion Term Loan	6.1589%	6.92	13.83	13.83	20.75	55.33
BDO ₱2.0 billion Term Loan	6.6819%	8.64	17.29	17.29	37.17	80.39
BPI ₱3.0 Billion Term Loan	6.638%	-	10.37	10.37	31.12	51.86
BDO ₱3.0 Billion Term Loan	6.322%	5.19	10.37	10.37	25.93	51.86
CTBC \$50.0 Million Term Loan	5.436%	10.00	20.00	20.00	-	50.00
CBC ₱3.0 Billion Term Loan	6.531%	5.19	10.37	10.37	25.93	51.86
Mizuho \$50.0 Million Term Loan	5.186%	10.00	20.00	20.00	-	50.00



	2023					
	Interest Rates	Within 1 Year	More than 1 Year up to 3 Years	More than 3 Years up to 5 Years	More than 5 Years	Total
Fixed Rate:						
Long-term debts:						
Parent \$200 million Term Loan	4.90%	\$27.00	\$54.00	\$-	\$-	\$81.00
Parent BDO ₱2.5 Billion Loan	4.04%	3.78	7.55	7.55	20.30	39.18
Parent BPI ₱2.5 Billion Loan	4.04%	3.78	7.55	7.55	20.30	39.18
FNPC Term Loan Facility	3.37%	19.19	38.38	38.38	9.59	105.54
FGP SMBC Term Loan facility	4.37%	3.80	8.77	7.82	-	20.39
IFC 1	6.37%	2.99	-	-	-	2.99
IFC 2	4.68%	4.58	8.40	-	-	12.98
IFC 3	7.804%	5.94	11.88	11.88	32.69	62.39
FXR Bonds						
₱4.0 billion	4.7312%	71.74	-	-	-	71.74
UBP ₱1.5 billion Term Loan	5.25%	1.08	8.07	10.76	-	19.91
SBC ₱1.0 billion Term Loan	5.5788%	1.08	2.15	2.15	9.86	15.24
DBP ₱291.2 million Term Loan	5.50%	0.40	0.80	0.80	1.21	3.21
UBP ₱2.0 billion Term Loan	5.4382%	2.39	4.78	4.78	10.76	22.71
SBC ₱3.0 billion Term Loan	5.3166%	6.46	12.91	9.69	-	29.06
BPI ₱1.0 billion Term Loan	5.2059%	2.15	4.30	3.23	-	9.68
SBC ₱1.0 billion Term Loan	5.4277%	1.20	2.39	2.39	5.38	11.36
SBC ₱500.0 million Term Loan	5.4904%	0.60	1.20	1.20	2.69	5.69
BPI ₱3.0 billion Term Loan	5.1323%	5.38	11.30	12.91	16.14	45.73
BPI ₱3.0 billion Term Loan	3.56%	5.38	11.30	12.91	16.14	45.73
	4.25% until next repricing date					
BDO ₱4.5 billion Term Loan	4.25% until next repricing date	8.07	19.37	19.37	24.21	71.02
	4.25% until next repricing date					
BDO ₱2.0 billion Term Loan		3.59	8.61	8.61	10.76	31.57
ASEAN Green Bonds-Series A	2.8565%	-	44.84	-	-	44.84
ASEAN Green Bonds-Series B	3.7305%	-	-	44.84	-	44.84
UBP ₱1.0 billion Term Loan	5.8316%	1.79	3.59	3.59	8.07	17.04
SBC ₱2.6 billion Term Loan	5.7829%	4.66	9.33	9.33	20.98	44.30
CTBC ₱1.5 billion Term Loan	6.1869%	2.69	5.38	17.49	-	25.56
Floating Rate:						
Long-term debts:						
FGPC Term Loan Facility	6.085%	71.43	35.71	-	-	107.14
FGP Term Loan Facilities						
BDO Term Loan facility	6.472%	22.58	49.01	40.84	-	112.43
BPI Term Loan facility	6.472%	10.68	23.18	19.32	-	53.18
PNB Term Loan facility	6.472%	6.87	14.90	12.42	-	34.19
SMBC Term Loan facility	6.472%	3.07	6.14	4.60	-	13.81
EBWPC Loans						
\$37.5 million Commercial Debt Facility	LIBOR plus 2.0% margin	2.63	5.81	6.38	7.13	21.95
\$150.0 million ECA Debt Facility	LIBOR plus 2.35% margin	10.50	23.25	25.50	28.50	87.75
	PDST-R2 rate plus 2.0% margin					
₱5.6 billion Commercial Debt Facility	1.10% margin plus LIBOR	\$2.26	\$4.53	\$4.53	\$47.55	\$58.87
US\$50M Mizuho Loan		-	25.00	25.00	-	50.00
BPI ₱2.0 billion Term Loan	5.2%	1.79	7.17	7.53	19.37	35.86
BDO ₱2.0 billion Term Loan	4.00%	3.59	7.17	7.17	17.94	35.87
CBC ₱4.0 billion Term Loan	4.8314%	3.59	7.17	7.17	17.94	35.87
Prime Meridian BPI Loan	5.8225%	6.46	6.99	-	-	13.45
Prime Meridian ING Loan	5.8225%	11.48	12.73	-	-	24.21

Interest on financial instruments classified as floating rate is repriced semi-annually on each interest payment date. Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument. The other financial instruments of First Gen Group that are not included in the foregoing tables are noninterest-bearing and are therefore not subject to cash flow interest rate risk.



The following table demonstrates the sensitivity to a reasonably possible change in interest rates for the years ended December 31, 2024 and 2023, with all other variables held constant, of First Gen Group's income before income tax and equity (through the impact of floating rate borrowings, derivative assets and liabilities):

	Increase (Decrease) in Basis Points	Increase (Decrease) in Income Before Income Tax	Increase (Decrease) in Equity
December 31, 2024			
U.S. Dollar	+100	(\$7.21 million)	\$0.26 million
	-100	7.21 million	(0.26 million)
December 31, 2023			
U.S. Dollar	+100	(\$5.31 million)	\$2.94 million
	-100	5.31 million	(2.94 million)

The effect of changes in interest rates in equity pertains to the fair valuation of derivatives designated as cash flows hedges and is exclusive of the impact of changes affecting First Gen Group's consolidated statement of income.

Foreign Currency Risk

Foreign Currency Risk with Respect to Philippine Peso, Euro and Other Foreign Currencies

First Gen Group's exposure to foreign currency risk arises as the functional currency of the Parent Company and certain subsidiaries, the U.S. dollar, is not the local currency in its country of operations.

Certain financial assets and liabilities as well as some costs and expenses are denominated in various foreign currencies. To manage the foreign currency risk, First Gen Group may consider entering into derivative transactions, as necessary.



The following table sets out the foreign currency-denominated monetary assets and liabilities (translated into U.S. dollar) as of December 31, 2024 and 2023 that may affect the consolidated financial statements of First Gen Group (amounts in millions):

	2024								
	Original Currency								
	Philippine Peso- denominated Balances	Euro- denominated Balance	Chilean Peso denominated Balance	Indonesian Rupiah denominated Balance	Japanese Yen denominated Balance	New Zealand Dollar denominated Balance	Australian Dollar denominated Balance	Singapore Dollar denominated Balance	Equivalent U.S. Dollar Balances ¹
Financial Assets									
Assets at amortized cost:									
Cash and cash equivalents	₱18,879.6	€-	CHL₱94.5	IDR 6,269.7	¥1,136.7	NZ\$-	AUS\$-	SG\$-	\$335.5
Receivables	9,590.6	-	-	-	-	-	-	-	165.8
Short-term investments	200.0	-	-	-	-	-	-	-	3.5
Long-term receivables	7,864.1	-	-	-	-	-	-	-	136.0
	36,534.3	-	-	-	-	-	-	-	640.8
Financial assets at FVPL	67.9	-	-	-	-	-	-	-	1.2
Total financial assets	36,602.2	-	94.5	6,269.7	1,136.7	-	-	-	642.0
Financial Liabilities									
Liabilities at amortized cost:									
Accounts payable and accrued expenses	20,066.1	12.5	-	-	490.2	0.7	0.3	0.1	364.3
Dividends payable	24.7	-	-	-	-	-	-	-	0.4
Long-term debts	84,765.7	-	-	-	-	-	-	-	1,465.4
Total financial liabilities	104,856.5	12.5	-	-	490.2	0.7	0.3	0.1	1,830.1
Net financial liabilities (assets)	₱68,254.3	€12.5	(CHL₱94.5)	(IDR 6,269.7)	(¥646.5)	NZ\$0.7	AUS\$0.3	SG\$0.1	\$1,188.1

¹ US\$1=₱57.845, US\$1=€0.95565, US\$1=CHL₱993.900, US\$1=IDR16,068.06, US\$1=¥138.584, US\$1=NZ\$1.7732, US\$1=AUS\$1.603 and US\$1=SG\$1.355 as of December 31, 2024

	2023									
	Original Currency									
	Philippine Peso- denominated Balances	Euro- denominated Balance	Chilean Peso denominated Balance	Peruvian Sol Denominated Balance	Indonesian Rupiah denominated Balance	Japanese Yen denominated Balance	New Zealand Dollar denominated Balance	Australian Dollar denominated Balance	Singapore Dollar denominated Balance	Equivalent U.S. Dollar Balances ¹
Financial Assets										
Assets at amortized cost:										
Cash and cash equivalents	₱20,742.1	€-	CHL₱42.7	PEN0.1	IDR3,904.4	¥48.3	NZ\$-	AUS\$-	SG\$-	\$377.4
Receivables	6,928.7	-	-	-	-	-	-	-	-	125.1
Short-term investments	3,360.1	-	-	-	-	-	-	-	-	29.2
Long-term receivables	1,617.9	-	-	-	-	-	-	-	-	60.7
	32,648.8	-	42.7	0.1	3,904.4	48.3	-	-	-	592.4
Financial assets at FVPL	20.0	-	-	-	-	-	-	-	-	0.4
Total financial assets	32,668.8	-	42.7	0.1	3,904.4	48.3	-	-	-	592.8
Financial Liabilities										
Liabilities at amortized cost:										
Accounts payable and accrued expenses	53,728.7	20.6	0.1	-	-	545.3	0.9	0.3	0.1	998.2
Dividends payable	24.7	-	-	-	-	-	-	-	-	0.4
Long-term debts	52,740.5	-	-	-	-	-	-	-	-	952.5
Total financial liabilities	106,493.9	20.6	0.1	-	-	545.3	0.9	0.3	0.1	1,951.1
Net financial liabilities (assets)	₱73,825.1	€20.6	(CHL₱42.6)	(PEN0.1)	(IDR3,904.4)	¥497.0	NZ\$0.9	AUS\$0.3	SG\$0.1	\$1,358.3

¹ US\$1=₱55.370, US\$1=€0.9007, US\$1=CHL₱878.889, US\$1=IDR15,380.56, US\$1=PEN0.060, US\$1=¥132.655, US\$1=NZ\$1.5742, US\$1=AUS\$1.459 and US\$1=SG\$1.316 as of December 31, 2023



The following tables demonstrate, for the years ended December 31, 2024 and 2023, the sensitivity to a reasonably possible change in the foreign currency exchange rates applicable to First Gen Group, with all other variables held constant, to First Gen Group's income before income tax and equity (due to changes in the revaluation of monetary assets and liabilities):

	2024		
	Foreign Currency Appreciates (Decreases) By	Increase (Decrease) in Income Before Income Tax	Increase (Decrease) in Equity
	<i>(Amounts in Millions)</i>		
Philippine Peso	3%	\$8.95	\$25.42
	(3%)	(9.50)	(26.99)
European Euro	1%	(0.10)	0.34
	(1%)	0.10	(0.34)
Chilean Peso	10%	(0.01)	—
	(10%)	0.01	—
Indonesian Rupiah	10%	(0.04)	—
	(10%)	0.04	—
Japanese Yen	10%	0.42	—
	(10%)	(0.52)	—
New Zealand Dollar	10%	(0.04)	—
	(10%)	0.04	—
Australian Dollar	10%	(0.02)	—
	(10%)	0.02	—
Singapore Dollar	10%	—	—
	(10%)	—	—
	2023		
	Foreign Currency Appreciates (Decreases) By	Increase (Decrease) in Income Before Income Tax	Increase (Decrease) in Equity
	<i>(Amounts in Millions)</i>		
Philippine Peso	3%	\$20.30	\$20.93
	(3%)	(19.12)	(19.71)
European Euro	3%	0.40	0.95
	(3%)	(0.40)	(0.95)
Chilean Peso	10%	(0.01)	—
	(10%)	0.01	—
Peruvian Sol	10%	(0.19)	—
	(10%)	0.23	—
Indonesian Rupiah	10%	(0.02)	—
	(10%)	0.03	—
Japanese Yen	10%	0.34	—
	(10%)	(0.42)	—
New Zealand Dollar	10%	(0.05)	—
	(10%)	0.06	—
Australian Dollar	10%	(0.02)	—
	(10%)	0.02	—
Singapore Dollar	10%	(0.01)	—
	(10%)	0.01	—

Foreign Currency Risk with Respect to U.S. Dollar. In the case of entities within First Gen Group with Philippine Peso as its functional currency, they are mainly exposed to foreign currency risk through monetary assets and liabilities denominated in U.S. dollar. Any depreciation of the Philippine peso against the U.S. dollar posts foreign exchange losses relating to its monetary assets and liabilities.

The U.S. dollar denominated monetary assets are translated to Philippine peso using the exchange rate of ₱57.845 to \$1.00 and ₱55.37 to \$1.00 as at December 31, 2024 and 2023, respectively.

For EDC, its exposure to foreign currency risk is mitigated to some degree by some provisions of its GRESCs, SSAs, PPAs, and Renewable Energy Payment Agreement (REPA). The service contracts allow full cost recovery while its sales contracts include billing adjustments covering the movements in Philippine peso and the U.S. dollar rates, U.S. Price and Consumer Indices, and other inflation



factors. To further mitigate the effects of foreign currency risk, EDC will prepay, refinance or hedge its foreign currency denominated loans whenever deemed feasible or enter into derivative contracts.

The table below summarizes First Gen Group's exposure to foreign exchange risk with respect to U.S. dollar as at December 31:

	2024		2023	
	U.S. Dollar-denominated Balances	Philippine Peso Equivalent	U.S. Dollar-denominated Balances	Philippine Peso Equivalent
<i>(Amounts in Millions)</i>				
Financial Assets				
Assets at amortized cost:				
Cash equivalents	\$77.1	₱4,460.3	\$31.5	₱1,744.6
Cash on hand and in banks	19.3	1,115.6	7.9	436.5
Derivative assets designated as cash flow hedges	0.1	1.1	4.8	267.8
Total financial assets	\$96.5	₱5,577.0	\$44.2	₱2,448.9
Financial Liabilities				
Liabilities at amortized cost:				
Accounts payable	\$86.2	₱4,987.6	\$45.2	₱2,503.2
Long-term debt	227.0	13,130.5	144.7	8,013.8
Accrued interest on long-term debts	1.3	74.8	1.0	56.9
Total financial liabilities	\$314.5	₱18,192.9	\$190.9	₱10,573.9

The following table sets out the impact of the range of reasonably possible movement in the U.S. dollar exchange rates with all other variables held constant on First Gen Group's income before income tax and equity for the years ended December 31, 2024 and 2023.

	Change in Exchange Rate in U.S dollar against Philippine peso	Effect on	
		Income Before Income Tax	Equity
<i>(Amounts in Millions)</i>			
2024	10%	(₱1,261.7)	₱0.1
	(10%)	1,261.7	(0.1)
2023	10%	(₱839.3)	₱26.8
	(10%)	839.3	(26.8)

The effect of changes in foreign currency rates in equity pertains to the fair valuation of the derivatives designated as cash flow hedges and is exclusive of the impact of changes affecting First Gen Group's consolidated statement of income.

Credit Risk

First Gen Group trades only with recognized, reputable and creditworthy third parties and/or transacts only with institutions and/or banks which have demonstrated financial soundness. It is First Gen Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the level of the allowance account is reviewed on an ongoing basis to ensure that First Gen Group's exposure to doubtful accounts is not significant.

For EDC, the geothermal and power generation businesses trade with NPC (until June 2024) and TransCo, both are government-owned-and-controlled corporations. Any failure on the part of NPC and TransCo to pay their obligations to EDC would affect EDC's business operations. As a practice, EDC monitors closely its collections from NPC and TransCo, and may charge interest on delayed payments following the provisions of the PPAs and REPA, respectively. Receivable balances are monitored on an ongoing basis to ensure that EDC'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 EDC's trade receivables using a provision matrix as of December 31, 2024 and 2023:

	Days past due					Impaired	Total
	Current	<30 days	30-60 days	61-90 days	>90 days		
2024							
Expected credit loss rate	0.0%	0.0%	0.0%	0.0%	0.9%	100.0%	15.1%
Estimated total gross carrying amount at default	\$64,203	\$3,024	\$1,389	\$430	\$38,379	\$18,712	\$126,136
Expected credit loss	-	-	-	-	342	18,712	19,054
2023							
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	\$71,394	\$15,773	\$995	\$1,025	\$17,838	\$18,284	\$125,309
Expected credit loss	-	-	-	-	357	18,284	18,641

With respect to credit risk arising from the other financial assets of First Gen Group, which comprise of cash and cash equivalents (excluding cash on hand), trade and other receivables, financial assets at FVPL, and short-term investments, First Gen Group's exposure to credit risk arises from a possible default of the counterparties with a maximum exposure equal to the carrying amount of these instruments before taking into account any collateral and other credit enhancements.

Credit Risk Exposure

The table below shows the gross maximum exposure to credit risk of First Gen Group's financial assets as of December 31, 2024 and 2023.

	2024	2023
Accounted for as cash flow hedge		
Derivative assets (see Notes 9, 12 and 24)	\$19	\$4,837
Financial assets at FVPL		
Designated as at FVPL (see Note 8)	1,173	362
At amortized cost		
Cash and cash equivalents (see Note 5)*	676,797	974,566
Receivables (see Note 6)		
Trade	525,812	487,852
Due from related parties	1,393	349
Others	23,013	22,925
Short-term investments (see Note 9)	3,458	69,665
Long-term receivables (see Notes 12 and 24)	49,292	32,098
Special deposits and funds (see Notes 12, 24 and 25)	749	3,471
Other current assets (see Notes 9 and 24)	13,221	9,925
Total financial assets at amortized cost	1,293,735	1,600,851
Financial assets at FVOCI (see Notes 12 and 24)		
Debt instruments	3,240	3,380
Equity instruments	1,967	1,839
Proprietary club membership shares	816	816
Total financial assets at FVOCI	6,023	6,035
	\$1,300,950	\$1,612,085

*Excluding cash on hand

First Gen Group does not hold collateral for its financial assets as security.



The following tables show First Gen Group's aging analysis of financial assets as of December 31, 2024 and 2023:

2024							
	Neither Past Due nor Impaired	Past Due but Not Impaired				Credit Impaired	Total
		Less than 30 Days	31 Days to 1 Year	Over 1 Year up to 3 Years	Over 3 Years		
Financial assets at amortized cost:							
Cash and cash equivalents*	\$676,797	\$-	\$-	\$-	\$-	\$-	\$676,797
Trade receivables	346,321	36,060	121,929	143	2,305	19,054	525,812
Due from related parties	1,393	-	-	-	-	-	1,393
Other receivables	20,777	-	-	-	641	1,595	23,013
Long-term receivables	-	-	-	-	46,010	3,282	49,292
Special deposits and funds	749	-	-	-	-	-	749
Short-term investments	3,458	-	-	-	-	-	3,458
Other current assets	13,221	-	-	-	-	-	13,221
Financial assets at FVOCI:							
Debt instruments	3,240	-	-	-	-	-	3,240
Equity instruments	1,967	-	-	-	-	-	1,967
Proprietary club membership shares	816	-	-	-	-	-	816
Financial assets at FVPL -							
Designated as at FVPL	1,173	-	-	-	-	-	1,173
Financial assets accounted for as cash							
flow hedge -							
Derivative assets	19	-	-	-	-	-	19
Total	\$1,069,931	\$36,060	\$121,929	\$143	\$48,956	\$23,931	\$1,300,950

*Excluding cash on hand

2023							
	Neither Past Due nor Impaired	Past Due but Not Impaired				Credit Impaired	Total
		Less than 30 Days	31 Days to 1 Year	Over 1 Year up to 3 Years	Over 3 Years		
Financial assets at amortized cost:							
Cash and cash equivalents*	\$974,566	\$-	\$-	\$-	\$-	\$-	\$974,566
Trade receivables	431,214	15,844	20,287	-	1,866	18,641	487,852
Due from related parties	349	-	-	-	-	-	349
Other receivables	22,365	-	-	-	560	1,656	24,581
Long-term receivables	-	-	-	-	29,220	2,878	32,098
Special deposits and funds	3,471	-	-	-	-	-	3,471
Short-term investments	69,665	-	-	-	-	-	69,665
Other current assets	9,925	-	-	-	-	-	9,925
Financial assets at FVOCI:							
Debt instruments	3,380	-	-	-	-	-	3,380
Equity instruments	1,839	-	-	-	-	-	1,839
Proprietary club membership shares	816	-	-	-	-	-	816
Financial assets at FVPL -							
Designated as at FVPL	362	-	-	-	-	-	362
Financial assets accounted for as cash							
flow hedge -							
Derivative assets	4,837	-	-	-	-	-	4,837
Total	\$1,522,789	\$15,844	\$20,287	\$-	\$31,646	\$23,175	\$1,613,741

*Excluding cash on hand

Credit Quality of Financial Assets

The evaluation of the credit quality of First Gen Group's financial assets considers the payment history of the counterparties.

Financial assets are classified as 'high grade' if the counterparties are not expected to default in settling their obligations, thus, credit risk exposure is minimal. These counterparties normally include banks, related parties, and customers who pay on or before due date. Financial assets are classified as 'standard grade' if the counterparties settle their obligations to First Gen Group with tolerable delays.



As of December 31, 2024 and 2023, substantially all financial assets that are 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 Parent Company, through its operating subsidiaries FGP, FGPC and FNPC (until February 2024), earns substantially all of its revenue from Meralco. Meralco is committed to pay for the capacity and energy generated by the natural gas power plants under the existing long-term PPAs and PSA. While the PPAs and PSA provide for the mechanisms by which certain costs and obligations including fuel costs, among others, are pass-through to Meralco or are otherwise recoverable from Meralco, it is the intention of the Parent Company, FGP, FGPC and FNPC to ensure that the pass-through mechanisms, as provided for in their respective PPAs and PSA, are followed.

On September 16, 2019, FG Hydro signed a five-year PSA with Meralco and commenced selling electricity to Meralco in July 2020. On January 8, 2021, FG Hydro received an order from ERC granting an interim relief to implement the PSA. On July 19, 2022, FG Hydro and EDC entered into an Assignment and Amendment to the PSA wherein FG Hydro assigned its rights, interests and obligations under the PSA to EDC effective July 26, 2022. A joint manifestation of FG Hydro and Meralco was submitted to the ERC on August 18, 2022.

EDC’s geothermal and power generation businesses trade with NPC and TransCo. Any failure on the part of NPC and TransCo to pay their obligations to EDC would affect EDC’s business operations.

First Gen Group’s exposure to credit risk arises from default of the counterparties, with a maximum exposure equal to the carrying amounts of the receivables from Meralco, in the case of FGP, FGPC, and FNPC (until February 2024), and the receivables from Meralco, NPC (until June 2024) and TransCo, in the case of EDC.

The table below shows the risk exposure in respect to credit concentration of First Gen Group as of December 31, 2024 and 2023:

	2024	2023
Trade receivables from Meralco	\$327,692	\$254,058
Trade receivables from NPC and TransCo	43,538	49,939
Total credit concentration risk	\$371,230	\$303,997
Total receivables	\$529,569	\$492,485
Credit concentration percentage	70.10%	61.73%

Liquidity Risk

First Gen Group’s exposure to liquidity risk refers to the lack of funding needed to finance its growth and capital expenditures, service its maturing loan obligations in a timely fashion, and meet its working capital requirements. To manage this exposure, First Gen Group maintains its internally generated funds and prudently manages the proceeds obtained from fund-raising in the debt and equity markets. On a regular basis, First Gen Group’s Treasury Department monitors the available cash balances by preparing cash position reports. First Gen Group maintains a level of cash and cash equivalents deemed sufficient to finance the operations. In addition, First Gen Group has short-term deposits and available credit lines with certain banking institutions.



FGPC and FGP each secured SBLCs from investment grade SBLC providers in 2018, which were subsequently renewed, to fully fund their obligations under their respective financing agreements. Following the full settlement of the FGPC Facility Agreements in May 2024, the corresponding SBLC was likewise terminated.

As part of its liquidity risk management, First Gen Group regularly evaluates its projected and actual cash flows. It also continuously assesses the financial market conditions for opportunities to pursue fund raising activities.

As of December 31, 2024 and 2023, 34.6% and 14.5 %, respectively, of First Gen Group's debt will mature in less than a year based on the carrying value of borrowings reflected in the consolidated financial statements.

The tables below summarize the maturity profile of First Gen Group's financial assets used for liquidity management and financial liabilities as of December 31, 2024 and 2023 based on the contractual undiscounted payments:

	2024					Total
	On Demand	Less than 3 Months	3 to 12 Months	Over 1Year up to 5 Years	Over 5 Years	
Financial Assets:						
Cash and cash equivalents	\$297,868	\$378,932	\$-	\$-	\$-	\$676,800
Trade receivables		382,380	121,929	143	2,305	506,757
Total financial assets at amortized cost	297,868	761,312	121,929	143	2,305	1,183,557
Derivative contract receipts	19	-	-	-	-	19
Financial assets at FVOCI -						
Debt instruments	3,240	-	-	-	-	3,240
Total financial assets	\$301,127	\$761,312	\$121,929	\$143	\$2,305	\$1,186,816
Financial liabilities:						
Accounts payable and accrued expenses*	\$120,095	\$461,260	\$-	\$-	\$-	\$581,355
Loans payable	-	-	48,184	-	-	48,184
Dividends payable	-	427	-	-	-	427
Lease liabilities (current and non-current portion)	-	15,444	35,559	139,633	98,962	289,598
Long-term debts	-	101,170	167,371	429,956	1,127,595	1,826,092
Total financial liabilities	\$120,095	\$578,301	\$251,114	\$569,589	\$1,226,557	\$2,745,656

*Excluding output VAT, local, and other taxes payables to government agencies.

	2023					Total
	On Demand	Less than 3 Months	3 to 12 Months	Over 1Year up to 5 Years	Over 5 Years	
Financial Assets:						
Cash and cash equivalents	\$304,728	\$669,839	\$-	\$-	\$-	\$974,567
Trade receivables	-	447,058	20,287	-	1,866	469,211
Total financial assets at amortized cost	304,729	1,116,896	20,287	-	1,866	1,443,778
Financial assets at FVOCI -						
Debt instruments	3,380	-	-	-	-	3,380
Total financial assets	\$308,109	\$1,116,896	\$20,287	\$-	\$1,866	\$1,447,158
Financial liabilities:						
Accounts payable and accrued expenses*	\$159,171	\$449,284	\$3,636	\$-	\$-	\$612,091
Loans payable	-	86,600	49,728	-	-	136,328
Dividends payable	-	446	-	-	-	446
Lease liabilities (current and non-current portion)	-	11,746	34,210	168,978	57,156	272,090
Long-term debts	-	70,343	298,896	876,450	325,716	1,571,405
Total financial liabilities	\$159,171	\$618,419	\$386,470	\$1,045,428	\$382,872	\$2,592,360

*Excluding output VAT, local, and other taxes payables to government agencies.



Merchant Risk

Currently, a portion of First Gen Group’s portfolio is exposed to the volatility of spot prices because of supply and demand changes, which are mostly driven by factors that are outside of First Gen Group’s control. These factors include (but are not limited to) unexpected outages, weather conditions, transmission constraints, and changes in fuel prices. These have caused and are expected to cause instability in the First Gen Group’s operating results.

First Gen Group plans to mitigate these risks by having a balanced portfolio of contracted and spot capacities. First Gen Group’s installed capacity is 69% and 84% contracted as of December 31, 2024 and 2023, respectively.

Capital Management

The primary objective of First Gen Group’s capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business, comply with its financial loan covenants and maximize shareholder value. Core capital includes long-term debt and equity.

First Gen Group manages its capital structure and makes adjustments to it, in light of changes in business and economic conditions. To maintain or adjust the capital structure, First Gen Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No significant changes were made in the objectives, policies or processes during the years ended December 31, 2024 and 2023.

First Gen Group monitors capital using a debt ratio, which is total debt (net of debt issuance costs) divided by total debt plus total equity. The amounts considered as total debt are mostly interest-bearing debt, and First Gen Group’s practice is to keep the debt ratio lower than 75:25.

	2024	2023
Long-term debts (current and non-current portions)	\$1,920,687	\$1,455,468
Loans payable	47,000	133,580
Total debt	\$1,967,687	\$1,589,048
Equity attributable to equity holders of the Parent		
Company	\$2,762,899	\$2,676,172
Non-controlling interests	686,254	624,954
Total equity	\$3,449,153	\$3,301,126
Total debt and equity	\$5,416,840	\$4,890,174
Debt ratio	36:64	32:68

First Gen Group’s subsidiaries are obligated to perform certain covenants with respect to maintaining specified debt-to-equity and minimum debt-service coverage ratios, as set forth in their respective agreements with the creditors. As of December 31, 2024 and 2023, First Gen Group is in compliance with those covenants.



24. Financial Instruments

Set out in the following table is a comparison by category of the carrying values and fair values of First Gen Group's financial instruments as of December 31, 2024 and 2023 that are carried in the consolidated financial statements:

	2024		2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Financial assets accounted for as cash flow hedges - Derivative assets	\$19	\$19	\$4,837	\$4,837
Financial assets FVPL - Designated at FVPL	1,173	1,173	362	362
Financial assets at amortized cost:				
Cash and cash equivalents	676,798	676,798	974,567	974,567
Receivables:				
Trade	505,163	505,163	469,211	469,211
Due from related parties	1,393	1,393	349	349
Others	23,013	23,013	22,925	22,925
Short-term investments	3,458	3,458	69,665	69,665
Long-term receivables	46,003	39,737	29,220	27,029
Special deposits and funds	749	749	3,471	3,471
Other current assets	13,221	13,221	9,925	9,925
Total financial assets at amortized cost	1,269,798	1,263,532	1,579,333	1,577,142
Financial assets at FVOCI:				
Debt instruments	3,240	3,240	3,380	3,380
Equity instruments	1,967	1,967	1,839	1,839
Proprietary club membership shares	816	816	816	816
Total financial assets at FVOCI	6,023	6,023	6,035	6,035
	\$1,277,013	\$1,270,747	\$1,590,567	\$1,588,376
Financial Liabilities				
Financial liabilities carried at amortized cost:				
Accounts payable and accrued expenses*	\$59,323	\$59,323	\$612,091	\$612,091
Dividends payable	427	427	446	446
Loans payable	47,000	47,000	133,580	133,580
Lease liabilities	267,298	267,239	223,541	221,518
Long - term debts	1,920,687	2,096,810	1,455,468	1,465,505
Total financial liabilities at amortized cost	2,294,735	2,470,799	2,425,126	2,433,140
Financial liability accounted for as cash flow hedges - Derivative liabilities	-	-	755	755
	\$2,294,735	\$2,470,799	\$2,425,881	\$2,433,895

*Excluding output VAT, local and other taxes and payables to government agencies.

Fair Value and Categories of Financial Instruments

The fair values of cash and cash equivalents, receivables, other current assets, accounts payable and accrued expenses, dividends payable and loans payable approximate the carrying values at financial reporting date, due to the short-term maturities of the transactions.

Long-term receivables

The fair value of long-term receivables was computed by discounting the expected cash flows using the applicable rate of 5.86% and 5.80% in 2024 and 2023, respectively.

Financial assets at FVOCI

Fair values of quoted debt and equity securities are based on quoted market prices and other observable data.

Financial instruments at FVPL

The fair values of financial instruments at FVPL are based on quotations provided by the investment manager.



Long-term debts

The fair values of long-term debts were computed by discounting the instruments expected future cash flows using the following prevailing rates as of December 31, 2024 and 2023:

Long term Debts	Basis	2024	2023
FGP, FGPC*, First Gen** and FNPC (U.S. dollar denominated)	Credit adjusted U.S. dollar interest rates	4.04% to 4.30%	3.79% to 5.23%
Parent Company and Prime Meridian*(Peso-denominated)	Applicable rates	6.04% to 6.24%	5.00% to 5.96%
EDC	Applicable rates	2.90% to 3.26%	4.10% to 6.06%

*FGPC and Prime Meridian's long-term debts matured on May 17, 2024 and December 14, 2024, respectively.

**The fair value of First Gen's \$200 million BDO long-term debts approximates the carrying value at financial reporting date as it is set to mature in August 2025.

Fair Value Hierarchy of Financial Assets and Liabilities

The table below summarizes the fair value hierarchy of First Gen Group's financial assets and liabilities.

	2024			
	Fair value	Level 1	Level 2	Level 3
Financial assets at amortized cost - Long-term receivables	\$39,737	\$-	\$-	\$39,737
Financial assets at FVOCI:				
Debt instruments	3,240	3,240	-	-
Equity instruments	1,967	-	1,967	-
Financial assets accounted for as cash flow hedges - Derivative assets	19	-	19	-
Financial assets designated at FVPL	1,173	1,132	41	-
Long-term debts	2,096,810	-	-	2,096,810
Lease liabilities	267,239	-	-	267,239
	2023			
	Fair value	Level 1	Level 2	Level 3
Financial assets at amortized cost - Long-term receivables	\$27,029	\$-	\$-	\$27,029
Financial assets at FVOCI:				
Debt instruments	3,380	3,380	-	-
Equity instruments	1,839	-	1,839	-
Financial assets accounted for as cash flow hedges - Derivative assets	4,837	-	4,837	-
Financial assets designated at FVPL	362	321	41	-
Long-term debts	1,465,505	-	-	1,465,505
Lease liabilities	221,518	-	-	221,518

As of December 31, 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value measurements, and there were no transfers into and out of Level 3 fair value measurements.

Derivative Financial Instruments

First Gen Group enters into derivative transactions such as interest rate swaps to hedge its interest rate risks arising from its floating rate borrowings, and foreign currency forwards to hedge the foreign exchange risk arising from its loans and payables. These derivatives (including embedded derivatives) are accounted for either as derivatives not designated as accounting hedges or derivatives designated as accounting hedges.



The table below shows the fair values of First Gen Group’s outstanding derivative financial instruments, reported as assets or liabilities, together with their notional amounts as of December 31, 2024 and 2023. The notional amount is the basis upon which changes in the value of derivatives are measured.

	2024			2023		
	Derivative Assets	Derivative Liabilities	Notional Amount	Derivative Assets	Derivative Liabilities	Notional Amount
Derivatives Designated as Accounting Hedges						
Freestanding derivatives:						
Interest rate swaps	\$19	\$-	\$1,000	\$4,837	\$-	\$106,000
Derivatives Not Designated as Accounting Hedges						
Foreign currency forwards	-	-	-	-	755	\$120,000
Total derivatives	\$19	\$-	\$1,000	\$4,837	\$755	
Presented as:						
Current	\$4	\$-		\$620	\$755	
Noncurrent	15	-		4,217	-	
Total derivatives	\$19	\$-		\$4,837	\$755	

Derivatives not Designated as Accounting Hedges

These derivatives may include freestanding derivatives used to economically hedge certain exposures but were not designated by management as accounting hedges. Such derivatives are classified as at FVPL with changes in fair value directly taken to the consolidated statement of income.

As of December 31, 2024, First Gen Group has no derivatives not designated as accounting hedges. As of December 31, 2023, First Gen Group has foreign currency forwards not designated as accounting hedges.

Foreign Currency Forwards – FRLC

In November and December 2023, FRLC entered into several foreign currency forwards with various banks to purchase U.S. dollar at fixed U.S. to Philippine Peso exchange rates. Under the agreements, FRLC was obligated to buy U.S. dollar from various banks amounting to \$120.0 million, based on the agreed strike exchange rates. The settlement of each of the forward contract was on February 20, 2024.

Pertinent details of the foreign currency forwards are as follows:

Trade Date	Settlement		Forward rate	Notional amount
	Date	Banks		
14-Nov-23	20-Feb-24	BDO	₱56.080	\$20,000
15-Nov-23	20-Feb-24	BDO	55.800	20,000
12-Dec-23	20-Feb-24	ING	55.600	20,000
18-Dec-23	20-Feb-24	BPI	55.820	20,000
21-Dec-23	20-Feb-24	BDO	55.730	20,000
29-Dec-23	20-Feb-24	BDO	55.370	20,000

As of December 31, 2023, the outstanding notional amount of the foreign currency forward contracts designated as cash flow hedges amounted to \$120.0 million. As of December 31, 2023, the aggregate fair value of the foreign currency forward contracts amounted to \$0.8 million and was recorded under “Derivative liabilities” account in the consolidated statement of financial position. FRLC recognized the aggregate fair value changes amounting to \$0.8 million under “Others - net” in the “Other income (charges)” account in the consolidated statement of income for the year ended December 31, 2023.



In 2024, FRLC entered into additional currency forwards with various banks with aggregate notional amount of \$238.8 million with settlement date of February 20, 2024.

Derivatives Designated as Accounting Hedges

First Gen Group has interest rate swaps accounted for as cash flow hedges for its floating rate loans and cross currency swaps and foreign currency forwards accounted for as cash flow hedges of its Philippine peso and U.S. dollar denominated borrowings and Euro denominated payables, respectively. Under a cash flow hedge, the effective portion of changes in fair value of the hedging instrument is recognized as cumulative translation adjustments in other comprehensive income (loss) until the hedged item affects earnings.

Interest Rate Swap (IRS) - EBWPC

In the last quarter of 2014, EBWPC entered into four (4) IRS with aggregate notional amount of \$150.0 million. This is to partially hedge the interest rate risks on its ECA and Commercial Debt Facilities (the Foreign Facility) that is benchmarked against U.S. LIBOR and with flexible interest reset feature that allows EBWPC to select the interest reset frequency to be applied. Under the IRS agreement, EBWPC will receive semi-annual interest of 6-month U.S. LIBOR and will pay fixed interest. EBWPC designated the interest rate swap as hedging instruments in cash flow hedge against the interest rate risk arising from the Foreign Facility. In the first quarter of 2016, EBWPC entered into three (3) additional IRS with aggregate notional amount of \$30.0 million.

Pertinent details of the IRS are as follows:

Notional amount (in million)	Trade Date	Effective Date	Maturity Date	Fixed rate	Variable rate
US\$48.67	10/20/14	12/15/14	10/23/29	2.635%	6-month LIBOR
31.40	10/20/14	12/15/14	10/23/29	2.635%	6-month LIBOR
30.62	10/20/14	12/15/14	10/23/29	2.635%	6-month LIBOR
14.72	02/12/16	06/15/16	10/23/29	1.825%	6-month LIBOR
7.07	10/20/14	12/15/14	10/23/29	2.508%	6-month LIBOR
4.91	02/12/16	06/15/16	10/23/29	1.825%	6-month LIBOR
4.91	02/12/16	06/15/16	10/23/29	1.825%	6-month LIBOR

On October 23, 2024, EBWPC partially unwound its IRS contracts, and on December 16, 2024 unwound the remaining contracts with Norddeutsche Landesbank Girozentrale, Australia and New Zealand Banking Group Ltd., and ING Bank N.V.

The maturity date of the seven (7) IRS coincides with the maturity date of the Foreign Facility. As of December 31, 2024 and 2023, the outstanding aggregate notional amounts of EBWPC's IRS amounted to nil and \$106.0 million, respectively. The aggregate fair values on these IRS as of December 31, 2024 and 2023 amounting to \$4.4 million gain and \$0.8 million gain, respectively, were recognized under "Cumulative translation adjustments" account in the consolidated statements of financial position.

On December 12, 2024, EDC entered into an IRS agreement with aggregate notional amount of \$10 million. This is to partially hedge the interest rate risk on its Commercial Debt Facility (Foreign Facility) that is benchmarked against six-month Term SOFR and with flexible interest reset feature that allows EDC to select what interest reset frequency to apply (i.e., monthly, quarterly or semi-annually). As it is EDC's intention to reprice the interest rate on the foreign facility semi-annually, EDC utilizes IRS with semi-annual interest payments and receipts.



Under the IRS agreement, EDC will receive semi-annual interest of six (6)-month Term SOFR and will pay fixed interest. EDC 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\$10.0	12/13/2024	12/12/2024	12/12/2029	3.940%	6-month Term SOFR

The maturity date of the IRS coincides with the maturity date of the Foreign Facility. As of December 31, 2024, the outstanding aggregate notional amount of EDC's IRS amounted to \$10.0 million. The aggregate fair value losses on these IRS amounted to \$0.02 million as of December 31, 2024.

As of December 31, 2024 and 2023, the net movement of changes made to "Cumulative translation adjustments" account for EDC's cash flow hedges are as follows:

	2024	2023
Balance at beginning of year	(\$3,608)	(\$2,699)
Fair value changes taken into equity during the year	(8,692)	2,119
Gain on unwinding of derivatives	3,549	–
Fair value changes realized during the year	2,707	(3,028)
	(6,044)	(3,608)
Deferred income tax effect on cash flow hedges	1,630	2,857
Balance at end of year	(\$4,414)	(\$751)

25. Significant Contracts, Franchise, Commitments and Contingencies

a. PPAs/PSAs/ASPAs/RSC

FGP and FGPC

FGP and FGPC each has an existing PPA with Meralco, the largest power distribution company operating in the island of Luzon and the Philippines and the sole customer of both companies. Under the PPA, Meralco will purchase in each contract year from the start of commercial operations, a minimum number of kWh of the net electrical output of FGP's San Lorenzo Plant and FGPC's Santa Rita Plant for a period of 25 years. Billings to Meralco under the PPA are substantially in U.S. Dollar and a small portion is billed in Philippine Peso. The PPAs are set to expire in 2027 for FGP and 2025 for FGPC.

On January 7, 2004, Meralco, FGP and FGPC signed the amendment to their respective PPAs. The negotiations resulted in a package of concessions including the assumption of FGP and FGPC of community taxes at current tax rate, while conditional concessions include increasing the discounts on excess generation, payment of higher penalties for non-performance up to a capped amount, recovery of accumulated deemed delivered energy until 2011 resulting in the non-charging of Meralco of excess generation charge for such energy delivered beyond the contracted amount but within a 90% capacity quota. The amended terms under the respective PPAs of FGP and FGPC were approved by the ERC on May 31, 2006.



FNPC

FNPC entered into a PSA with Meralco for the sale and purchase of approximately 414 MW of contract capacity and the associated net electrical output from 414 MW San Gabriel Plant which is located within the FGCEC in Batangas City.

On June 5, 2018, the ERC granted an Interim Relief for the implementation of the PSA subject to certain conditions. On June 26, 2018, FNPC agreed to implement the Interim Relief granted by the ERC and has started its commercial sale to Meralco.

On July 13, 2022, FNPC received the ERC's Decision dated May 26, 2022 approving its PSA with Meralco. The Decision affirmed the applicable rates under the provisional authority granted by the ERC in its Order dated June 5, 2018, subject to certain modifications and conditions. On July 28, 2022, FNPC submitted its Motion for Reconsideration and Motion to Hold in Abeyance the Execution of the Decision (collectively, "MR"). As of March 20, 2025, FNPC's MR is still pending with the ERC.

The six-year term of the PSA expired on February 23, 2024. As of March 20, 2025, FNPC is exploring new markets for the San Gabriel Plant and is operating on a merchant basis.

Prime Meridian

On March 14, 2019, Prime Meridian entered into an Ancillary Service Procurement Agreement (ASPA) with NGCP for the provision of both firm and non-firm regulating reserve services, with a term of five (5) years commencing upon receipt of approval by the ERC. In an Order dated March 12, 2020, ERC granted an Interim Relief to implement the ASPA beginning on the next billing cycle from receipt of the order. The ASPA was implemented on May 26, 2020 and is effective until May 25, 2025.

FG Bukidnon

On January 9, 2008, FG Bukidnon and Cagayan Electric Power and Light Co., Inc. (CEPALCO), an electric distribution utility operating in the City of Cagayan de Oro, signed a PSA for the FG Bukidnon plant. Under the PSA, FG Bukidnon shall generate and deliver to CEPALCO and CEPALCO shall take, and pay for even if not taken, the available energy for a period commencing on the date of ERC approval until March 28, 2025.

On June 14, 2012, FG Bukidnon signed a Transmission Service Agreement with NGCP for the latter's provision of the necessary transmission services to FG Bukidnon. The charges under this agreement are as provided in the Open Access Transmission Service (OATS) Rules and/or applicable ERC orders/issuances. Under the PSA, these transmission-related charges shall be passed through to CEPALCO.

FG Hydro

Details of the existing contracts of FG Hydro are as follow:

<u>Related Contracts</u>	<u>Expiry Date</u>	<u>Other Developments</u>
First Industrial Township Utilities, Inc. (FITUI)	March 25, 2026	FG Hydro entered into a five-year new PSA with FITUI which commenced on March 26, 2021.



Related Contracts	Expiry Date	Other Developments
Edong Cold Storage and Ice Plant (ECOSIP)	September 25, 2025	After expiration of the contract with ECOSIP on December 25, 2020, FG Hydro has continued the supply of electricity sourced from WESM at the applicable WESM rates until commencement of a new PSA on April 26, 2021.
NIA-Upper Pampanga River Integrated Irrigation System (NIA- UPRIIS)	October 25, 2020	After expiration of the contract with NIA-UPRIIS on October 25, 2020, FG Hydro has continued the supply of electricity sourced from WESM at the applicable WESM rates. On August 17, 2022, DOE approved the application for renewal of NIA-UPRIIS status as Directly Connected Customer (DCC). As of March 20, 2025, negotiation for a new contract is on-going.
Pantabangan Municipal Electric Services (PAMES)	December 25, 2008	There was no new agreement signed between FG Hydro and PAMES. However, FG Hydro had continued to supply PAMES' electricity requirements with PAMES' compliance to the agreed restructured payment terms.

FG Hydro entered into Power Supply General Framework Agreement (PSGFAs) with FGES, BGI, EDC, ULGEI and GCGI for the supply of electricity of their various customers under several contracts. The PSGFAs have a term of 10 years beginning February 1, 2016 for FGES, BGI, EDC and ULGEI, and beginning March 1, 2017 for GCGI. Under these contracts, FG Hydro shall generate and deliver the contracted energy on a monthly basis.

PSA with Meralco

On September 16, 2019, FG Hydro signed a PSA with Meralco for the supply of 100 MW mid-merit capacity. The contract was a result of FG Hydro being awarded as a result of having one of the lowest bids under Meralco's Competitive Selection Process that concluded in September 2019. The contract has a term of five years and is set to expire in December 2024.

On March 16, 2020, FG Hydro received the Order of the ERC dated December 10, 2019 granting Provisional Approval to implement the PSA. However, due to the substantial decrease in demand across the Meralco franchise area brought about by the Luzon-wide Enhanced Community Quarantine (ECQ) at the time, Meralco and FG Hydro agreed to defer the operations effectivity date and all related dates until after the ECQ.

On June 5, 2020, FG Hydro filed a Motion for Reconsideration of the Provisional Approval. On June 22, 2020, Meralco and FG Hydro entered into an interim arrangement regarding supply and purchase based on the Provisional Approval rate. Under this arrangement, FG Hydro commenced selling electricity to Meralco in July 2020.



On December 16, 2020, FG Hydro received the Order of the ERC dated November 11, 2020 granting its Motion for Reconsideration. The Order also approved the retroactive implementation of the applicable rate from the date of actual delivery of energy by FG Hydro to Meralco. On January 28, 2021, FG Hydro and Meralco agreed to amortize the imposition, invoicing and collection of the differential adjustment resulting from such retroactive application to mitigate the impact on customers of the corresponding generation cost pass-through.

On January 8, 2021, FG Hydro received the Order of the ERC dated November 26, 2020 granting the Interim Relief authorizing Meralco and FG Hydro to implement the PSA, subject to the same conditions as those provided in the ERC's Orders dated December 10, 2019 and November 11, 2020, until revoked or until the issuance of a final decision by the ERC.

On July 19, 2022, FG Hydro and EDC entered into an Assignment and Amendment to the PSA wherein FG Hydro assigned its rights, interests and obligations under the PSA to EDC effective July 26, 2022. A joint manifestation of FG Hydro and Meralco was submitted to the ERC on August 18, 2022.

As of December 31, 2024 and 2023, FG Hydro supplies to six customers with contracted demand of 58.23 MW and 41.77 MW, respectively.

EDC, GCGI, BGI and ULGEI

- PPA
54.0 MW Mindanao II
The PPA provides, among others, that NPC shall pay EDC 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 expired in June 2024.
- PSAs
EDC, GCGI, and BGI entered into various PSAs with private distribution utilities, electric cooperatives, and retail electricity suppliers for commercial and industrial customers with contract periods ranging from two years to 26 years as of December 31, 2024, and one year and three months to 26 years as of December 31, 2023. The remaining periods of these contracts range from three months to 16 years as of December 31, 2024, and two months to 17 years as of December 31, 2023. 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.
- ASPA
EDC and GCGI have each entered into ASPAs with NGCP which is effective for a period of five years, commencing upon approval of the ERC. The ASPAs of EDC and GCGI already expired last September 2022. BGI entered into an ASPA with the NGCP for Black Start Services for a period of five years, and shall expire in September 2028.
- Spot market sales
Electricity in excess of contracted capacity are sold to the spot market at spot market rate.
- 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 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.

- **Retail Supply Contracts (RSCs)**

BGI and GCGI have entered into various retail supply contracts with contestable customers with contract periods ranging from one year to 14 years and four months as of December 31, 2024, and six months to 8 years and six months as of December 31, 2023. The remaining periods of these contracts range from two months to 13 years as of December 31, 2024, and two months to 7 years and five months as of December 31, 2023.

Under the RSCs, BGI and GCGI charge the customer both the basic energy and pass-through charges, as may be applicable.

- **Green Energy Option Program Supply Contracts (GEOP Supply Contracts)**

BGI and GCGI have entered into various GEOP supply contracts with contestable customers with contract periods ranging from one year to 9 years and six months as of December 31, 2024, and from one year to three years as of December 31, 2023. The remaining periods of these contracts range from eight months to eight years and ten months as of December 31, 2024, and three months to two years and nine months as of December 31, 2023.

FGES

RSC and GEOP Supply Contracts

In 2024 and 2023, FGES entered into various RSCs and GEOP supply contracts with contestable customers ranging from a contract period of 1 to 5 years. These agreements provide for the supply of electricity at an agreed price on a per kWh basis to contestable customers. Under the respective RSCs and GEOP supply contracts, FGES charges the customer for both the basic energy, retail supply and pass through charges, as may be applicable. As of December 31, 2024 and 2023, FGES has outstanding RSCs and GEOP supply contracts with 15 and 27 contestable customers, respectively.

PSGFA

FGES entered into a PSGFA with several generation companies (GenCo's) for the contracted demand that is intended to serve the contracted energy requirement of its various RSCs and GEOP supply contracts. As of December 31, 2024 and 2023, FGES has contracted demand of 18.22 MW and 62.89 MW, respectively.

Registration with Philippine Economic Zone Authority (PEZA)

On November 15, 2016, the PEZA approved FGES application for registration as an Ecozone Utilities Enterprise engaged in establishing, operating and maintaining its RES project. The RSCs of FGES with PEZA locator contestable customers expired in 2021. On November 20, 2023, FGES received a notice of approval of FGES' application for cancellation of PEZA registration as an Ecozone Utilities-RES Enterprise effective on the 30th day from receipt of the said notice.

b. **Stored Energy Commitment of EDC**

In 1996 and 1997, EDC entered into Addendum Agreements to the PPA related to the Unified Leyte power plants, whereby 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.



c. GSCs/GRESCs of EDC

GSCs

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 Philippine Government may enter into service contracts for the exploration, development and exploitation of geothermal resources in the Philippines.

Pursuant to P.D. 1442, EDC 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:

1. Tongonan, Leyte, dated May 14, 1981
2. Southern Negros, dated October 16, 1981
3. Bac-Man, Sorsogon, dated October 16, 1981
4. Mt. Apo, Kidapawan, Cotabato, dated March 24, 1992
5. Northern Negros, dated March 24, 1994

The exploration period under the service contracts shall be five years from the effective date, renewable for another two years if EDC 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 EDC 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 EDC 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. EDC 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.

GRESCs and Geothermal Operating Contracts (GOC)

The RE Law, which became effective in January 2009, mandates the conversion of existing GSCs under P.D. 1442 into GRESCs to 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 EDC 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, EDC was granted the Provisional Certificate of Registration as an RE Developer for its existing projects. With the receipt of the certificates of provisional registration as geothermal RE Developer, the fiscal incentives of the RE Law was availed of by EDC retroactive from the effective date of such law on January 30, 2009. Fiscal incentives include among others, the change in the applicable corporate tax rate from 30% to 10% for RE-registered activities.



The GSCs were fully converted to GRESCs upon signing of the parties on October 23, 2009; thereby EDC is now the holder of five GRESCs and the corresponding DOE Certificate of 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; and
- 5) GRESC 2009-10-005 for Northern Negros Geothermal Project

EDC also holds geothermal resource service contracts, each with a five to seven-year pre-development period and a 25-year contract period expiring between 2040 and 2048, renewable for another 25 years, for the following prospect areas:

- 1) Mt. Zion 2 Geothermal Project
- 2) Amacan Geothermal Project
- 3) Mainit-Sadanga Geothermal Project
- 4) Mt. Sembrano Geothermal Power Project
- 5) Buguias-Tinoc Geothermal Power Project

Under the GRESCs, EDC pays the Philippine Government a 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 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); and
- 3) Bacon-Manito Geothermal Power Plant (under DOE Certificate of Registration No. GOC No. 2012-04-039)

The Government share, included as part of "Others" under the "Costs of sale of electricity" account, for both the GRESCs and GOCs is allocated between the DOE (60%) and the LGUs (40%) within the applicable contract area (see Notes 13 and 18).

d. SSAs of EDC

Following the commercial operations of the BacMan units, PSALM/NPC, EDC, and BGI have agreed to allow EDC bill BGI directly, on behalf of PSALM/NPC, starting October 1, 2013 for BacMan II and January 28, 2014 for BacMan I.



With the expiry of the SSA for BacMan I in May 2018, EDC and BGI entered into several interim arrangements from June 1, 2018 to December 25, 2023 for the supply of steam for BacMan I. 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.

With the expiry of BacMan II's Cawayan Unit SSA in March 2019, EDC and BGI entered into several interim arrangements from April 30, 2019 to 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.

e. GSPAs

FGP and FGPC

FGP and FGPC have existing GSPAs with the consortium of Prime Energy Resources Development B.V., UC38 LLC, PNOG Exploration Corporation, and Prime Oil & Gas, Inc. (collectively referred to as Gas Sellers), for the supply of Malampaya natural gas in connection with the operations of their respective power plants. The Santa Rita GSPA expired on January 1, 2024, while the San Lorenzo GSPA expired on July 2, 2024.

Under the GSPA, FGP and FGPC are obligated to purchase and take (or pay for, if not taken) a minimum quantity of gas for each Contract Year (which runs from December 26 of a particular year up to December 25 of the immediately succeeding year), called the Take-Or-Pay Quantity (TOPQ). Thus, if the TOPQ is not taken within a particular Contract Year, FGP and FGPC incur an "Annual Deficiency" for that Contract Year equivalent to the total volume of unused gas (i.e., the TOPQ less the actual quantity of gas taken). FGP and FGPC are required to make payments to the Gas Sellers for such Annual Deficiency after the end of the Contract Year. After paying for Annual Deficiency gas, FGP and FGPC can, subject to the terms of the GSPA, "make-up" such Annual Deficiency by taking the unused-but-paid-for gas (without further charge) within the period specified under the GSPAs. Included in the June 9, 2010 Settlement Agreement is the GSPA amendment in which FGP, FGPC and the Gas Sellers agreed that where the Gas Sellers reschedule, reduce or cancel Scheduled Maintenance and fail to provide a rescheduling notice within the period required under the respective GSPAs of FGP and FGPC, the Gas Sellers shall be permitted to carry forward to succeeding Contract Years the number of Days within the originally scheduled period where no actual maintenance is carried out by the Gas Sellers provided that the Gas Sellers tender for delivery, and FGP and FGPC actually take, gas equivalent to the Daily Threshold of the San Lorenzo and Santa Rita Plants. FGP and the Gas Sellers likewise agreed that references to "the Base TOPQ divided by 350" in certain clauses of the San Lorenzo GSPA shall be replaced by "61.429 TJ".

FNPC and Prime Meridian

On April 12, 2017, FNPC and Prime Meridian each executed GSPAs with the Gas Sellers. Pursuant to their respective GSPAs, the Gas Sellers shall supply natural gas from the Camago-Malampaya reservoir until the aggregate natural gas deliveries reach their respective Total Contract Quantity (TCQ), or on February 23, 2024, whichever comes earlier. FNPC and Prime Meridian can request additional volume from the Gas Sellers as envisaged in their respective GSPAs. The San Gabriel GSPA and the Avion GSPA expired on February 23, 2024.

On December 24, 2021, FNPC and Prime Meridian each executed a GSPA with Philippine National Oil Company (PNOC). Pursuant to their respective PNOC GSPAs, PNOC shall supply natural gas fuel until the aggregate natural gas deliveries reach their respective TCQ, or on February 23, 2024, whichever comes earlier. Pursuant to the GSPAs, the periods have been automatically extended upon extension of the production term under the Service Contract No. 38 (SC38).



Under their respective GSPAs, each Seller shall sell and tender for delivery to the buyer, and the buyer shall purchase and take from each Seller the quantity of natural gas nominated by the buyer in accordance with the terms and subject to the conditions specified in the agreement. Irrevocable SBLCs were provided by FNPC and Prime Meridian in favor of the Gas Sellers and PNOC to secure their payment obligations under their respective GSPAs.

New GSPA

On December 26, 2023, FGPC, FGP, FNPC and Prime Meridian (“FG Buyers”) executed a new GSPA with the Gas Sellers for the remaining available and uncontracted Malampaya natural gas volume. The new GSPA has a term of approximately 15 years which is until the expiration of the extended production term under the SC38. During the term of the new GSPA, the FG Buyers may consume the remaining 181.41 PJ, NCV of natural gas and may take on additional gas volumes once available. The delivery start date of gas to each FG Buyer in the new GSPA shall start upon the end of term of each of the existing GSPAs with the Gas Sellers. FNPC and Prime Meridian provided irrevocable SBLCs in favor of the Gas Sellers to secure their payment obligations under the new GSPA.

Total cost of natural gas consumed amounted to \$240.6 million in 2024, \$242.6 million in 2023 and \$287.5 million in 2022 for FGP; and \$454.2 million in 2024, \$445.6 million in 2023 and \$527.2 million in 2022 for FGPC.

Total cost of natural gas consumed amounted to \$82.0 million in 2024, \$145.9 million in 2023 and \$132.3 million in 2022 for FNPC; and \$42.3 million in 2024, \$34.5 million in 2023 and \$35.1 million in 2022 for Prime Meridian.

f. WESC of EDC and FGVEI

On September 14, 2009, EDC entered into a WESC 2009-09-004 with the DOE granting EDC the right to explore and develop the Burgos Wind Project for a period of 25 years from effective date. The pre-development stage under the WESC shall be two years which can be extended for another one year if EDC does not default in its exploration or work commitments and provides a work program for the extension period upon confirmation by the DOE. Within the pre-development stage, EDC 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 that EDC is not in default in any material obligations under the WESC, 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 25-year period. Further, the WESC provides that all materials, equipment, plants and other installations erected or placed on the contract area by EDC shall remain the property of EDC 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 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, 2024, EBWPC holds 15 WESCs with the DOE, each with a contract period of 25 years. The WESCs cover the following projects:

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 & 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)

As of December 31, 2024, FGVEI has been awarded thirty-eight (38) WESC, all of which are undergoing feasibility studies.

g. SESCOs of EDC and Solar Energy Operating Contracts (SEOC) of FGEN Power Ventures

As of December 31, 2024, EDC holds two (2) SESCOs with the DOE with a 25-year contract period. The SESCOs cover the following projects:

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

As of December 31, 2024, FGEN Power Ventures was awarded with three SEOC, all of which are undergoing project development.

h. Operations and Maintenance (O&M) Agreements

O&M Agreements of FGP and FGPC

FGP and FGPC have separate full scope Operation & Maintenance Agreements (OMAs) with SEI mainly for the operation, maintenance, management and repair services of their respective power plants, including the maintenance of adequate inventory of spare parts, accessories and consumables. SEI is also responsible for replacing and repairing the necessary parts and equipment of the power plants to ensure the proper operation and maintenance of the power plants to meet the contractual commitments of FGP and FGPC under their respective PPAs and in accordance with the Good Utility Practice.



The OMAs took effect on August 1, 2010 (the Commencement Date) and will expire on the earlier of (i) the 20th anniversary of the Commencement Date, or (ii) the satisfactory completion of the major inspections of all units of the San Lorenzo and Santa Rita power plants, in each case nominally scheduled at 200,000 equivalent operating hours, as stipulated in their respective OMAs. The monthly O&M charges include Euro, U.S. Dollar and Philippine Peso components.

FGPC's and FGP's total O&M costs (shown as part of the "Power plant operations and maintenance" in the "Costs of sale of electricity" account in the consolidated statements of income) amounted to \$33.3 million in 2024, \$43.8 million in 2023 and \$46.0 million in 2022 (see Note 18).

In 2024, prepaid major spare parts totaling to \$35.3 million were reclassified to "Property, plant and equipment" account as result of completion of the scheduled major maintenance outage of the Santa Rita Plant (see Note 10). As of December 31, 2024 and 2023, O&M charges amounting to \$57.5 million and \$62.4 million, respectively, which relate to major spare parts that are expected to be replaced during the next scheduled major maintenance outage, were presented as part of the "Other noncurrent assets" account in the consolidated statements of financial position (see Note 12).

O&M Agreement of FNPC

FNPC has an OMA with SEI, executed on December 16, 2013, for the operation, maintenance, management and repair services of the San Gabriel Plant. The OMA will expire on the date which is the later of (i) nine (9) years and nine (9) months after the Commercial Operations Date of September 5, 2016 or (ii) the satisfactory completion of the Major Inspection with Rotor Inspection nominally scheduled at 50,000 equivalent baseload hours. SEI is responsible for the day-to-day administration of the power plant, maintaining adequate inventory of spare parts, accessories and consumables, and shall operate, maintain and repair the plant in accordance with Good Utility Practice. The monthly O&M charges include Euro, U.S. Dollar and Philippine Peso components.

FNPC's total O&M costs (shown as part of the "Power plant operations and maintenance" in the "Costs of sale of electricity" account in the consolidated statements of income) amounted to \$12.7 million, \$15.0 million, and \$16.9 million in 2024, 2023 and 2022, respectively.

In 2024, prepaid major spares totaling to \$16.4 million were reclassified to "Property, plant and equipment" account as result of completion of the scheduled maintenance outage of San Gabriel Plant (see Note 10). As of December 31, 2024 and 2023, O&M charges amounting to \$3.7 million and \$17.4 million, respectively, which relate to major spare parts that are expected to be replaced during the next scheduled major maintenance outage, were presented as part of the "Other noncurrent assets" account in the consolidated statements of financial position (see Note 12).

O&M Agreement of EBWPC with Vestas

EBWPC will operate and maintain the wind farm under a 10-year O&M agreement with Vestas. The Vestas O&M contract is a service and energy-based availability agreement based on Vestas' AOM 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.



The 10-year contract expired on December 17, 2024, and was renewed for another 10 years, extending the agreement until December 17, 2034.

Maintenance Service Agreement (MSA) of Prime Meridian

Prime Meridian has an offshore MSA with GE Vernova Operations, LLC and an onshore MSA with GE Power Philippines, Inc., executed on May 6, 2021 and will expire on June 30, 2025.

The MSAs cover the provision of several maintenance services to the Avion Plant which include the: (i) provision of a resident engineer, (ii) supply and installation of a remote monitoring system (including monthly reporting), (iii) performance of Scheduled Maintenance Services, (iv) carrying out of Condition-based Maintenance Services, (v) supply of spare parts, and (vi) other related services.

Total cost pertaining to the MSAs (shown as part of the “Power plant operations and maintenance” in the “Costs of sale of electricity” account in the consolidated statement of income) amounted to \$4.6 million in 2024, \$1.3 million in 2023, and \$0.9 million in 2022 (see Note 18).

i. SIA

FGPC

FGPC has a SIA with Meralco and NPC for: (a) the construction of substation upgrades at the NPC substation in Calaca and the donation of such substation upgrades to NPC; (b) the construction of a 35-kilometer transmission line from the power plant to the NPC substation in Calaca and subsequent donation of such transmission line to NPC; (c) the interconnection of the power plant to the NPC Grid System; and (d) the receipt and delivery of energy and capacity from the power plant to Meralco’s point of receipt.

Following the assignment by NPC to TransCo of all of NPC’s rights, title, interests and obligations in and to the SIA, and pursuant to the SIA, FGPC, on July 15, 2015, transferred and conveyed to TransCo, by way of donation, the Substation Improvements amounting to \$1.2 million (see Note 11). As of March 20, 2025, FGPC continuously manages the maintenance of the 230 kilovolts (kV) Santa Rita to Calaca transmission line in accordance with the provisions of SIA.

Maintenance services related to the 230 kV Santa Rita to Calaca transmission line in Batangas are now being rendered by Hansei Corporation (Hansei) under a Transmission Line Maintenance Agreement (TLMA) that was signed and became effective on January 10, 2017. The TLMA requires a monthly payment of \$0.03 million (₱1.3 million) for the routine services and a monthly payment of \$0.006 million (₱0.30 million) as retainer fee, with both fees subject to periodic adjustment as set forth in the agreement. Total operations and maintenance expense (shown as part of the “Power plant operations and maintenance” in the “Costs of sale of electricity” account in the consolidated statements of income) amounted to \$0.6 million in 2024 and each amounted to \$0.4 million in 2023 and 2022 (see Note 18).

Prime Meridian

Prime Meridian likewise signed a two-year TLMA with Tan Delta Electric Corporation (Tan Delta) on September 20, 2019 wherein the latter shall be responsible for the intermittent maintenance services of the Avion substation and transmission line. Avion’s TLMA with Tan Delta was extended for another two (2) years from September 20, 2021 to September 19, 2023. Following the expiration of the TLMA in September 2023, Prime Meridian executed a Medium Voltage and High Voltage Equipment Maintenance Agreement with Tan Delta on May 14, 2024 for a period of three (3) years from the date of its execution. Total operations and maintenance expense (shown as part of the “Power plant operations and maintenance” in the “Costs of sale of electricity” account



in the consolidated statements of income) amounted to \$0.03 million in 2024, \$0.1 million in 2023 and \$0.01 million in 2022 (see Note 18).

- j. Connection Agreements (CA), Metering Service Agreements (MSA), Transmission Service Agreements (TSA)

CA

FGPC and FGP

Following the requirement of the ERC, FGPC and FGP each executed a CA with NGCP. It is envisaged in the CAs of FGPC and FGP with NGCP that the parties' obligations shall be governed by OATS Rules, the Philippine Grid Code and relevant issuances. The CAs of FGPC and FGP with NGCP took effect on September 1, 2021, and shall remain effective until March 25, 2031.

FNPC and Prime Meridian

On November 26, 2015, ERC approved FNPC's application for authority to develop, own and operate a dedicated point to point transmission facility to connect to the existing San Lorenzo (SL) Switchyard. The San Gabriel to SL Connection Facility, an approximately 200-meter transmission line from the San Gabriel plant to the existing SL Switchyard, is connected to the transmission system of NGCP via the existing SL Switchyard.

FNPC and Prime Meridian each has a CA with NGCP. It is envisaged in the CA that the obligations of the parties shall be governed by OATS Rules, the Philippine Grid Code and relevant issuances. The CAs took effect on July 1, 2014 and each has a term of 20 years.

MSA

FGPC, FGP, FNPC and Prime Meridian each has entered into an MSA with NGCP. Pursuant to the MSA, NGCP agreed to provide revenue metering facilities and services for measuring the energy consumed by Santa Rita, San Lorenzo, San Gabriel and Avion Plants. FGPC and FGP's MSA took effect on December 26, 2016 and July 26, 2017, respectively. FNPC and Prime Meridian's MSA both took effect on May 26, 2016. Each of the four agreements has a term of 10 years.

TSA

FGPC, FGP, FNPC and Prime Meridian each has entered into a TSA with NGCP. Under the TSAs, NGCP agreed to provide transmission services to Santa Rita, San Lorenzo, San Gabriel and Avion Plants. FGPC and FGP's TSA took effect on December 26, 2016 and July 26, 2017, respectively. FNPC and Prime Meridian's TSA both took effect on May 26, 2016. Each of the four agreements has a term of 10 years.

- k. REPA

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, EDC 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 Independent Electricity Market Operator of the Philippines, Inc. (IEMOP) 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, EDC recognized additional revenue and long-term receivables computed on the FIT rate increment which will be recovered for a period of five years starting January 1, 2021.

In the absence of the 2024 and 2023 ERC approved FIT rates, revenue in 2024 and 2023 were based on the lower rate between the 2020 ERC approved FIT rates and the 2024 and 2023 forecasted FIT rates.

Total FIT revenue adjustment recognized in 2024, 2023 and 2022 by EBWPC and EDC amounted to \$5.0 million (₱288.5 million), \$6.5 million (₱358.6 million) and \$4.9 million (₱265.5 million), in 2024, 2023 and 2022, respectively.

As of December 31, 2024 and 2023, the noncurrent portion of the receivable from TransCo amounting to \$22.2 million (₱1,284.8 million) and \$24.8 million (₱1,374.5 million), respectively, is included in the “Long-term receivables” account under “Other noncurrent assets”, while the current portion amounting to \$8.8 million (₱509.1 million) and \$1.4 million (₱79.4 million), respectively, is included under “Receivables” in the consolidated statements of financial position (see Notes 6 and 12). Interest accretion on receivable from TransCo amounted to \$0.5 million (₱28.2 million) in 2024, \$0.7 million (₱37.2 million) in 2023, and \$0.7 million (₱36.9 million) in 2022.

1. Franchise

The Parent Company, through FGHC, has a franchise granted by the 11th Congress of the Philippines through R.A. No. 8997 on January 11, 2001 to construct, install, own, operate and maintain a natural gas pipeline system for the transportation and distribution of the natural gas throughout the island of Luzon (the “Franchise”). The Franchise has a validity period of 25 years.

As of March 20, 2025, FGHC, through its subsidiary FG Pipeline, has an ECC for the Batangas to Manila pipeline project and has undertaken substantial pre-engineering works and design and commenced preparatory works for the right-of-way acquisition activities, among others.



m. Lease Commitments

- In June 2015, First Gen and certain subsidiaries each executed a non-cancelable lease agreement with Rockwell- Meralco BPO Venture on its office space at RBC Tower 3 for a period of five years commencing on July 1, 2015 to June 30, 2020. In June 2020, the lease agreement was renewed and the term was extended for an additional 5 years until June 30, 2025. The lease agreement is subject to an annual escalation rate of 5%.
- On July 3, 2023, FGPC's miscellaneous (foreshore) lease agreement with the DENR (hereinafter, the "Foreshore Lease Contract") for the lease of a public land in Sta. Rita, Batangas where the power plant complex is located was renewed for another 25 years for a yearly rental of ₱72.3 million. The sublease term is for a period of 25 years or until July 3, 2048 or upon termination of the miscellaneous (foreshore) lease contract.
- FGP and FGPC entered into a Sublease Agreement to sublease and use the parcel of land located in Sta. Rita, Batangas ("Leased Property") which is covered by a Foreshore Lease contract executed by and between FGPC and the DENR on July 3, 2023. Under the Sublease Agreement, FGPC subleases, sublets and grants FGP the right to use the Leased Property in connection with and as may be necessary for the construction, operation and maintenance of the San Lorenzo plant on a non-exclusive basis. Such Sublease Agreement was approved by the DENR on February 6, 2024 in accordance with the Seventh Paragraph of the Foreshore Lease Contract. The sublease term is for a period of 23 years or until July 3, 2048 or upon termination of the Foreshore Lease Contract. The term may be extended upon mutual agreement between the parties subject to an extension of the term of the Foreshore Lease Contract for an equivalent or greater period. FGP agrees to pay FGPC a yearly rental of \$0.08 million (₱4.5 million), subject to an equitable increase pursuant to the Foreshore Lease contract.
- FGPC and FNPC entered into a Sublease Agreement to sublease and use the parcel of land located in Sta. Rita, Batangas ("Leased Property") which is covered by a Foreshore Lease Contract executed by and between FGPC and DENR on July 3, 2023. The subleased area is where the intake-outfall pipeline systems of FNPC are located. The DENR approved the Sublease between FNPC and FGPC on February 6, 2024. FNPC agrees to pay FGPC a yearly rental of ₱8.6 million, subject to an equitable increase pursuant to the miscellaneous foreshore lease contract.
- FGPC, FGHC, FGLand and Prime Meridian each entered into a Lease Agreement with FGEN LNG executed on September 8, 2021 for the lease and use of parcels of land in FGCEC ("Leased Area") for the construction, operation and maintenance of the Multi-Purpose Jetty and Gas Receiving Facility and for other uses incidental or ancillary thereto. The lease commenced on the execution date and is valid for 25 years for the Permanent Leased Area and 12 months for the Temporary Leased Area.

FGEN LNG shall pay FGPC, FGHC, FGLand and Prime Meridian a rental payment of ₱205.00 per square meter per year for the Permanent Leased Area and ₱17.08 per square meter per month for the Temporary Leased Area, subject to automatic annual escalation at the rate of five percent (5%) beginning on the second year.



Effective September 9, 2022, FGPC, FGHC, FGLand and Prime Meridian entered into an amendment to the Lease Agreement (Amendment No. 1) with FGEN LNG to extend the lease of the Temporary Leased Area for another 12 months with a rental payment of ₱17.93 per square meter per month. The lease agreement for the Temporary Leased Area was not renewed after the 12-month extension period.

- EDC entered into the following lease agreements for rig rental with Thermaprime:

Contract Date	Terms	Period Covered
January 1, 2024	5 years	January 1, 2024 to December 31, 2028
March 2, 2024	5 years	March 2, 2024 to March 1, 2029
April 19, 2024	5 years*	April 19, 2024, 2024 to April 18, 2029
June 19, 2024	5 years*	June 19, 2024, 2024 to June 18, 2029
November 20, 2024	5 years*	November 20, 2024 to November 19, 2029

* With option to extend the lease agreement to another 5 years

- On April 3, 2021, FGEN LNG executed a five year FSRU Time Charter Party (FSRU TCP) with BW FSRU IV Pte. Ltd. (BW FSRU), a wholly owned subsidiary of BW Gas Limited, for the charter of BW Batangas (previously named BW Paris) that will serve as the Floating Storage and Regasification Unit (FSRU) for the IOT Project. On March 17, 2023, BW FSRU novated all its rights and obligations under the FSRU TCP to BW Batangas Inc. (BW Batangas), a Philippine-registered company. After the performance of the completion tests, the parties agreed that December 10, 2023 is the Acceptance Date under the FSRU TCP.

Under the FSRU TCP, FGEN LNG shall pay BW Batangas the daily hire fee as well as other reimbursable costs (including the one-time costs upon the arrival of the FSRU). The cost of the daily hire under the FSRU TCP, from the Acceptance Date until the end of term, was set-up as right-of-use assets and lease liabilities. The one-time costs upon the arrival of the FSRU was also recognized as part of the right-of-use assets. As of December 31, 2024 and 2023, lease liabilities amounting to \$120.9 million and \$149.0 million, respectively, were recognized in the consolidated statements of financial position (see Notes 12 and 15).

- On June 2, 2021, FGEN LNG executed a 10-year Tugs Time Charter Party (Tugs TCP) with Svitzer Bahrain W.L.L (Svitzer), a wholly owned subsidiary of the A.P. Moller-Maersk Group, for the charter of four tugs for the provision of towage and other vessel support services to FGEN LNG's terminal. On July 13, 2022, Svitzer novated all its rights and obligations under the Tugs TCP to BBTI, a Philippine-registered company. An Amended and Restated Tugs TCP was also signed on July 13, 2022 between FGEN LNG and BBTI. After the completion of the acceptance tests, the Service Commencement date of July 7, 2023 was agreed by the parties.

Under the Tugs TCP, FGEN LNG shall pay BBTI the daily hire fee as well as other reimbursable costs. The cost of the daily hire under the Tugs TCP, from the Service Commencement date until the end of term, was set-up as right-of-use assets and lease liabilities. As of December 31, 2024 and 2023, lease liabilities amounting to \$48.6 million and \$54.3 million, respectively, were recognized in the consolidated statements of financial position (see Notes 12 and 15).



- EDC’s lease commitments pertain mainly to office space and warehouse rentals.

As of December 31, 2024 and 2023, First Gen Group’s future minimum rental payments under the non-cancelable operating leases are as follows:

	2024	2023
Within one year	\$51,003	\$45,956
After one year but not more than five years	139,633	168,978
After five years	98,962	57,156
	\$289,598	\$272,090

n. Income from Insurance and Other Claims

EDC

Property damages

In 2024, 2023 and 2022, EDC received insurance proceeds totaling to \$2.3 million (₱130.4 million), \$0.01 million (₱0.3 million), and \$0.2 million (₱11.4 million), respectively, relating to property damages caused by calamities such as the Leyte earthquake, numerous typhoons which include but are not limited to Typhoon Urduja and Typhoon Egay, and property claims due to damaged digital level, geared reducer, bellows and transformers.

Business interruptions

In 2024, 2023 and 2022, EDC recognized income from insurance claims totaling to \$3.4 million (₱196.3 million), \$13.4 million (₱747.3 million) and, \$3.4 million (₱183.5 million), respectively, relating to business interruptions 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. As of December 31, 2024 and 2023, outstanding insurance receivable amounted to \$6.9 million (₱399.9 million) and \$10.6 million (₱587.8 million), respectively, which is included in “Others” under “Receivables” account in the consolidated statements of financial position (see Note 6).

FNPC

FNPC received insurance claims totaling to nil in 2024 and \$2.3 million in 2023 relating to damage caused by the generator failure on September 5, 2020. The proceeds were recognized as part of “Other income (charges)” account in the consolidated statements of income.

Prime Meridian

In 2024, 2023 and 2022, Prime Meridian recognized income from insurance claims totaling to \$0.6 million, \$2.1 million and \$4.5 million, respectively, relating to payments for both machinery breakdown and business interruptions caused by the damaged gas turbine of Unit 2 of Avion Power Plant last August 15, 2021. The proceeds were recognized as part of “Other income (charges)” account in the consolidated statements of income. On March 20, 2023, Prime Meridian signed an Additional Services Order under its MSA with GE to conduct the repair services for the damaged gas turbine. The repair of the damaged gas turbine was completed on May 16, 2024 and was delivered to the warehouse on September 7, 2024.

FGEN LNG

On August 2, 2023, Settlement Deeds were entered into by FGEN LNG with its Contractors (see Note 10) in relation to the agreement of the parties to terminate the Construction Contract and Supply Contract (but noting that certain clauses survive termination, including with respect to defects). In these Settlement Deeds, the Contractors waive its claims in relation to the FGEN LNG’s entitlement to Delay Liquidated Damages which accrued pursuant to the EPC contracts,



and includes FGEN LNG's retention of the proceeds of the Performance Security on account of such Delay Liquidated Damages amounting to \$28.8 million, inclusive of taxes. In 2024 and 2023, FGEN LNG received proceeds from construction delay claims amounting to nil and \$25.3 million, respectively, net of VAT, and recognized as part of "Other income (charges)" account in the consolidated statement of income.

p. Drilling Service Agreement of EDC

Thermaprime is a subsidiary of First Balfour, a wholly owned subsidiary of FPH. 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, 2024 and 2023, the outstanding payable to Thermaprime amounted to \$10.5 million and \$4.7 million, respectively, recorded under "Accounts payable and accrued expenses" account in the consolidated statements of financial position (see Note 13).

q. Other Legal Proceedings

West Tower Condominium Corporation, et al. vs.
First Philippine Industrial Corporation, et al.
G.R. No. 194239, Supreme Court of the Philippines

On November 15, 2010, a Petition for the Issuance of a Writ of Kalikasan was filed before the SC by the West Tower Condominium Corporation, et al., against respondents First Philippine Industrial Corporation (FPIC), the Parent Company, their respective boards of directors and officers, and John Does and Richard Roes. The petition was filed in connection with the oil leak which is being attributed to a portion of FPIC's white oil pipeline located in Bangkal, Makati City.

The petition was brought by the West Tower Condominium Corporation purportedly on behalf of its unit owners and in representation of the inhabitants of Barangay Bangkal, Makati City. The petitioners sought the issuance of a Writ of Kalikasan to protect the constitutional rights of the Filipino people to a balanced and healthful ecology, and prayed that the respondents permanently cease and desist from committing acts of negligence in the performance of their functions as a common carrier; continue to check the structural integrity of the entire 117-km white oil pipeline and replace the same; make periodic reports on findings with regard to the said pipeline and their replacement of the same; be prohibited from opening the white oil pipeline and allowing its use until the same has been thoroughly checked and replaced; rehabilitate and restore the environment, especially Barangay Bangkal and West Tower Condominium, at least to what it was before the signs of the leak became manifest; open a special trust fund to answer for similar contingencies in the future; and be temporarily restrained from operating the said pipeline until final resolution of the case.

On November 19, 2010, the SC issued a Writ of Kalikasan with Temporary Environmental Protection Order (TEPO) directing the respondents to: (i) make a verified return of the Writ within a non-extendible period of ten days from receipt thereof; (ii) cease and desist from operating the pipeline until further orders from the court; (iii) check the structural integrity of the whole span of the pipeline, and in the process apply and implement sufficient measures to prevent and avert any untoward incident that may result from any leak in the pipeline; and (iv) make a report thereon within 60 days from receipt thereof.

The Parent Company and its impleaded directors and officers filed a verified Return in November 2010, and a Compliance in January 2011, explaining that the Parent Company is not the owner and operator of the pipeline, and is not involved in the management, day-to-day operations,



maintenance and repair of the pipeline. For this reason, neither the Company nor any of its directors and officers has the capability, control, power or responsibility to do anything in connection with the pipeline, including to cease and desist from operating the same.

For the purpose of expediting the proceedings and the resolution of all pending incidents, the SC reiterated its order to remand the case to the CA to conduct subsequent hearings within a period of 60 days, and after trial, to render a report to be submitted to the SC.

On December 21, 2012, the former 11th Division of the CA rendered its Report and Recommendation in which the following recommendations were made to the SC: (i) that certain persons/organizations be allowed to be formally impleaded as petitioners subject to the submission of the appropriate amended petition; (ii) that FPIC be ordered to submit a certification from the DOE that the white oil pipeline is safe for commercial operation; (iii) that the petitioners' prayer for the creation of a special trust fund to answer for similar contingencies in the future be denied for lack of sufficient basis; (iv) that respondent Parent Company not be held solidarily liable under the TEPO; and (v) that without prejudice to the outcome of the civil and criminal cases filed against respondents, the individual directors and officers of FPIC and the Parent Company not be held liable in their individual capacities.

Petitioners filed a Motion for Partial Reconsideration in January 2013, in which they prayed, among others, that the Department of Science and Technology (DOST), specifically its Metal Industry Research and Development Center, be tasked to chair the monitoring of FPIC's compliance with the directives of the court and issue the certification required to prove that the pipeline is safe to operate before commercial operation is resumed; that stakeholders be consulted before a certification is issued; that a trust fund be created to answer for future contingencies; and that the Parent Company and the directors and officers of the Parent Company and FPIC also be held liable under the Writ of Kalikasan and the TEPO.

In a Compliance dated January 25, 2013, FPIC submitted to the SC a Certification signed by then DOE Secretary Carlos Jericho L. Petilla stating that the black oil pipeline is safe for commercial operation.

On July 30, 2013, the SC resolved to adopt the recommendations of the CA in its December 2012 resolution. Specifically, the SC ordered FPIC to secure a certification from the DOE that the white oil pipeline is safe to resume commercial operations, as well as consider FPIC's adoption of an appropriate leak detection system used in monitoring the entire pipeline's mass input versus mass output and the necessity of replacing pipes with existing patches and sleeves.

On October 25, 2013, the DOE issued a certification that the white oil pipeline is safe to return to commercial operations. FPIC submitted the DOE certification to the SC on October 29, 2013. On June 16, 2015, the SC issued another resolution recognizing the powers of the DOE to oversee the operation of the pipelines. The resolution also stated that the DOE is fully authorized by law to issue an order for the return to commercial operations of the pipeline following integrity tests. Petitioners have filed several motions for the SC to reconsider this resolution. As of March 20, 2025, the final resolution of the Writ remains pending with the SC.

West Tower Condominium Corporation, et al. vs. First Philippine Industrial Corporation, et al.
Civil Case No. 11-256, Regional Trial Court, Makati Branch 58

On March 24, 2011, a civil case for damages was filed by the West Tower Condominium Corporation and some residents of the West Tower Condominium against FPIC, the FPIC directors and officers, the Parent Company, Pilipinas Shell Petroleum Corporation, and Chevron Philippines,



Inc. before the Makati City RTC. In their complaint, the Plaintiffs alleged that FPIC, its directors and officers, and the Company violated R.A. No. 6969 (Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990), R.A. 8749 (Philippine Clean Air Act of 1999) and Its Implementing Rules and Regulations, and R.A. 9275 (Philippine Clean Water Act of 2004).

The complaint sought payment by the Defendants of actual damages comprising incurred rentals for alternative dwellings, incurred additional transportation and gasoline expenses and deprived rental income; recompense for diminished or lost property values to enable the buying of new homes; incurred expenses in dealing with the emergency; moral damages; exemplary damages; a medical fund; and attorney's fees.

The Parent Company filed its Answer in May 2011, in which it was argued that the case is not an environmental case under the Rules of Procedure for Environmental Cases, but an ordinary civil case for damages under the Rules of Court for which the appropriate filing fees should be paid before the court can acquire jurisdiction thereof. In an Order dated August 22, 2011, Makati City RTC (Branch 158) Judge Eugene Paras ruled that the complaint is an ordinary civil action for damages and that the Plaintiff should pay the appropriate filing fees in accordance with the Rules of Court within 10 days from receipt of the Order. The other individual plaintiffs were ordered dropped as parties in the case. The Plaintiffs filed a Motion to Inhibit Judge Paras as well as a Motion for Reconsideration of the Order. In an Order dated October 17, 2011, the court reiterated that it has no jurisdiction over the case and ordered the referral of the case to the Executive Judge for re-raffle.

In an Order dated December 1, 2011, Judge Elpidio Calis of the Makati City RTC (Branch 133) declared that the records of the case have been transferred to his court. In an Order dated March 29, 2012, Judge Calis denied the plaintiffs' Motion for Reconsideration for lack of merit, and ordered the plaintiffs to pay the appropriate filing fees within ten (10) days from receipt of the Order, with a warning that non-compliance will constrain the court to dismiss the case for lack of jurisdiction. Instead of paying the filing fees, the plaintiffs filed a Petition for Certiorari with the CA to nullify the order of Branch 133.

In a resolution dated June 30, 2014, the CA denied the petition of West Tower and affirmed the trial court's recognition of the case as being an ordinary action for damages. The CA, however, also ruled that the individual residents who joined West Tower in the civil case need not file separate cases, but instead can be joined as parties in the present case. West Tower and FPIC each filed a motion for partial reconsideration, with West Tower arguing that the case is an ordinary action for damages, and FPIC assailing the ruling that the individual residents can be joined as parties in the present case. Both motions were denied in a CA resolution dated December 11, 2014. Both parties subsequently filed separate Petitions for Certiorari with the SC assailing the CA's resolution. As of March 20, 2025, the case remains pending with the SC.

26. Other Matters

FG Hydro

a. Hydropower Operating Contract (RE Contract) with the DOE

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 an RE Developer in 2017.



b. HSC with DOE

On December 27, 2019, FG Hydro entered into a HSC with the DOE for the 120 MW Aya Pumped-Storage Hydroelectric Power Project in Pantabangan, Nueva Ecija. The HSC provides FG Hydro the exclusive right to explore, develop, and utilize the hydropower resource within the contract area.

On July 30, 2024, FG Hydro notified the DOE of the project's commercial feasibility. On December 11, 2024, FG Hydro received the Certificate of Confirmation of Commerciality.

c. O&M Agreement

In 2006, FG Hydro entered into an O&M Agreement with the 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 FG Hydro for power generation. FG Hydro has fully funded the required Trust Fund amounting to \$2.2 million (₱100.0 million) since October 2008.

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.

d. ASPA

FG Hydro entered into an agreement with the NGCP on February 3, 2011 after being certified and accredited by NGCP as capable of providing Contingency Reserve Service, Dispatchable Reserve Service, Regulating Reserve Service, Reactive Power Support Service and Black Start Service. Under the agreement, FG Hydro through the PAHEP facility shall provide any of the above-stated ancillary services to NGCP.

Upon expiration of the original three-year term, the ASPA was automatically renewed for another three (3) years subject to the same terms of the agreement. The extended agreement ended on February 23, 2017. On April 10, 2017, FG Hydro and NGCP entered into a new ASPA with a term of five (5) years. The ERC granted provisional authority for the new ASPA on March 9, 2018 and implementation commenced in April 2018. The ASPA expired on March 25, 2023.

After the expiration of the ASPA, FG Hydro participated in the Ancillary Services Competitive Selection Process conducted by NGCP in March 2023, FG Hydro bid for and was awarded Black Start Services and Reactive Power Support.

On May 2, 2023, FG Hydro and NGCP entered into a new ASPA with a term of five years or until September 20, 2028. The ERC granted provisional authority for the new ASPA on August 15, 2023 and implementation commenced in September 2023.

e. 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). NGCP shall pay FG Hydro a monthly fixed operating cost of ₱0.1 million and monthly variable charges representing energy consumed at the Switchyard.



The MOA is effective for a period of five years and renewable for another three years under such terms as maybe agreed by both parties. The MOA with NGCP expired on August 31, 2016 after which FG Hydro continued to perform services on the operation of the Switchyard until the signing of a new contract.

A new MOA, effective for another period of five years upon signing by the parties, was signed with NGCP on January 20, 2020. The MOA is renewable for another three years under such terms and conditions as may be agreed by the parties.

f. MOA with Protected Area Management Board (MOA with PAMB)

PSALM entered into a MOA with PAMB on July 17, 2006. Under the MOA, PAMB granted 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 shall 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 R.A. 11038 or the Expanded NIPAS Act of 2018, the DENR 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 March 20, 2025, FG Hydro is coordinating with its local PAMB for the transition of its existing MOA to the prescribed SAPA.

g. SAPA with the DENR Biodiversity Management Bureau (DENR-BMB)

Pursuant to R.A. No. 7586 or the NIPAS Act of 1992, as amended by R.A. No. 11038 or the Expanded NIPAS 2018, and its IRR [DENR Administrative Order No. 2019-05], DENR Administrative Order Mo. 2018-05, and DENR Administrative Order No. 2007-17, the DENR-BMB awarded the SAPA to FG Hydro for its 120 MW Aya Pumped Storage Power Project located at Pantabangan, Nueva Ecija.

The SAPA allows FG Hydro to develop and utilize the leased area of 364,121 square meters within the Pantabangan-Carranglan Watershed Forest Reserve with an effective tenure of twenty-five (25) years, or until November 2047, and renewable for a similar term as agreed upon by both parties.

Upon issuance of the SAPA, FG Hydro paid the development fee amounting to ₱69.1 million on January 24, 2023. Furthermore, FG Hydro is also subject to an annual fee as stipulated in the SAPA.

FG Bukidnon

On October 23, 2009, FG Bukidnon entered into a HSC with the DOE, which grants FG Bukidnon the exclusive right to explore, develop, and utilize the hydropower resources within the Agusan river contract area.

FG Bukidnon shall furnish the services, technology, and financing for the conduct of its hydropower operations in the contract area in accordance with the terms and conditions of the HSC. The HSC is effective for a period of 25 years from the date of execution, or until October 2034. Pursuant to the RE Law and the HSC, the National Government and LGU's shall receive the Government's share equal to 1.0% of FG Bukidnon's preceding fiscal year's gross income for the utilization of hydropower resources within the Agusan river contract area.



FG Mindanao

On October 23, 2009, FG Mindanao also signed five HSCs with the DOE in connection with the following projects: (1) Puyo River Hydropower Project in Jabonga, Agusan del Norte; (2) Cabadbaran River Hydropower Project in Cabadbaran, Agusan del Norte; (3) Bubunawan River Hydropower Project in Baungon and Libona, Bukidnon; (4) Tumalaong River Hydropower Project in Baungon, Bukidnon; and (5) Tagoloan River Hydropower Project in Impasugong and Sumilao, Bukidnon. The five (5) HSCs give FG Mindanao the exclusive right to explore, develop, and utilize renewable energy resources within their respective contract areas, and will enable FG Mindanao to avail itself of both fiscal and non-fiscal incentives pursuant to the RE Law.

The pre-development stage under each of the HSCs is two years from the time of execution of said contracts (the “Effective Date”) and can be extended for another one year if FG Mindanao has not been in default of its exploration or work commitments and has provided a work program for the extension period upon confirmation by the DOE. Each of the HSCs also provides that upon submission of declaration of commercial viability, as confirmed by the DOE, it is to remain in force during the remaining life of the of 25-year period from the Effective Date.

On July 2, 2013 and July 3, 2013, FG Mindanao obtained from the DOE the Certificate of Confirmation of Commerciality confirming the conversion of the five (5) HSCs from Pre-development to Development stage.

On August 5, 2013, FG Mindanao entered into respective Deeds of Assignments with FGen Bubunawan, FGen Puyo, FGen Cabadbaran, FGen Tagoloan and FGen Tumalaong to assign and transfer FG Mindanao’s full rights and obligations over the five (5) HSCs. On March 11, 2014, the DOE approved the assignment of Puyo, Bubunawan and Tagoloan hydro projects and issued the corresponding Certificates of Registration and Certificates of Confirmation of Commerciality under FGen Puyo, FGen Bubunawan, and FGen Tagoloan, respectively. On November 13, 2015 and December 9, 2015, the DOE approved the assignment of Cabadbaran and Tumalaong hydroelectric power projects, respectively, and issued the corresponding Certificates of Registration which FG Mindanao received on February 11, 2016.

For the Tumalaong HSC, FGen Tumalaong has concluded that the Tumalaong hydro project is no longer viable for future development after several years of project development and considering the plans of NIA to develop its Bubunawan River Irrigation Project. Such request was acknowledged by the DOE on October 24, 2016, and informed FGen Tumalaong that the said HSC was hereby terminated and requested to settle the remaining financial obligations pursuant to the HSC to fully and satisfactorily comply all obligations in view of the termination of the HSC. As of March 20, 2025, FGen Tumalaong continues to coordinate with the DOE for the settlement of its remaining obligations.

On November 10, 2016, the DOE has issued three Certificates of Registration to FG Mindanao as an RE Developer of 175 MW Binongan-Tineg, 160 MW Cagayan 1N and 17.5 MW Cateel River hydroelectric power projects which are covered by HSCs executed between the DOE and FG Mindanao. On November 9, 2017, following viability assessment of the projects for future development, FG Mindanao notified the DOE regarding its intention to surrender the entire contract areas covered by HSC 2016-06-658 and HSC 2016-06-660 for the 175 MW Binongan-Tineg Hydro Project in the Municipalities of Tineg and Lagayan, Abra and the 17.5 MW Cateel Hydro Project in the Municipality of Baganga, Davao Oriental, respectively.

After review of technical feasibility and coordination with the host communities, FGen Tagoloan requested the DOE for the amendments on locations of major structures on August 24, 2017. This request was affirmed by the through issuance of amended HSC and Certificate of Registration dated December 23, 2019.



On December 17, 2019, FGen San Isidro became the implementing corporation for Cagayan 1N HSC. On August 27, 2020, FG Mindanao and FGen San Isidro executed the Deed of Assignment transferring all rights, interests and obligations under the HSC from former to latter. The Deed of Assignment was approved by the DOE and a new Certificate of Registration was issued to FGen San Isidro on April 14, 2021. On September 12, 2023, DOE has awarded a new HSC to FGen San Isidro for the development of San Isidro Hydroelectric Power Project in Cagayan de Oro and Talakag, Bukidnon. On October 6, 2023, following the receipt of the new HSC, FGen San Isidro has notified the DOE regarding its intention to surrender the contract area covered by the Cagayan 1N HSC. In a letter dated March 7, 2024, the DOE approved the said request to surrender the Cagayan 1N HSC and informed FGen San Isidro to settle the remaining financial obligations pursuant to the HSC. On March 21, 2024, FGen San Isidro settled all its remaining financial obligations pursuant to the HSC with the DOE.

FG Prime

On March 29, 2012, the DOE awarded to FG Prime an HSC to develop a 300 MW Pump Storage Hydroelectric Power Plant in Pantabangan, Nueva Ecija. The HSC provides the company with the exclusive right to explore, develop, and utilize renewable energy resources within FG Prime's contract area, and will enable FG Prime to avail itself of both fiscal and non-fiscal incentives pursuant to the RE Law.

On October 20, 2015, FG Prime notified the DOE on its request to amend the capacity of 300 MW Pump Storage Hydroelectric Power Plant to 600 MW. On October 28, 2016, the DOE amended the HSC of FG Prime considering the non-extendible period of five years pre-development stage and the new capacity of 600 MW. On March 23, 2017, FG Prime notified the DOE of the project's commercial feasibility. On November 22, 2019, FG Prime received the certificate of confirmation of commerciality. As of March 20, 2025, FG Prime continues to undertake development activities related to the project.

FRLC

On February 26, 2024, the CHEPP was turned over to FRLC after winning the bidding from PSALM. FRLC on the same day started to operate and maintain the asset and trade its generated energy to the WESM.

FRLC entered into PSGFAs with FGHPC, FGES, BGI, GCGI, EDC, and Prime Meridian for the supply of electricity of their various customers under several contracts. The PSGFAs have a term of 10 years beginning June 1, 2024 for FGHPC, FGES, BGI, GCGI, EDC, and Prime Meridian. Under these contracts, FRLC shall generate and deliver the contracted energy on a monthly basis.

a. CHEPP APA

On September 29, 2023, the APA for CHEPP was executed between FRLC, PSALM and NIA. The Certificate of Effectivity of the APA was issued on January 29, 2024 after obtaining clearance from the Philippine Competition Commission on January 25, 2024. With Closing Date on February 25, 2024, CHEPP was turned over by PSALM to FRLC on February 26, 2024.

b. Hydro Operating Contract

On April 8, 2024, the DOE approved FRLC's application for registration as an RE Developer and signed the RE Contract with FRLC for CHEPP. As a result, FRLC is now subject to 10% statutory income tax rate on its RE operations as an RE Developer in 2024.



c. O&M Agreement for the Non-Power Components

FRLC entered into an O&M Agreement with NIA, with the conformity of PSALM. Under the O&M Agreement, NIA will manage, operate, maintain and rehabilitate the Non-Power Components of CHEPP in consideration for a service fee based on 6% of FRLC's gross revenues resulting from CHEPP operations.

In addition, FRLC will provide for a Trust Fund amounting to ₱100.0 million within the first two years of the O&M Agreement. The Trust Fund is payable in 24 monthly payments starting February 2024 and is billed by NIA in addition to the monthly fee.

The O&M Agreement is effective for a period of 25 years commencing on February 25, 2024 and renewable for another 25 years under the terms and conditions as may be mutually agreed upon by both parties.

d. O&M Agreement for the Transbasin Facilities

FRLC entered into an O&M Agreement for the Transbasin Facilities with PSALM and NIA. Under the O&M Agreement, FRLC shall operate, maintain, preserve, repair, and rehabilitate the Transbasin Facilities.

The O&M Agreement is effective for a period of 25 years commencing on February 25, 2024 and renewable for a period in accordance with conditions as may be agreed upon by all parties.

e. BOI Certificate of Registration (COR)

On September 27, 2024, the BOI awarded FRLC the COR for the 165 MW CHEPP. This Certification qualifies FRLC for fiscal incentives under the Renewable Energy Act of 2008, supporting the long-term viability of CHEPP and further strengthening the company's role in advancing clean energy solutions.

FGES

a. Distribution Wheeling Service Agreement

As of December 31, 2024 and 2023, in accordance with ERC guidelines under RCOA, FGES has various DWS agreements with distribution utilities and cooperatives.

The DWS also requires FGES to post refundable security deposits equivalent to one month estimated billing period. The said bill deposit shall be adjusted annually to reflect the actual billing charges.

Based on the agreements, FGES shall pass on to its contestable customers all applicable distribution service and wheeling charges, transmission and ancillary charges, taxes and others charges as billed by distribution utilities to FGES.

b. Service Agreements

In 2024 and 2023, FGES entered into Supply and Contract Support Services (SCSS) agreements with several GenCos, engaging FGES to provide end-to-end support services and assist the GenCos



in supplying, selling and purchasing, referring the customers of the GenCos, and facilitating the electricity-related services.

In 2024, FGES entered into Shared Services Agreements (SSAs) with several subsidiaries of First Gen to provide shared services in the areas of finance, treasury and accounting, strategy and planning, legal and regulatory, purchasing and administrative, enterprise risk management, human resources, information technology, environment, safety and health, and corporate affairs.

c. Certification and License

FGES was first granted a Wholesale Aggregator's Certificate of Registration on May 17, 2007, effective for a period of five years, and the RES License on February 27, 2008, effective for a period of three (3) years. Subsequently, FGES was issued a Wholesale Aggregator Certificate on May 22, 2012 and a RES License on May 9, 2011. FGES's valid RES license was approved last December 13, 2023 with validity until September 29, 2028.

ELECTRIC POWER INDUSTRY REFORM ACT of 2001 (EPIRA)

R.A. No. 9136, otherwise known as the EPIRA, and the covering Implementing Rules and Regulations (IRR) provide for significant changes in the power sector, which include among others: the functional unbundling of the generation, transmission, distribution and supply sectors; the privatization of the generating plants and other disposable assets of the NPC, including its contracts with IPP; the unbundling of electricity rates; the creation of a WESM; and the implementation of open and nondiscriminatory access to transmission and distribution systems.

WESM

WESM Luzon has already been commercially operating for more than 10 years since its commencement on June 26, 2006. Annual average Luzon spot prices ranged from approximately ₱5.42/kWh for 2024, ₱6.13/kWh for 2023, and ₱7.65/kWh for 2022.

WESM Visayas has been commercially operating for more than 10 years since its integration with the Luzon grid on December 26, 2010. Annual average Visayas spot prices ranged from approximately ₱6.63/kWh for 2024, ₱6.98/kWh for 2023, and ₱7.92/kWh for 2022.

On the other hand, WESM Mindanao has already started commercially operating last January 26, 2023 with the integration of the region with the Luzon and Visayas grids through the Mindanao-Visayas Interconnection project. Annual average Mindanao spot price has averaged at approximately ₱4.75/kWh in 2024 and ₱4.76/kWh in 2023.

Pursuant to Department Circular No. 2021-06-0015, the energy market transitioned to the Enhanced WESM Design and Operations (EWDO) and adopted the WESM Central Scheduling (WCS) mechanism on June 26, 2021, shifting from a one-hour interval to a five-minute trading interval in the Luzon and Visayas grids. During this period, participants are expected to submit working offers to the Market Participant Interface. In return, the Market Operator (MO) would have to issue a 5-minute dispatch, which the generators will follow unless there are dispatch instructions from the System Operator (SO). The resulting prices during this period will not be binding and all energy transactions shall be settled based on the applicable Power Supply Agreement.

Since September 2018, the IEMOP formally took over the market operations of the WESM from the Philippine Electricity Market Corporation (PEMC). This transition was mandated by the EPIRA to ensure an independent market operator. PEMC remains as a governing body for the WESM to monitor compliance of market participants to the market rules. IEMOP's Board is composed of individuals not



affiliated with any power industry players that trade in the WESM in view of its mandate to ensure a transparent, fair, competitive, and reliable market operations in the WESM.

On December 27, 2021, IEMOP issued Legal Bulletin No. 1 prescribing the Guidelines and Procedures for Implementation of BIR Ruling OT-323-2021 dated August 24, 2021 which ruled on the manner of the taxation of the sales and purchase of electricity through WESM. This amended the billing and settlement process of WESM transactions of all market participants starting January 2022.

On January 26, 2024, a significant milestone in the Philippines' energy market was achieved with the commencement of the Reserve Market's (RM) commercial operations, integrating reserves into the WESM. DOE issued Advisory 2024-01-001-SEC declaring the start of the full commercial operations of the RM at dispatch interval 0005H of January 26, 2024.

On January 30, 2024, DOE issued Advisory 2024-01-002-SEC directing the Market Operator (MO) and the Governance Arm (GA) to immediately implement an Interim Pricing Guidelines for Reserves following the MO's observation on the significantly high prices for Regulation Down during the first few days of the implementation of the RM.

On March 26, 2024, the Energy Regulatory Commission (ERC) directed the PEMC and IEMOP to suspend the implementation of Section 8 on Billing and Settlement of the Price Determination Methodology (PDM) for the implementation of the co-optimized energy and reserve market in the WESM. After a four-month suspension, the ERC issued a resolution dated July 26, 2024 lifting the suspension on the settlement of amounts in the RM.

The DOE issued Advisory No. 2024-08-001-SEC on August 5, 2024, officially announcing the resumption of the RM's full commercial operations. This advisory outlined guidelines for market participants to ensure a smooth transition back to regular operations.

Retail Competition and Open Access (RCOA)

The EPIRA provides for a system of RCOA. With RCOA, the end users will be given the power to choose its energy source. Prior to RCOA, distribution utilities procured power supply in behalf of its consumers. With RCOA, the RES chosen by the consumer will do the buying and selling of power and the distribution utility shall deliver the same.

RCOA shall be implemented in phases. During the first phase only end users with an average monthly peak demand of 1 MW for the 12 months immediately preceding the start of RCOA, shall have a choice of power supplier, as a contestable customer. Later, in the second phase, the peak demand threshold will be lowered to 0.75 MW, and will continue to be periodically lowered until the household demand level is reached.

In a joint statement issued by the DOE and ERC, dated September 27, 2012, the 1st phase implementation of RCOA was prescribed. December 26, 2012 was marked as the Open Access date. This signaled the beginning of the six-month transition period until June 25, 2013. The transition period involved the contracting of the retail supply contracts, metering installations, registration and trainings, trial operations by March 2013, and supplier of last resort service or disconnection.

The initial commercial operations of the RCOA commenced on June 26, 2013. For this, ERC issued Resolution No. 11, Series of 2013 providing that a contestable customer can stay with its respective distribution utility until such time that it is able to find a RES. In case a contestable customer decides to participate in the competitive retail market, it should advise the distribution utility that it will be leaving the distribution utility's regulated service at least 60 days prior to the effectivity of its RSC with a RES.



In June 2015, the DOE released a Circular (DC 2015-06-0010) that provided policies that will facilitate the full implementation of RCOA in the Philippines. This was supplemented by four (4) resolutions issued by ERC, namely:

1. ERC Resolution No. 5, Series of 2016 – Resolution Adopting the 2016 Rules Governing the Issuances of Licenses to Retail Electricity Suppliers and Prescribing the Requirements and Conditions Therefor;
2. ERC Resolution No. 10, Series of 2016 – Resolution Adopting the Revised Rules for Contestability;
3. ERC Resolution No. 11, Series of 2016 – Resolution Imposing Restrictions on the Operations of Distribution Utilities and Retail Electricity Suppliers in the Competitive Retail Electricity Market; and
4. ERC Resolution No. 28, Series of 2016 – Resolution on the Revised Timeframe for Mandatory Contestability, amending Resolution No. 10.

According to ERC Res. No. 28 Series of 2016, the mandatory switch dates are February 26, 2017 for contestable customers with an average monthly peak demand of at least 1 MW and June 26, 2017 for contestable customers with an average monthly peak demand of at least 750 kW.

On February 21, 2017, however, the SC issued a TRO on the DOE Circular 2015-06-0010 and the recent ERC resolutions. As a result, the switching of 750-999 kW contestable customers is put on hold. Contestable Customers (CCs) with 1 MW and up demand may still voluntarily switch.

On November 29, 2017, DOE issued RCOA DCs 2017-12-0013 and 2017-12-0014. DC2017-12-0013 repealed mandatory contestability in previous RCOA DCs and changed it to voluntary participation for CCs with peak demand of 750kW and above. Subsequently, CCs with peak demand of 500kW and 749kW can voluntarily participate in RCOA by June 26. DC2017-12-0014 repealed Sec. 5 (h) of DC2015-06-0010 which prohibits DUs to participate as Local RES upon expiration of their RSCs.

On December 3, 2020, the ERC issued Resolution No. 12, Series of 2020 “A Resolution Prescribing the Timeline for the Implementation of Retail Competition and Open Access (RCOA)”. This resolution provided for the timeline of RCOA Phase III with the lower contestability threshold of 500kW to 799kW starting on February 26, 2021.

On March 21, 2021, the Supreme Court issued a Decision directing the ERC to promulgate the supporting guidelines to DCs 2017-12-0013 and 2017-12-0014. The Decision also nullified ERC Resolutions No. 05, 10, 11, and 28, Series of 2016.

On June 16, 2022, the ERC issued Resolution No. 04, Series of 2022 “A Resolution Adopting The Rules For The Electric Retail Aggregation Program” which provides for Aggregation of the electricity requirements of End-users, whose total monthly average peak demand is at least 500kW and are located within a Contiguous Area.

The governance of RCOA has evolved over time. While it was initially guided by the Transitory Rules for the Implementation of Open Access and Retail Competition (ERC Resolution No. 16, Series of 2012), newer regulations have since been issued to refine and fully implement the program.

Most notably, on August 28, 2024, the ERC released the Omnibus Rules on Consumer Choice Programs in the Retail Electricity Market (ERC Resolution No. 13, Series of 2024). This comprehensive set of rules consolidates and updates previous regulations, aiming to enhance consumer options and promote competition in the retail electricity sector. This resolution also permits demand aggregation for metered facilities that either belong to the same owner or operate within the same business category, provided they are located in the same franchise area.



Proposed Amendments to the EPIRA

Below are proposed amendments to the EPIRA that, if enacted, may have a material effect on First Gen Group's electricity generation business, financial condition and results of operations.

In the Philippine Congress, pending for committee approval as of December 31, 2024 are the following:

1. SBN-2348: Amending R.A. No. 9136 (The Electric Power Industry Reform Act of 2001)
2. SBN-2304: Energy Advocacy Counsel Act
3. SBN-1612: Amending R.A. No. 9136 (Electric Power Industry Reform Act of 2001)
4. SBN-486: Amending Sec. 43(T) of R.A. No. 9136 (Electric Power Industry Reform Act of 2001)
5. SBN-217: Removing the Public Offering Requirement of Generation Companies
6. SBN-487: An Act Enhancing the Governance Structure of the Energy Regulatory Commission
7. SBN-2217: Removal Of Public Offering Requirement Of Generation Companies
8. SBN-2154: Joint Congressional Energy Commission (JCEC) Extension Act
9. SBN-1877 & SBN-1583: Extension Of Lifeline Rate
10. HB03430: An Act Amending Section 45 of R.A. No. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001 or EPIRA", and For Other Purposes
11. HB03432: An Act Amending Section 31 of R.A. No. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001 or EPIRA", and For Other Purposes
12. HB04263: An Act Amending Section 28 of R.A. No. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001 or EPIRA"
13. HB08151: An Act Amending Section 23 of R.A. No. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001 or EPIRA", and For Other Purposes
14. HR00312: A Resolution Directing The Committee on Energy To Conduct An Inquiry In Aid of Legislation on the Energy Regulatory Commission's (ERC) Rate Setting Functions In Accordance With The Mandate Prescribed Under Republic Act 9136 or Electric Power Industry Reform Act (EPIRA), And Recommend Measures To Ensure Fair Returns To Power Industry Players At The Lowest Possible Retail Rates To Electricity Consumers; And Other Such Matters That Impair The Ability Of The ERC To Discharge Its Regulatory Mandate In Accordance With EPIRA

As of March 20, 2025, the aforementioned bills are currently being deliberated in the committees.

First Gen Group cannot provide any assurance whether these proposed amendments will be enacted in their current form, or at all, or when any amendment to the EPIRA will be enacted. Proposed amendments to the EPIRA, including the above bills, as well as other legislation or regulation could have a material impact on First Gen Group's business, financial position and financial performance.

RENEWABLE ENERGY (RE) LAW OF 2008 (RE Law)

On January 30, 2009, R.A. No. 9513, "An Act Promoting the Development, Utilization and Commercialization of Renewable Energy Resources and for Other Purposes," otherwise known as the "RE Law of 2008" or the "RE Law", became effective. On May 25, 2009, DOE Circular No. DC2009-05-0008, otherwise known as the "Implementing Rules and Regulations (IRR) of R.A. No. 9513, was issued and became effective on June 12, 2009.

The RE Law aims to accelerate the exploration and development of RE resources, increase the utilization of renewable energy resources, increase the utilization of renewable energy, encourage the development and utilization of renewable energy resources as tools to effectively prevent or reduce harmful emissions, and establish the necessary infrastructure and mechanism to carry out mandates specified in the RE Law.



The RE Law also provides various fiscal and non-fiscal incentives to RE developers and manufacturers, fabricators, and suppliers of locally-produced RE equipment and components. The incentives to RE developers include, among others, the Renewable Portfolio Standards (RPS), the Green Energy Option Program (GEOP), and the FIT Scheme.

On November 15, 2022, DOE issued a department circular (DC2022-11-0034) amending the 2008 Renewable Energy Act to remove stipulations that required Filipino ownership of certain renewable energy resources. This policy shift allows 100% foreign ownership in the renewable energy sector, enabling foreign individuals and entities to engage fully in the exploration, development, and utilization of the country's renewable energy resources, such as solar, wind, biomass, ocean, or tidal energy.

On June 4, 2024, the DOE issued Department Circular No. DC2024-06-0018, known as the “Revised Omnibus Guidelines Governing the Award and Administration of Renewable Energy Contracts and the Registration of Renewable Energy Developers”. This circular aims to integrate the latest policies and issuances from the DOE to ensure the effective and efficient award and administration of Renewable Energy (RE) Contracts and the registration of RE Developers, in light of the increased interest from investors in this sector.

Renewable Energy Law: Renewable Portfolio Standards

Last December 22, 2017, the DOE issued DC2017-12-0015 or the DOE circular promulgating the rules and guidelines governing the establishment of the RPS. The RPS will require DUs, RESs, and GenCo’s for Directly Connected Customers to achieve a minimum annual incremental RE Percentage equal to 1% of Net Electricity Sales from the previous year. This is in view of the long-term objective to achieve at least 35% Renewable Energy share in the energy mix by 2030.

To further support the implementation of the RPS, in 2022, the DOE formalized the increase of RPS incremental requirements from 1% to 2.52% in 2022, aligning with the National Renewable Energy Program (NREP) target RE share of 35% by 2030 and 50% by 2040.

The interim commercial operations of the Renewable Energy Market (REM) commenced on August 26, 2022, facilitating the issuance and management of Renewable Energy Certificates (RECs) to ensure compliance with Renewable Portfolio Standards (RPS) obligations. During this interim period, participants engaged in activities related to the validation and confirmation of the RECs they received. Trading of RECs and financial transactions were deferred pending the approval of the REC Price Cap.

The REM transitioned to full commercial operations on December 26, 2024, with IEMOP assuming the role of Renewable Energy Registrar (RER) from PEMC.

Furthermore, the DOE created the Green Energy Auction Program (GEAP) that aims to generate additional Renewable Energy Certificates (RECs) through an annual RE contract auction where winning bidders are settled at the Green Energy Tariff that is patterned after the Feed-in-Tariff rate. The first GEAP completed and awarded 1,967 MW of Solar, Run-of-River, Wind, and Biomass contracts last May to June 2022. The second GEAP was completed and awarded 3,440 MW of Solar and Wind contracts last July 2023.

In 2024, the DOE postponed the third Green Energy Auction (GEA-3) to 2025 to finalize a pricing mechanism for renewable energy technologies. To ensure a structured auction process, the DOE released key documents, including the Notice of Auction (NOA) and Terms of Reference (TOR) in November 2024 for GEA-3. On December 27, 2024, the DOE issued GEA Advisory No. 1, supplementing the guidelines and introducing modifications to the GEA-3 NOA and TOR.



Renewable Energy Law: Green Energy Option Program (GEOP)

Pursuant to Section 9 of RA 9513 or the Renewable Energy Act of 2008, DOE is mandated to establish a Green Energy Option program which provides end-users the option to choose RE resources as their sources of energy.

On July 18, 2018, the DOE issued DC 2018-07-0019 promulgating the rules and guidelines governing the establishment of GEOP. The end-users with an average peak demand of 100 kW and above may directly enter into a GEOP supply contract from RE facilities their energy requirements distributed through their respective DUs, or with any eligible RE supplier, on a voluntary basis.

On April 22, 2020, the DOE issued DC 2020-04-0009 providing the “*Guidelines Governing The Issuance Of Operating Permits To Renewable Energy Suppliers Under The Green Energy Option Program*”. Following this, FGES, BGI and GCGI were awarded with GEOP operating permits on October 22, 2020, and May 20, 2021 for GCGI.

On August 16, 2021, the ERC issued Resolution No. 08, Series of 2021, *A Resolution Adopting the Rules for the Green Energy Option Program*. Following this, a three-month transition period was followed commencing on December 3, 2021 and signaling the start of GEOP registrations in the IEMOP. On January 3, 2022, the GEOP switching process of end-users officially commenced.

RCOA and GEOP were launched in Luzon on June 26, 2013, and in Visayas on December 3, 2021, in accordance with the provisions of RA 9136 and RA 9513. The DOE later issued Department Circular No. DC2024-03-0009, officially setting the commercial operations date for RCOA and GEOP in Mindanao on March 26, 2024.

Renewable Energy Law: Feed-In-Tariff (FIT) Scheme

The Philippine FIT Scheme is a renewable energy policy mechanism that allows electricity generated from emerging RE technologies to be included in the supply of power at a guaranteed fixed rate per kWh, applicable for a period of 20 years. The FIT scheme involves a uniform charge to all electricity end consumers called the FIT All (Renewables) and the corresponding market prices of each eligible RE Plant to finance payments to actual electricity generated and delivered to the grid by FIT Eligible RE Plants.

This policy mechanism aims to accelerate the development of emerging RE resources such as wind, solar, ocean, run-of-river hydropower, and biomass energy resources in order to lessen our dependence on imported fossil fuels.

The following are the relevant approvals and issuances in the development and implementation of the FIT Scheme:

1. FIT Rules were issued by the ERC last July 12, 2010 under ERC Resolution No. 16, Series of 2010
2. Resolution Approving the FIT Rates was approved by the ERC last July 27, 2012 under ERC Resolution No. 10 Series of 2012
3. Guidelines for the Selection Process of Renewable Energy Projects Under FIT System and the Award of Certificate for FIT Eligibility were approved by the DOE last May 28, 2013
4. Guidelines on the Collection of the Feed-in Tariff Allowance (“FIT All”) and Disbursement of the FIT All Fund were adopted by the ERC last December 16, 2013 under Resolution No. 24 Series of 2013
5. Provisional Authority for Collection of Feed-in Tariff Allowance and Disbursement of the FIT Allowance Fund was granted to TransCo last October 10, 2014 under ERC Case No. 2014-19 RC, FIT All (Renewables) was set at ₱0.0406/kWh for 2014 and 2015
6. The FIT-All rate was made permanent with ERC Case No. 2014-109 RC on September 29, 2015.



In May 2017, the DOE decided to end the FIT Scheme for Solar technology in view of the drastic reduction in solar technology costs in the world market.

In January 2018, the DOE announced that it intends to extend the FIT Scheme only for existing projects of Biomass and Run-of-River Hydro Technologies.

RE Technology	Installation Targets (MW)	Approved Rates¹ (₱/kWh)
Solar PV	50	₱9.68
	450	₱8.69 ²
Ocean	10	Deferred
Wind	200	₱8.53
	200	₱7.40 ³
Biomass	250	₱6.60
Run-of-river Hydro	250	₱5.90

¹ Initial FIT Rates were approved by the ERC under ERC Resolution No. 10 Series of 2012

² Solar FIT 2 was approved by the ERC under ERC Resolution No. 06 Series of 2015

³ Wind FIT 2 was approved by the ERC under ERC Resolution No. 14 Series of 2015

On December 23, 2020, DOE issued an advisory extending the FIT system for Run-of-River (ROR) hydropower. Initially, a 250 MW installation target was set for ROR hydropower for three years starting May 2011. By December 31, 2017, only 43.1 MW had been subscribed, leaving 206.9 MW unsubscribed. To address this, the DOE extended the FIT system to encourage further development in this sector.

On May 14, 2024, TransCo issued an advisory to all collecting agents of the FIT-All Fund to implement a new FIT-All rate starting June 2024 billing month, consistent with the ERC's decision. Consequently, the National Grid Corporation of the Philippines (NGCP), as a collection agent of the FIT-All, implemented the new FIT-All rate of ₱0.0838/kWh starting from the June 2024 billing month.

PHILIPPINE NATURAL GAS INDUSTRY DEVELOPMENT ACT OF 2025 (PNGID ACT)

On January 8, 2025, R.A. No. 12120, "An Act Promoting the Development of the Philippine Natural Gas Industry, Consolidating For the Purpose All Laws Relating to the Transmission, Distribution, and Supply of Natural Gas and Appropriating Funds Therefor" otherwise known as the "Philippine Natural Gas Industry Development Act of 2025" or the "PNGID Act", was enacted in and became effective on January 29, 2025, fifteen (15) days after its publication in the Official Gazette on January 14, 2025. Pursuant to Section 49 of R.A. No. 12120, the DOE shall promulgate the rules and regulations for the effective implementation of the said Act within six (6) months after its effectivity. As of March 20, 2025, the DOE has yet to issue the implementing rules and regulations and was still conducting public consultations with various stakeholders.

The PNGID Act aims to, among others, promote natural gas as a safe, efficient, and cost-effective energy source and an indispensable contributor to energy security by establishing the Philippine Downstream Natural Gas Industry (PDNGI) for the benefit of the nation's population and all sectors of the economy, develop natural gas as a reliable fuel for power plants, while transitioning to renewable energy, develop the Philippines as an LNG trading and transshipment hub within the Asia-Pacific Region; promote the conversion of existing fossil fuel-operated equipment and facilities to natural gas use, hasten the exploration and development of local natural gas resources, and facilitate the development of power and non-power end-uses of natural gas which include commercial, industrial, residential, and transport applications that promote fuel diversity.



The PNGID Act also provides for the possible inclusion in and entitlement to incentives of all PDNGI Facilities, as certified by the DOE, under the Strategic Investment Priority Plan (SIPP), subject to the incentives provided under Title XIII (Tax Incentives) of the National Internal Revenue Code of 1997 (NIRC), as amended by R.A. No. 11534, otherwise known as the CREATE Act, and any amendments thereto. Moreover, the purchase and sale of indigenous natural gas, aggregated gas, and power generated by generation facilities using indigenous natural gas and aggregated gas shall be exempt from VAT, provided, that the exemption from VAT for aggregated gas is only to the extent of the amount of indigenous natural gas attributed to be in the aggregated gas.

CERTIFICATES OF COMPLIANCE (COCs)

FGPC, FGP, FG Hydro and FG Bukidnon successfully renewed their relevant COCs on December 11, 2018, September 1, 2015, March 1, 2016, and July 28, 2020, respectively. On August 18, 2016 and October 17, 2016, Prime Meridian and FNPC received their respective COCs from the ERC which enables both plants to sell power to the WESM. The COCs, which are valid for a period of five years, signify that the companies in relation to their respective generation facilities have complied with all the requirements under relevant ERC guidelines, the Philippine Grid Code, the Philippine Distribution Code, the WESM rules, and related laws, rules and regulations.

FGES's RES license renewal was approved last December 13, 2023 with validity until September 29, 2028. On February 14, 2017 and June 8, 2020, the ERC approved BGI's and GCGI's application for a RES license, respectively, which granted BGI and GCGI the right to engage in the supply of electricity to end-users in the contestable market.

On September 3, 2020, the ERC granted FGP a Provisional Authority to Operate (PAO) after the expiration of its COC on September 5, 2020. The PAO is effective for a period of one (1) year, from September 6, 2020 to September 5, 2021. On September 16, 2021, the ERC issued the first extension of the PAO to FGP effective for one (1) year, from September 6, 2021 to September 5, 2022. Thereafter, the ERC extended the PAO for another year, from September 6, 2022 to September 5, 2023. The extension is contingent on FGP's submission of a revised Affidavit of Undertaking (AOU) stating that it will comply with the ERC's Public Offering Requirement not later than one (1) month prior to the expiration of the PAO extension, and a written discussion of its endeavor to comply. FGP submitted the revised AOU with the required discussion of its endeavor to comply on February 3, 2023, and receipt thereof was acknowledged by the ERC on February 8, 2023.

On August 18, 2021, ERC granted Prime Meridian a PAO after the expiration of its COC on August 17, 2021. The PAO is effective for one (1) year from August 18, 2021 to August 17, 2022. Thereafter, the ERC extended the PAO for one (1) year, from August 18, 2022 to August 17, 2023. The extension is contingent on Prime Meridian's submission of a revised AOU stating that it will comply with the ERC's Public Offering Requirement not later than one (1) month prior to the expiration of the PAO extension, and a written discussion of its endeavor to comply. Prime Meridian submitted the revised AOU with the required discussion of its endeavor to comply on February 3, 2023, and receipt thereof was acknowledged by the ERC on February 8, 2023. On December 18, 2023, the ERC extended the PAO until August 17, 2024. On October 9, 2024, following Prime Meridian compliance with the PAO application requirements under ERC Resolution No. 17, Series of 2023, the ERC granted Prime Meridian a PAO effective until September 30, 2025.

On November 3, 2021, the ERC granted FNPC a PAO after the expiration of its COC on October 16, 2021. The PAO is effective for one (1) year, from October 17, 2021 to October 16, 2022. As required by ERC, FNPC submitted on October 11, 2022 a revised AOU stating that it will comply with the ERC's Public Offering Requirement not later than one (1) month prior to the expiration of the PAO extension, and receipt thereof was acknowledged by the ERC on the same day. The ERC issued certifications to FNPC on October 25, 2022 and on June 2, 2023 that the extension of the PAO is being



evaluated. On December 18, 2023 (from the PAO valid until October 16, 2022), the ERC extended the PAO until October 16, 2024. Currently, FNPC submitted all the PAO application requirements under ERC Resolution No. 17, Series of 2023, and is awaiting the PAO issuance.

The ERC issued certifications to FGP, FNPC, and Prime Meridian on November 3, 2022, October 25, 2022 and September 6, 2022 that the extension of their respective PAOs are being evaluated.

On November 17, 2023, the ERC extended the COC of FGPC for one year, or until November 4, 2024. On December 13, 2024, following FGPC's compliance with the PAO application requirements under ERC Resolution No. 17, Series of 2023, the ERC granted FGPC a PAO effective until December 9, 2025.

On December 2, 2020, the ERC granted FG Hydro a PAO after the expiration of its COC for PAHEP and MAHEP on December 2, 2020 and December 6, 2020, respectively. The PAO is effective for a period of one year, from December 3, 2020 to December 2, 2021 for PAHEP, and from December 7, 2020 to December 6, 2021 for MAHEP. On February 21, 2022, the ERC issued a certification that the extension of the PAO for PAHEP and MAHEP for another year is currently being evaluated.

On September 30, 2022, FG Hydro successfully renewed its COCs which are valid for five (5) years, from December 3, 2020 to December 2, 2025 for PAHEP, and from December 7, 2020 to December 6, 2025 for MAHEP.

Pursuant to the provisions of Section 36 of the EPIRA, Electric Power Industry Participants prepare and submit for approval of the ERC their respective Business Separation and Unbundling Plan (BSUP) which requires them to maintain separate accounts for, or otherwise structurally and functionally unbundle, their business activities.

Since each of FGP, FGPC, FG Bukidnon and FG Hydro is engaged solely in the business of power generation, to the exclusion of the other business segments of transmission, distribution, supply and other related business activities, compliance with the BSUP requirement on maintaining separate accounts is not reasonably practicable. Based on assessments of FGP, FGPC, FG Bukidnon, FG Hydro and FGES, they are in compliance with the provisions of the EPIRA and its IRR.

Tax Reforms

To equalize prices between imported and indigenous fuels, the EPIRA mandates the President of the Philippines to reduce the royalties, returns and taxes collected for the exploitation of all indigenous sources of energy, including but not limited to, natural gas and geothermal steam, so as to effect parity of tax treatment with the existing rates for imported coal, crude oil, bunker fuel and other imported fuels. Following the promulgation of the implementing rules and regulations, former President Arroyo enacted Executive Order No. 100 on May 3, 2002, to equalize the taxes among fuels used for power generation. As of March 20, 2025, this mechanism has yet to be implemented.

Clean Air Act

On November 25, 2000, the IRR of the Philippine Clean Air Act (PCAA) took effect. FGP, FGPC, FNPC and Prime Meridian comply with the DENR's requirements on permitting, monitoring and reporting for San Lorenzo, Santa Rita, San Gabriel and Avion Plants (collectively referred to as "Power plants").



The Power plants use natural gas as fuel and have emissions monitored using Continuous Emission Monitoring System on a real-time basis and that are way below the limits set under the National Emission Standards for Sources Specific Air Pollutants. Also, the ambient air quality surrounding the Power plants is within the National Ambient Air Quality Standards. This shows that the ground level concentration of air emissions from these Power plants do not significantly impact the quality of air within the surrounding community.

Based on the Power plants' past and recent environmental performances, FGP, FGPC, FNPC and Prime Meridian believe that they are in full compliance with requirements of the PCAA and its IRR.

27. Changes in Liabilities arising from Financing Activities

Details of the changes in liabilities arising from financing activities are as follows:

	January 1, 2024	Cash flows	Foreign exchange movement	Others	December 31, 2024
Current and noncurrent portion of					
long-term debts	\$1,455,468	\$515,180	(\$55,802)	\$5,841	\$1,920,687
Loans payable	133,580	(86,580)	–	–	47,000
Accrued interest payable	16,414	(91,501)	(4,412)	105,114	25,615
Dividends payable	446	(115,336)	–	115,317	427
Lease liabilities	223,541	(50,373)	(3,344)	97,474	267,298
Other noncurrent liabilities	148,749	22,449	608	(60,783)	111,023
Total liabilities from financing activities	\$1,978,198	\$193,839	(\$62,950)	\$262,963	\$2,372,050

	January 1, 2023	Cash flows	Foreign exchange movement	Others	December 31, 2023
Current and noncurrent portion of					
long-term debts	\$1,591,108	(\$150,952)	\$9,398	\$5,914	\$1,455,468
Loans payable	16,000	117,580	–	–	133,580
Accrued interest payable	15,506	(71,163)	(14,386)	86,457	16,414
Dividends payable	27,536	(138,753)	12	111,651	446
Lease liabilities	11,059	(10,664)	(220)	223,366	223,541
Other noncurrent liabilities	120,843	20,266	432	7,208	148,749
Total liabilities from financing activities	\$1,782,052	(\$233,686)	(\$4,764)	\$434,596	\$1,978,198

“Others” include the effect of amortization of debt issuance costs, declaration of dividends on preferred and common stocks of the Parent Company and to non-controlling interests, accrued interest on long-term debts and accretion, adjustment of lease liabilities, and the reclassification of Tokyo Gas' investment in FGEN LNG to equity attributable to non-controlling interests.

28. Events After the Financial Reporting Date

Parent Company

On February 10, 2025, the Parent Company issued 28,000,000 Series “H” redeemable preferred stocks with a par value of ₱10.0 per share to FG Hydro, with a total subscription price of ₱2,800.0 million (\$48.2 million), inclusive of additional paid-in capital amounting to ₱2,520.0 million (\$43.4 million).

On February 17, 2025, the Parent Company subsequently prepaid \$103.8 million (₱6.0 billion) out of its outstanding \$343.4 million (₱20.0 billion) term loan with BPI and BDO which was used to partially finance the acquisition of the Casecan plant.



EDC

On January 21, 2025, EDC has drawn ₱2,000.0 million from its term loan facility with BDO.

On January 23, 2025, the BOD of EDC approved the declaration of special cash dividends to its common and preferred stockholders amounting to ₱4,200.0 million or ₱246,651.43 per share and ₱156.1 million or ₱16,650.67 per share, respectively, in favor of holders of record as of February 3, 2025 and payment date on or before February 28, 2025.

On February 10, 2025, FG Hydro entered into subscription agreement to subscribe to 42,000,000 non-voting preferred stocks of EDC with a par value of ₱10.0 per share for up to ₱4.2 billion, inclusive of additional paid-in capital.

On February 26, 2025, EDC has drawn ₱2,000.0 million from its term loan facility with CBC. EDC and EBWPC entered into various call spread, cross currency swaps (CCS), and IRS contracts to hedge its U.S. dollar-denominated long-term debts. Pertinent details are as follows:

Trade Date		Notional amount	
January 2, 2025	Call Spread	\$5.0 million	CTBC \$50.0 million
January 3, 2025	Call Spread	5.0 million	CTBC \$50.0 million
January 6, 2025	Call Spread	10.0 million	Mizuho \$50.0 million
February 14, 2025	Call Spread	10.0 million	CTBC \$50.0 million
February 14, 2025	Call Spread	10.0 million	CTBC \$50.0 million
February 14, 2025	Call Spread	10.0 million	CTBC \$50.0 million
February 26, 2025	CCS	10.0 million	Mizuho \$50.0 million
February 26, 2025	CCS	10.0 million	Mizuho \$50.0 million
February 26, 2025	IRS	10.0 million	CTBC \$50.0 million
February 27, 2025	IRS	10.0 million	CTBC \$50.0 million
February 28, 2025	IRS	10.0 million	CTBC \$50.0 million
March 4, 2025	IRS	10.0 million	CTBC \$50.0 million
March 4, 2025	CCS	10.0 million	Mizuho \$50.0 million
March 4, 2025	IRS	10.0 million	Mizuho \$80.0 million

FGen SG

On January 10, 2025, the Parent Company signed a Guarantee Agreement with SMBC as a guarantor pursuant to the Supplemental Facility Letter (the “SMBC Letter”) signed by FGen SG and SMBC last December 2, 2024. Under the SMBC Letter, SMBC is giving credit or affording bank facilities of up to \$150.0 million to FGen SG. The Parent Company, as a guarantor, agrees to be jointly and severally liable with FGen SG to pay SMBC all sums of money which are or at any time during the term of the guarantee be owing to SMBC by FGen SG pursuant to the SMBC Letter.

FGEN LNG

On February 5, 2025, the Philippine SEC approved the amended articles of incorporation of FGEN LNG and subsequently issued the shares of stock to Tokyo Gas on February 19, 2025 for its corresponding 20% stake in FGEN LNG. Consequently, FGEN LNG is no longer a wholly owned subsidiary of the Parent Company.

FG Hydro

On February 6, 2025, FG Hydro fully availed of the ₱7.0 billion term loan with BPI, BDO and RCBC which was used to fund general corporate requirements.

FGP

On March 14, 2025, FGP availed a \$16.0 million short term loan with BDO which was used to pay the LNG importation last February 2025.

