First Gen

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www.firstgen.com.ph

August 12, 2024

The Philippine Stock Exchange, Inc.
6th Floor PSE Tower
28th corner 5th Avenue
Bonifacio Global City
Taguig City

Attention: **Atty. Stefanie Ann B. Go**
OIC, Disclosure Department

Gentlemen:

Attached please find a duly-accomplished SEC Form 17-Q (Quarterly Report) for the quarterly period ended June 30, 2024.

Thank you.

Very truly yours,

DocuSigned by:
6CED4419702647D...

**RACHEL R. HERNANDEZ**
Corporate Secretary

| | A | 1 | 9 | 9 | 8 | - | 1 | 8 | 2 | 6 | 0 |
|---|---|---|---|---|---|---|---|---|---|---|---|

SEC Registration Number

F I R S T  G E N  C O R P O R A T I O N

(Company's Full Name)

6 T H  F L O O R , R O C K W E L L  B U S I N E S S  C E N T E R  T O W E R  3 ,  O R T I G A S  A V E N U E , P A S I G  C I T Y  1 6 0 4

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

| Rachel R. Hernandez | 3449-6281 |
|---|---|
| (Contact Person) | (Company Telephone Number) |

| 1 2 | 3 1 | SEC Form 17Q | 2nd Wed of May |
|---|---|---|---|
| Month | Day | FORM TYPE | Month Day |
| Fiscal Year | | | Annual Meeting |

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

| 321 | $1,582,965 (in thousands) | $186,548 (in thousands) |
|---|---|---|
| Total No. of Stockholders | Domestic | Foreign |

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To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM 17-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE (SRC) AND SRC RULE 17(2)(b) THEREUNDER**

1. For the quarterly period ended **June 30, 2024**

2. Commission identification number **A1998-18260**

3. BIR Tax Identification No. **202-464-633-000**

4. Exact name of issuer as specified in its charter **FIRST GEN CORPORATION**

5. Province, country or other jurisdiction of incorporation or organization **Philippines**

6. Industry Classification Code: [ ] (SEC Use Only)

..........................................................................................................................................

7. Address of issuer's principal office Postal Code

**6th Floor, Rockwell Business Center Tower 3, Ortigas Avenue, Pasig City 1604**

8. Issuer's telephone number, including area code **(632) 3449-6400**

9. Former name, former address and former fiscal year, if changed since last report : Not applicable

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

| **Title of Each Class** | **Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding** ***(as of June 30, 2024)*** |
|---|---|
| Common stocks | 3,596,575,505 shares |
| Bonds | None |

11. Are any or all of the securities listed on a Stock Exchange?

Yes [ **X** ] No [ ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

**The Company's common shares, as well as Series "G" preferred shares[1] are listed with the Philippine Stock Exchange, Inc. (PSE).**

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Sections 11 of the Revised Securities Act (RSA)and RSA Rule 11(a)-1 thereunder, and Sections 23 and 177 of the Revised Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [ **X** ] No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days.
Yes [ **X** ] No [ ]

[1]As of August 7, 2024, the Company is still in the process of completing the redemption of all its outstanding Series "G" preferred shares further to the June 14, 2022 resolutions of the Board of Directors of the Company.

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# PART I – FINANCIAL INFORMATION

**Item 1. Financial Statements.**

*Attached to this report as **Annex "A"** is the Corporation's unaudited interim condensed consolidated financial statements as of June 30, 2024 (with comparative audited figures as at December 31, 2023) and for the six-month periods ended June 30, 2024 and 2023.*

*The unaudited interim condensed consolidated financial statements for the period ended June 30, 2024 have been prepared in accordance with Philippine Financial Reporting Standards ("PFRS") specific to Philippine Accounting Standard 34, Interim Financial Reporting, and hence do not include all of the information required in the December 31, 2023 annual audited consolidated financial statements.*

**Item 2. Management's Discussion and Analysis (MD&A) of Financial Condition and Results of Operations.**

*In the following discussion and analysis of our financial condition and results of operations, unless the context indicates or otherwise requires, any references to "we", "us", "our", "Company", "First Gen Group" means First Gen Corporation and its consolidated subsidiaries and references to "First Gen" pertains to the Parent Company, First Gen Corporation, not including its subsidiaries (please see Note 2 – Summary of Material Accounting and Significant Accounting Policies to the accompanying unaudited interim condensed consolidated financial statements for the list of these subsidiaries, including a description of their respective principal business activities and First Gen's direct and/or indirect equity interest).*

*The following discussion and analysis of the Company's consolidated financial performance for the period ended June 30, 2024 should be read in conjunction with its unaudited interim condensed consolidated financial statements and the accompanying notes as at June 30, 2024 and the audited consolidated financial statements as at December 31, 2023. The primary objective of this MD&A is to help the readers understand the dynamics of the Company's business and the key factors underlying its financial results. Hence, our MD&A is comprised of a discussion of its core business, and analysis of the results of operations for each business segment. This section also focuses on key statistics from the unaudited interim condensed consolidated financial statements and pertains to known risks and uncertainties relating to the power industry in the Philippines where we operate up to the stated reporting period.*

*This report also contains information that may constitute "forward-looking statements." Generally, the words "believe," "expect," "intend," "estimate," "anticipate," "plan," "foresee," "will," and similar expressions identify forward-looking statements, which generally are not historical in nature. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future - including statements relating to revenue growth and statements expressing general views about future operating results - are forward-looking statements. Such forward-looking statements are made based on management's current expectations or beliefs as well as assumptions made by, and information currently available to, management. First Gen does not make express or implied representations or warranties as to the accuracy and completeness of the information contained herein and shall not accept any responsibility or liability (including any third party liability) for any loss or damage, whether or not arising from any error or omission in compiling such information or as a result of any party's reliance or use of such information. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our Company's historical experience and our present expectations or projections. These risks and uncertainties include, but are not limited to, those described in Risk Factors Affecting the Company's Results of Operations and elsewhere in this report and in our Annual Report on Form 17-A for the year ended December 31, 2023, and those described from time to time in our future reports filed with the Philippine Securities and Exchange Commission (SEC).*

*The financial information appearing in this report and in the accompanying audited consolidated financial statements is stated in United States dollars. All references to "U.S. dollars," "US$" or "dollars" are to the lawful currency of the United States; all references to "Philippine Pesos," "Php", "₱", or "Pesos" are to the lawful currency of the Philippines; and all references to "Euro" or "€" are to the lawful currency of the European Union. Unless otherwise indicated, translations of Philippine Peso amounts into U.S. dollars in this report and in the accompanying audited consolidated financial statements were made based on the exchange rate quoted through the Banker's Association of the Philippines as at June 30, 2024.*

*Additional information about the Company, including annual and quarterly reports, can be found on our corporate website www.firstgen.com.ph.*

***BUSINESS OVERVIEW***

***Description of the Nature and Scope of the Business including Products or Services***

First Gen Corporation (the Company or First Gen) is engaged in the business of power generation through the following operating companies:

(i) First Gas Power Corporation (FGPC), which operates the 1,000 MW[2] Santa Rita natural gas-fired power plant;
(ii) FGP Corp. (FGP), which operates the 500 MW[3] San Lorenzo natural gas-fired power plant;
(iii) First NatGas Power Corp. (FNPC), which operates the 420 MW[4] San Gabriel natural gas-fired power flex plant;
(iv) Prime Meridian PowerGen Corporation (PMPC), which operates the 97 MW[5] Avion natural gas-fired power plant;
(v) FG Bukidnon Power Corporation (FG Bukidnon), which operates the 1.6 MW[6] FG Bukidnon mini-hydroelectric power plant;
(vi) Energy Development Corporation (EDC), with an aggregate installed capacity of approximately 1,322.82 MW[7] owns and operates the following plants:
    - 578.97 MW[8] Unified Leyte geothermal power plants
    - 172.5 MW[9] Palinpinon geothermal power plants
    - 130.0 MW[10] Bac-Man geothermal power plants
    - 123.0 MW Tongonan geothermal power plant
    - 106.99 MW[11] Mindanao geothermal power plants
    - 49.37 MW Nasulo geothermal power plant
    - 150.0 MW Burgos Wind Energy project
    - 6.82 MW Burgos Solar Energy project
    - 5.17 MW Solar Rooftop projects
(vii) First Gen Hydro Power Corporation (FG Hydro), which operates the 132.8MW[12] Pantabangan-Masiway hydroelectric power plants; and
(viii) Fresh River Lakes Corporation (FRLC), which operates the 165MW[13] Casecnan hydroelectric power plant.

First Gen's direct and indirect 45.8% economic interest in EDC is held through the Company, Prime Terracota Holdings Corporation (Prime Terracota), Northern Terracotta Power Corporation (Northern Terracotta), and Red Vulcan Holdings Corporation (Red Vulcan). As of June 30, 2024, the Company's total voting and economic interests in EDC are 65.0% and 45.8%, respectively. First Gen has a 40.0% direct economic interest in FG Hydro.

First Gen Energy Solutions, Inc. (FGES), a wholly-owned Retail Electricity Supplier (RES) subsidiary of First Gen, was incorporated and registered with the SEC on November 24, 2006. EDC likewise has RES businesses operating under Bac-Man Geothermal Inc. and Green Core Geothermal Inc. These RES businesses market, supply, purchase and sell electricity generated by First Gen and EDC to address the power requirements of

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[2] Nominal Capacity; Santa Rita's installed nameplate capacity as indicated in its ERC operating permit is 1,133.900MW
[3] Nominal Capacity; San Lorenzo's installed nameplate capacity as indicated in its ERC operating permit is 586.500MW
[4] Nominal Capacity; San Gabriel's installed nameplate capacity as indicated in its ERC operating permit is 442.850MW
[5] Nominal Capacity; Avion's installed nameplate capacity as indicated in its ERC operating permit is 130.798MW.
[6] FG Bukidnon's installed nameplate capacity as indicated in its ERC operating permit is 1.6MW
[7] On July 25, 2023, EDC's 19.500 MW Tongonan-1 Topping Cycle Power Plant ("T1TCP"), consisting of three Ormat Energy Conversion units, located in Barangay Lim-ao, Kananga, Leyte, were decommissioned due to deficient high-pressure steam caused by natural steam decline.
[8] Nominal Capacity indicated in the nameplate of the turbine unit; Unified Leyte's combined installed nameplate capacities as indicated in its ERC operating permits is 572.83MW
[9] Nominal Capacity indicated in the nameplate of the turbine unit; Palinpinon 2's installed nameplate capacity as indicated in its ERC operating permit is 60MW which does not include the 20MW-Nasuji plant
[10] Nominal Capacity indicated in the nameplate of the turbine unit; Bacman 1's installed nameplate capacity is 110MW and per unit Dependable Capacity is 60 MW as indicated in its ERC operating permit
[11] Nominal Capacity indicated in the nameplate of the turbine unit; Mindanao 1's installed nameplate capacity as indicated in its ERC operating permit is 54.24MW; Mindanao 2's installed nameplate capacity as indicated in its ERC operating permit is 54.24MW; Mindanao 3's installed nameplate capacity as indicated in its ERC operating permit is 3.669MW.
[12] FG Hydro's installed nameplate capacity as indicated in its ERC operating permit is 132.802MW
[13] Casecnan's installed nameplate capacity as indicated in its ERC operating permit is 153MW

Contestable Customers. Additionally, the RES businesses also provide value-added services relevant to the Company's core business.

***Principal Products or Services***

First Gen and its subsidiaries are primarily involved in the power generation business. It owns power plants which utilize natural gas, geothermal, wind, hydro, and solar power. The electricity generated is primarily sold to Meralco, NPC, electric cooperatives, privately-owned distribution utilities (DUs), large industrial clients, and National Grid Corporation of the Philippines (NGCP), pursuant to long-term Power Purchase Agreements (PPAs), Power Supply Contracts (PSCs), Power Supply Agreements (PSAs), the Wholesale Electricity Spot Market (WESM), Ancillary Services Procurement Agreement (ASPA), and the Feed-In-Tariff (FiT).

The following is a summary of First Gen's products/services and their markets as of June 30, 2024:

| Company | Principal products/services | Market | Effective Contribution to Consolidated Revenues* of First Gen |
|---|---|---|---|
| FGPC | - Power generation | MERALCO | US$481.7 million |
| FGP | - Power generation | MERALCO | US$216.3 million |
| FNPC | - Power generation | WESM[14] | US$119.0 million |
| PMPC | - Power generation | WESM / NGCP / Contestable Customers via FGES | US$36.7 million<br>(or ₱2,068.3 million) |
| FG Bukidnon | - Power generation | CEPALCO | US$0.22 million<br>(or ₱12.1 million) |
| FG Hydro | - Power generation | WESM / Contestable Customers / PSAs with industrial customers | US$20.0 million<br>(or ₱1,127.1 million) |
| FRLC | - Power generation | WESM / Contestable Customers | US$9.3 million<br>(or ₱525.2 million) |
| EDC | EDC holds service contracts with the Department of Energy (DOE) corresponding to 13 geothermal contract areas, 15 Wind Energy Service contracts, 2 Solar Energy Service contracts<br><br>EDC, through its subsidiary, EDC Burgos Wind Power Corporation (EBWPC), operates the 150 MW wind project in Burgos, Ilocos Norte. EDC also owns and operates the 6.82 MW Burgos Solar Power Plant.<br><br>EDC operates the 5.17 MW Gaisano Rooftop Solar project located in Iloilo, Leyte, Aklan, and Sorsogon. | NPC (for power generation & steam sales), WESM, NGCP, Distribution Utilities, Electric Cooperatives and Contestable Customers pursuant to the PPAs, PSAs and contracts, and FiT | US$386.5 million**<br>(or ₱21,792.6 million) |
| FGES | - Retail energy supply | Contestable Customers | US$8.8 million<br>(or ₱494.7 million) |

* *Pertains to revenues from sale of electricity only*
** *Pertains to EDC's consolidated revenues from sale of electricity, excluding FG Hydro*

[14] Following the expiration of San Gabriel's PPA with MERALCO effective February 23, 2024.

Note: The Philippine Peso balances of PMPC, FG Bukidnon, FG Hydro, FRLC, EDC, and FGES were translated to U.S. Dollar using the weighted average rate of US$1.00:₱56.39 for the period ended June 30, 2024. FGPC, FGP and FNPC's functional currency is the U.S. Dollar.

***New Product / Service***

First Gen intends to expand into businesses that complement its power generation operations. In particular, the Company intends to play a major role in the development of downstream natural gas transmission and distribution facilities with the completion and operation of its LNG terminal, and other projects using renewable sources of energy.

The Company continues to deploy its pioneering efforts in the development of the IOT Project having achieved practical completion in March 2023. The Company has successfully completed the tender and receipt of four (4) LNG cargoes since the completion of the terminal. The IOT Project enables the Company to utilize both Malampaya gas and LNG to the 2,000 MW of power plants located at the First Gen Clean Energy Complex. As of June 30, 2024, FGEN LNG has completed the commissioning activities.

**FINANCIAL HIGHLIGHTS AND KEY PERFORMANCE INDICATORS**
As at June 30, 2024 and December 31, 2023
And for the Six-Month Periods Ended June 30, 2024 and 2023
(Amounts in U.S. Dollars and in Thousands, except for ratios, Plant Capacity, and % change)

| *Selected Financial Data* (Amounts in U.S. Dollar and in thousands) | June 2024 | June 2023 | Change | YoY % |
|---|---|---|---|---|
| | (Unaudited) | | | |
| Revenues from sale of electricity | $1,278,448 | $1,286,961 | ($8,513) | -0.7% |
| Operating income | $280,515 | $327,778 | ($47,263) | -14.4% |
| Consolidated net income | $201,577 | $249,608 | ($48,031) | -19.2% |
| Net income attributable to equity holders of the Parent Company | $154,081 | $166,438 | ($12,357) | -7.4% |

| | June 30, 2024 | Dec. 31, 2023 | Change | YoY % |
|---|---|---|---|---|
| | (Unaudited) | (Audited) | | |
| Total assets | $6,403,022 | $6,126,657 | $276,365 | 4.5% |
| Long-term debts (including current portion) | $1,769,513 | $1,455,468 | $314,045 | 21.6% |

| *Key Performance Indicators* | June 2024 | June 2023 |
|---|---|---|
| EBITDA (1) | $420,241 | $437,404 |
| EPS (2) | $0.043 | $0.046 |
| RNI (3) | $149,715 | $166,670 |
| FCF (4) | ($448,015) | $384,757 |
| Plant Capacity (5) | 3,639.2 MW | 3,501.4 MW |

(1) *Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA). The Company computes EBITDA as earnings before net finance expense, income tax provision, depreciation and amortization, and other income/expense. It provides management and investors with a tool for determining the ability of the Group to generate cash from operations to cover financial charges and income taxes. It is also a measure to evaluate the Group's ability to service its debts.*
(2) *Earnings per Share (EPS). The Company computes EPS as attributable net income to equity holders of the Company minus preferred dividends, and then the difference is divided by the period's weighted average common shares.*
(3) *Recurring Net Income (RNI.) The Company computes RNI as net income subtracted by non-recurring items, such as loan and swap extinguishment costs, insurance claims, one-time gains and losses, movements in deferred income taxes, unrealized foreign exchange differences, and MTM gains (loss) on derivative transactions.*
(4) *Free Cash Flows (FCF). The Company computes FCF as the sum of movements in net cash flow from operations, net cash flow from investing, and effect of foreign exchange rate changes.*
(5) *Plant Capacity: The Company computes the Plant Capacity as total consolidated capacity in megawatts (MW).*

***Review of June 30, 2024 operations vs. June 30, 2023 operations***
The First Gen Group generated a consolidated net income of $201.6 million in the first half of 2024, a $48.0 million or 19.2% decrease from $249.6 million posted in the same period last year. The decrease was primarily attributable to lower net income contributions from EDC (ex-FG Hydro), Avion, San Gabriel, and FG Hydro.

***Net Income Attributable to Equity Holders of the Parent Company***
Net income attributable to the equity holders of the Parent Company decreased by $12.3 million, or 7.4% to $154.1 million in the first half of 2024, compared to $166.4 million recognized in the same period last year. The decrease in attributable net income was mainly due to the lower contributions of the following:

- EDC's net income contribution (ex-hydro) decreased by $30.9 million, or 41.6% to $43.4 million in the first half of 2024 from $74.3 million in the same period last year. The decrease was a result of lower revenues due to both lower sales volumes and lower average WESM selling prices, higher O&M expense for power plant, steamfield maintenance and workover activities, higher G&A expenses primarily from increased professional fees, taxes and salaries, and higher interest expense versus the same period last year due to new debt availed in the first half of 2024.

- Avion's net income contribution decreased by $5.5 million, or 63.7% to $3.1 million in the first half of 2024 from $8.6 million in the same period last year. The decrease was driven mainly by lower revenues mainly as a result of lower WESM volumes sold and lower average selling prices, higher plant O&M expense for the repair costs of Unit 2's damaged gas turbine, and higher G&A expenses primarily from increased professional fees and outside service expenses versus the same period last year.

- San Gabriel's net income contribution decreased by $1.8 million, or 12.5% to $12.2 million in the first half of 2024 from $14.0 million net income in the same period last year. The decrease was due to the recognition of foreign exchange losses and provision for deferred income tax (DIT) due to unfavorable movements in foreign exchange rates.

- FG Hydro's net income contribution decreased by $0.4 million, or 9.0% to $4.6 million in the first half of 2024 from $5.0 million in the same period last year. This was mainly a result of lower WESM revenues due to lower average selling prices.

The above decreases were partially offset by the following increases:

- LNG's income contribution increased by $8.7 million, to $7.1 million net income in the first half of 2024, a reversal from the net loss of $1.5 million in the same period last year. This was mainly due to the terminal fees billed to the natural gas plants and towage fees. As of June 30, 2024, booked revenues pertaining to the LNG terminal fees amounting to $37.6 million remain unpaid as a result of the ERC Order dated March 14, 2024.

- Santa Rita's net income contribution increased by $6.0 million, or 11.5% to $57.8 million in the first half of 2024 from $51.8 million in the same period last year. The increase was mainly attributable to its higher Net Dependable Capacity (NDC) in 2024 compared to 2023, lower G&A expenses, and foreign exchange gains recognized in 2024 due to the depreciation of the Philippine Peso against the U.S. Dollar.

- The Parent Company's net income contribution increased by $5.1 million, to $1.6 million in the first half of 2024, a reversal from the $3.5 million net loss in the same period last year. This was mainly a result of foreign exchange gains recognized in 2024 due to the depreciation of the Philippine Peso against the U.S. Dollar.

- The newly acquired Casecnan plant contributed $2.2 million in the first half of 2024 versus nil in the same period last year. This was due to the turnover of the Casecnan plant in February 2024.

- San Lorenzo's net income contribution increased by $1.1 million, or 5.6% to $20.2 million in the first half of 2024 from $19.1 million in the same period last year. The increase was primarily due to foreign exchange gains recognized in 2024 due to the depreciation of the Philippine Peso against the U.S. Dollar.

## FIRST GEN MATERIAL CHANGES IN FINANCIAL CONDITION
## (June 30, 2024 vs. June 30, 2023)

### ***CONSOLIDATED STATEMENTS OF INCOME***

*Horizontal and Vertical Analyses of Material Changes for the periods ended June 30, 2024 and 2023*

| | | | HORIZONTAL ANALYSIS | | VERTICAL ANALYSIS | |
|---|---|---|---|---|---|---|
| | **June 2024** | **June 2023** | **2024 vs. 2023** | **2024 vs. 2023** | **2024** | **2023** |
| **Revenues from sale of electricity** | $1,278,448 | $1,286,961 | ($8,513) | -0.7% | 100.0% | 100.0% |
| **TOTAL REVENUES** | 1,278,448 | 1,286,961 | (8,513) | -0.7% | 100.0% | 100.0% |
| **OPERATING EXPENSES** | | | | | | |
| Costs of sale of electricity | (869,275) | (847,361) | (21,914) | 2.6% | -68.0% | -65.8% |
| General and administrative expenses | (128,658) | (111,822) | (16,836) | 15.1% | -10.1% | -8.7% |
| Sub-total | (997,933) | (959,183) | (38,750) | 4.0% | -78.1% | -74.5% |
| **FINANCIAL INCOME (EXPENSE)** | | | | | | |
| Interest income | 15,045 | 15,153 | (108) | -0.7% | 1.2% | 1.2% |
| Interest expense and financing charges | (57,840) | (48,591) | (9,249) | 19.0% | -4.5% | -3.8% |
| Sub-total | (42,795) | (33,438) | (9,357) | 28.0% | -3.3% | -2.6% |
| **OTHER INCOME (CHARGES)** | | | | | | |
| Foreign exchange gains – net | 8,340 | 29 | 8,311 | 28658.6% | 0.7% | 0.0% |
| Proceeds from insurance claims | 681 | 415 | 266 | 64.1% | 0.1% | 0.0% |
| Mark-to-market gains (losses) on financial assets at FVPL – net | 13 | (64) | 77 | 120.3% | 0.0% | 0.0% |
| Others – net | 3,779 | (449) | 4,228 | 941.6% | 0.3% | 0.0% |
| Sub-total | 12,813 | (69) | 12,882 | 18669.6% | 1.0% | 0.0% |
| **INCOME BEFORE INCOME TAX** | **250,533** | **294,271** | **(43,738)** | **-14.9%** | **19.6%** | **22.9%** |
| **Provision for (benefit from) income tax:** | | | | | | |
| Current | 41,856 | 47,111 | (5,255) | -11.2% | 3.3% | 3.7% |
| Deferred | 7,100 | (2,448) | 9,548 | 390.0% | 0.6% | -0.2% |
| | 48,956 | 44,663 | 4,293 | 9.6% | 3.8% | 3.5% |
| **NET INCOME** | **$201,577** | **$249,608** | **($48,031)** | **-19.2%** | **15.8%** | **19.4%** |
| **Net income attributable to:** | | | | | | |
| Equity holders of the Parent Company | $154,081 | $166,438 | ($12,357) | -7.4% | 12.1% | 12.9% |
| Non-controlling Interests | $47,496 | $83,170 | ($35,674) | -42.9% | 3.7% | 6.5% |

### Revenues from sale of electricity

The following table shows the composition of First Gen Group's consolidated revenues by platform for the periods ended June 30, 2024 and 2023:

| ***Revenue Mix*** | **June 2024** | **%** | **June 2023** | **%** | **Changes** | **%** |
|---|---|---|---|---|---|---|
| Natural gas | $853,722 | 66.8% | $816,089 | 63.4% | $37,633 | 4.6% |
| Geothermal/Wind/Solar* | 386,437 | 30.2% | 434,096 | 33.7% | (47,659) | -11.0% |
| Hydro | 29,517 | 2.3% | 24,612 | 1.9% | 4,905 | 19.9% |
| Others* | 8,772 | 0.7% | 12,164 | 0.9% | (3,392) | -27.9% |
| | $1,278,448 | 100.0% | $1,286,961 | 100.0% | ($8,513) | -0.7% |

**Net of intercompany transactions*

Revenues for the first half of 2024 decreased by $8.5 million, or 0.7% to $1,278.4 million. The decrease was due to the movements per platform as explained below:

***Geothermal/Wind/Solar ("GWS")***

Revenues from the GWS platform (EDC consolidated revenues ex-FG Hydro) decreased by $47.7 million, or 11.0% to $386.4 million in the first half of 2024 from $434.1 million in the same period last year. This was driven by lower average sales volumes and lower average selling prices compared to the same period last year.

***Others***

Revenues from FGES decreased by $3.4 million, or 27.9% to $8.8 million in the first half of 2024 from $12.2 million in the same period last year. The decrease was driven by a decrease in sales volume to 73 GWh in 2024 from 106 GWh in 2023 following the expiration of contracts during the period.

The above decreases were partially offset by the following increases:

***Natural Gas***

Revenues from the natural gas platform increased by $37.6 million, or 4.6% to $853.7 million in the first half of 2024 from $816.1 million in the same period last year. This was primarily driven by higher revenues from Santa Rita due to the plant's higher NDC and higher fuel revenues from Santa Rita and San Lorenzo resulting from LNG consumption and higher average natural gas prices. This was partially offset by lower revenues from San Gabriel following the expiration of its PSA with Meralco in February 2024 and the plant's scheduled major outage in March 2024 (partially offset by its sales to WESM from April to June 2024) and lower revenues from Avion driven by lower WESM revenues due to lower average selling prices and lower plant dispatch.

***Hydro***

Revenues from the Hydro platform increased by $4.9 million, or 19.9% to $29.5 million in the first half of 2024 from $24.6 million in the same period last year. The increase was driven primarily by the revenues from Casecnan which was turned over in February 2024. This was partly offset by FG Hydro's lower revenues as a result of lower average WESM selling prices.

**Costs of sale of electricity**

The details of the Group's consolidated costs of sale of electricity for the periods ended June 30, 2024 and 2023 are summarized in the following tables:

| ***Costs of sale of electricity*** | **June 2024** | **%** | **June 2023** | **%** | **Changes** | **%** |
|---|---|---|---|---|---|---|
| Fuel | $533,602 | 61.5% | $555,012 | 65.5% | ($21,410) | -3.9% |
| Power plant O&M | 161,157 | 18.5% | 151,375 | 17.9% | 9,782 | 6.5% |
| Depreciation and amortization | 134,294 | 15.4% | 104,873 | 12.4% | 29,421 | 28.1% |
| Others | 40,222 | 4.6% | 36,101 | 4.3% | 4,121 | 11.4% |
| | $869,275 | 100% | $847,361 | 100% | $21,914 | 2.6% |

| ***Costs of sale of electricity*** | **June 2024** | **%** | **June 2023** | **%** | **Changes** | **%** |
|---|---|---|---|---|---|---|
| Natural gas | $618,339 | 71.1% | $639,372 | 75.5% | ($21,033) | -3.3% |
| Geothermal/Wind/Solar | 193,550 | 22.3% | 188,230 | 22.2% | 5,320 | 2.8% |
| Hydro | 20,725 | 2.4% | 13,775 | 1.6% | 6,950 | 50.5% |
| Others | 36,661 | 4.2% | 5,984 | 0.7% | 30,677 | 512.7% |
| | $869,275 | 100% | $847,361 | 100% | $21,914 | 2.6% |

The costs of sale of electricity for the period ended June 30, 2024 increased by $21.9 million, or 2.6% to $869.3 million as compared to $847.4 million for the same period last year. The increase was due to the movements per platform as explained in detail below:

***Hydro***

The Hydro platform's costs of sale of electricity increased by $6.9 million, or 50.5% to $20.7 million in the first half of 2024 from $13.8 million in the same period last year. The increase was mainly due to the O&M expenses incurred beginning February 2024 after the turnover of Casecnan.

***GWS***
The costs of sale of electricity from the GWS platform increased by $5.3 million, or 2.8% to $193.5 million in the first half of 2024 from $188.2 million in the same period last year. The increase was mainly driven by higher spending for power plant, steamfield maintenance and workover activities.

***Others***
The costs of sale of electricity from Others increased by $30.7 million, or 512.7% to $36.7 million in the first half of 2024 from $6.0 million in the same period last year. The increase was mainly driven by costs (including leases and depreciation) incurred by the FGEN LNG terminal for the operation of its Floating Storage Regasification Unit (FSRU), tugboats and multi-purpose jetty, among others.

The above increases were partially offset by the following decrease:

***Natural Gas***
Costs of sale of electricity of the natural gas platform decreased by $21.0 million, or 3.3% to $618.3 million in the first half of 2024 from $639.4 million in the same period last year. This was mainly driven by San Gabriel's lower fuel expense driven by lower dispatch following the expiration of the plant's PSA with Meralco in February 2024 and its scheduled outage in March 2024.

**G&A Expenses**
G&A expenses increased by $16.8 million, or 15.1% to $128.6 million in the first half of 2024 from $111.8 million in the same period last year. The increase was mainly due to higher professional fees for EDC's consultancy services, LNG's legal fees, higher local business tax for EDC and San Gabriel, and higher staff costs at the Parent and EDC.

**Interest expense and financing charges**
Interest expense and financing charges increased by $9.2 million, or 19.0% to $57.8 million in the first half of 2024 from $48.6 million in the same period last year. The increase was primarily due to the Parent loan drawdown in February 2024 and EDC's higher debt balance compared to the same period last year.

**Foreign exchange gains – net**
The First Gen Group recognized a foreign exchange gain amounting to $8.3 million in the first half of 2024, an $8.3 million increase from the $0.03 million foreign exchange gain in the same period last year. The Parent, Santa Rita and San Lorenzo incurred foreign exchange gains due to the depreciation of the Philippine Peso against the U.S. Dollar (₱55.37:$1.00 as of Dec 2023 to ₱58.61:$1.00 as of June 2024). These were offset by foreign exchange losses recognized by the Company's subsidiaries with the Philippine Peso as its functional currency.

**Provision for Income Tax**
The provision for income tax increased by $4.3 million, or 9.6% to $49.0 million for the first half of 2024 from $44.7 million in the same period last year. The increase was due to a provision for deferred income tax resulting primarily from the depreciation of the Philippine Peso. This was partly offset by a decrease in provision for current income tax due to lower taxable income during the period.

**Net Income**
The First Gen Group generated a consolidated net income of $201.6 million in the first half of 2024, $48.0 million or 19.2% lower than the $249.6 million in the same period last year. The decrease in net income was mainly due to the lower contributions of the following:

- EDC's net income contribution (ex-hydro) decreased by $66.3 million, or 42.8% to $88.7 million in the first half of 2024 from $155.0 million in the same period last year. The decrease was driven by a decrease in revenues due to combined lower sales volume and lower average selling prices, higher O&M expense for power plant, steamfield maintenance and workover activities, higher G&A expenses mainly due to an increase in professional fees, taxes, and salaries, and higher interest expense due to new loan availments.

- Avion’s net income contribution decreased by $5.5 million, or 63.7% to $3.1 million in the first half of 2024 from $8.6 million in the same period last year. The decrease was mainly attributable to lower revenues mainly as a result of lower WESM volumes sold and lower average selling prices, higher plant O&M expense for the repair costs of Unit 2’s damaged gas turbine, and higher G&A expenses mainly due to increases in professional fees and outside service expenses.

- San Gabriel’s net income contribution decreased by $1.8 million, or 12.5% to $12.2 million in the first half of 2024 from $14.0 million in the same period last year. The decrease was due to the recognition of foreign exchange losses and provision for DIT due to unfavorable movements in foreign exchange rates.

- FG Hydro’s net income contribution decreased by $0.7 million, or 9.0% to $6.8 million in the first half of 2024 from $7.5 million in the same period last year. This was mainly a result of lower revenues due from lower average WESM selling prices.

The above decrease were partially offset by the following increases:

- LNG's income contribution increased by $8.7 million, to $7.1 million net income in the first half of 2024, a reversal from the net loss of $1.5 million in the same period last year. This was mainly due to the terminal fees billed to the natural gas plants and towage fees. As of June 30, 2024, booked revenues pertaining to the LNG terminal fees amounting to $37.6 million remain unpaid as a result of the ERC Order dated March 14, 2024.

- Santa Rita’s net income contribution increased by $6.0 million, or 11.5% to $57.8 million in the first half of 2024 from $51.8 million in the same period last year. The increase was mainly due its higher NDC in 2024 compared to 2023, lower general and administrative expense, and foreign exchange gains recognized in 2024 due to the depreciation of the Philippine Peso against the U.S. Dollar.

- The Parent Company’s net income contribution increased by $5.1 million, to $1.6 million in the first half of 2024, a reversal from the $3.5 million net loss in the same period last year. This was mainly a result of foreign exchange gains recognized in 2024 due to the depreciation of the Philippine Peso against the U.S. Dollar.

- The newly acquired Casecnan plant contributed $2.2 million in the first half of 2024 versus nil in the same period last year. This was due to the turnover of the Casecnan plant in February 2024.

- San Lorenzo’s net income contribution increased by $1.1 million, or 5.6% to $20.2 million in the first half of 2024 from $19.1 million in the same period last year. The increase was primarily due to foreign exchange gains recognized in 2024 due to the depreciation of the Philippine Peso against the U.S. Dollar.

***Net Income Attributable to Equity Holders of the Parent Company***

Net income attributable to the equity holders of the Parent Company decreased by $12.3 million, or 7.4% to $154.1 million in the first half of 2024, compared to $166.4 million recognized in the same period last year. The decrease in attributable net income was mainly due to the lower contributions of the GWS and Natural Gas platforms:

- GWS platform’s contribution to net income attributable to the Parent Company decreased by $30.9 million, or 41.6% to $43.4 million in the first half of 2024 from $74.3 million in the same period last year, as discussed above.

- The Natural Gas platform’s contribution to net income attributable to the Parent Company decreased by $0.3 million, or 0.2% to $93.3 million in the first half of 2024 from $93.6 million in the same period last year, as discussed above.

The above decrease was partially offset by the following increases:

- LNG recognized net income of $7.2 million in the first half of 2024, up by $8.7 million from the net loss of $1.5 million in the same period last year, as discussed above.
- The Hydro platform recognized higher combined net income of $6.6 million, up by $1.7 million, or 34.6% in the first half of 2024 compared to $4.9 million in the same period last year, as discussed above.
- The Parent Company's net income increased by $5.1 million, to $1.6 million in the first half of 2024, a reversal of the $3.5 million net loss in the same period last year, as discussed above.

***RECURRING NET INCOME***

Adjusting for non-recurring items such as the proceeds from insurance claims, unrealized foreign exchange losses (gains), movements in deferred income taxes, COVID-19 relief expenses, MTM losses (gains) on derivative transactions, and provisions for asset impairment, First Gen Group's RNI attributable to the Parent Company was $149.7 million for the first half of 2024. This was $17.0 million, or 10.2% lower than the attributable RNI of $166.7 million for the same period last year.

| | **For the six-month periods ended June 30** | |
|---|---|---|
| Amounts in USD thousands | **2024** | 2023 |
| Net income attributable to the Parent Company | $154,081 | $166,438 |
| Adjustment of non-recurring items attributable to the Parent Company: | | |
| Unrealized foreign exchange gains | (8,511) | (103) |
| Movement in deferred income tax | 5,376 | (2,031) |
| Mark-to-market losses on derivatives | (747) | 77 |
| Insurance proceeds | (497) | (190) |
| Expenses related to COVID-19 relief | 13 | 8 |
| Provisions for asset impairment | – | 2,471 |
| **Recurring Net Income attributable to Parent Company** | **$149,715** | **$166,670** |

## ***CONSOLIDATED STATEMENTS OF FINANCIAL POSITION***

*Horizontal and Vertical Analyses of Material Changes as of June 30, 2024 and December 31, 2023*

| (Amounts in US$ and in Thousands) | June 30, 2024 (Unaudited) | Dec. 31, 2023 (Audited) | HORIZONTAL ANALYSIS 2024 vs. 2023 | 2024 vs. 2023 | VERTICAL ANALYSIS 2024 | 2023 |
|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | |
| **Current Assets** | | | | | | |
| Cash and cash equivalents | $790,133 | $974,567 | ($184,434) | -18.9% | 12.3% | 15.9% |
| Receivables | 575,880 | 492,485 | 83,395 | 16.9% | 9.0% | 8.0% |
| Inventories | 235,981 | 248,780 | (12,799) | -5.1% | 3.7% | 4.1% |
| Financial assets at fair value through profit or loss (FVPL) | 1,129 | 362 | 767 | 211.9% | 0.0% | 0.0% |
| Other current assets | 100,410 | 156,365 | (55,955) | -35.8% | 1.6% | 2.6% |
| **Total Current Assets** | **1,703,533** | **1,872,559** | **(169,026)** | **-9.0%** | **26.6%** | **30.6%** |
| **Noncurrent Assets** | | | | | | |
| Property, plant and equipment – net | 2,935,860 | 2,763,723 | 172,137 | 6.2% | 45.9% | 45.1% |
| Goodwill and intangible assets | 1,158,088 | 888,307 | 269,781 | 30.4% | 18.1% | 14.5% |
| Deferred income tax assets – net | 21,107 | 22,102 | (995) | -4.5% | 0.3% | 0.4% |
| Other noncurrent assets | 584,434 | 579,966 | 4,468 | 0.8% | 9.1% | 9.5% |
| **Total Noncurrent Assets** | **4,699,489** | **4,254,098** | **445,391** | **10.5%** | **73.4%** | **69.4%** |
| **TOTAL ASSETS** | **$6,403,022** | **$6,126,657** | **$276,365** | **4.5%** | **100.0%** | **100.0%** |
| **LIABILITIES AND EQUITY** | | | | | | |
| **Current Liabilities** | | | | | | |
| Accounts payable and accrued expenses | $732,408 | $771,646 | ($39,238) | -5.1% | 11.4% | 12.6% |
| Income tax payable | 14,165 | 9,432 | 4,733 | 50.2% | 0.2% | 0.2% |
| Loans payable | 77,400 | 133,580 | (56,180) | -42.1% | 1.2% | 2.2% |
| Dividends payable | 50,744 | 446 | 50,298 | 11277.6% | 0.8% | 0.0% |
| Current portion of: | | | | | | |
| Long-term debts | 253,276 | 319,121 | (65,845) | -20.6% | 4.0% | 5.2% |
| Lease liabilities | 60,972 | 54,296 | 6,676 | 12.3% | 1.0% | 0.9% |
| Derivative liabilities | - | 755 | (755) | -100.0% | 0.0% | 0.0% |
| **Total Current Liabilities** | **1,188,965** | **1,289,276** | **(100,311)** | **-7.8%** | **18.6%** | **21.0%** |
| **Noncurrent Liabilities** | | | | | | |
| Long-term debts – net of current portion | 1,516,237 | 1,136,347 | 379,890 | 33.4% | 23.7% | 18.5% |
| Retirement and other post-employment benefits | 58,849 | 63,085 | (4,236) | -6.7% | 0.9% | 1.0% |
| Deferred income tax liabilities – net | 25,937 | 18,829 | 7,108 | 37.8% | 0.4% | 0.3% |
| Other noncurrent liabilities | 329,535 | 317,994 | 11,541 | 3.6% | 5.1% | 5.2% |
| **Total Noncurrent Liabilities** | **1,930,558** | **1,536,255** | **394,303** | **25.7%** | **30.2%** | **25.1%** |
| **Total Liabilities** | **3,119,523** | **2,825,531** | **293,992** | **10.4%** | **48.7%** | **46.1%** |
| **Equity Attributable to Equity Holders of the Parent Company** | | | | | | |
| Redeemable preferred stock | 85,667 | 85,667 | 0 | 0.0% | 1.3% | 1.4% |
| Common stock | 75,123 | 75,123 | 0 | 0.0% | 1.2% | 1.2% |
| Additional paid-in capital | 1,324,444 | 1,324,444 | 0 | 0.0% | 20.7% | 21.6% |
| Cumulative translation adjustments | (406,902) | (277,693) | (129,209) | 46.5% | -6.4% | -4.5% |
| Accumulated unrealized gain on financial assets at fair value through other comprehensive income | 921 | 912 | 9 | 1.0% | 0.0% | 0.0% |
| Equity reserve | (232,965) | (232,965) | 0 | 0.0% | -3.6% | -3.8% |
| Retained earnings | 2,473,315 | 2,347,594 | 125,721 | 5.4% | 38.6% | 38.3% |
| Cost of stocks held in treasury: | | | | | 0.0% | |
| Redeemable preferred stock | (620,741) | (620,741) | 0 | 0.0% | -9.7% | -10.1% |
| Common stock | (26,169) | (26,169) | 0 | 0.0% | -0.4% | -0.4% |
| Sub-total | 2,672,693 | 2,676,172 | (3,479) | -0.1% | 41.7% | 43.7% |
| Non-controlling Interests | 610,806 | 624,954 | (14,148) | -2.3% | 9.5% | 10.2% |
| **Total Equity** | **3,283,499** | **3,301,126** | **(17,627)** | **-0.5%** | **51.3%** | **53.9%** |
| **TOTAL LIABILITIES AND EQUITY** | **$6,403,022** | **$6,126,657** | **$276,365** | **4.5%** | **100.0%** | **100.0%** |

### Cash and cash equivalents

Cash and cash equivalents decreased by $184.4 million, or 18.9% to $790.2 million as of June 30, 2024 compared to $974.6 million as of December 31, 2023. The decrease was primarily due to the Parent's investments in the LNG project and acquisition of the Casecnan hydroelectric power plant.

**Receivables**
Receivables increased by $83.4 million, or 16.9% to $575.9 million as of June 30, 2024 compared to $492.5 million as of December 31, 2023. The increase was mainly from higher trade receivables from Meralco for Santa Rita and San Lorenzo. which includes the unpaid billings related to the LNG terminal fees and the implementation of the new GSPA effective January 2024 totaling to $81.4 million, and EDC's higher IEMOP sales and receivables.

**Inventories**
Inventories decreased by $12.8 million, or 5.1% to $236.0 million as of June 30, 2024 compared to $248.8 million as of December 31, 2023. The decrease was mainly due to Santa Rita, San Lorenzo and San Gabriel's LNG consumption during the period, resulting in lower fuel inventories. This was partially offset by higher inventories from EDC for purchases for Leyte and drilling-related activities in the first half of 2024.

**Financial assets at fair value through profit or loss (FVPL)**
Financial assets at FVPL increased by $0.7 million, or 211.9% to $1.1 million as of June 30, 2024 compared to $0.4 million as of December 31, 2023. The increase was mainly due to investments made by EDC in the first half of 2024.

**Other current assets**
Other current assets decreased by $56.0 million, or 35.8% from $156.4 million as of December 31, 2023 to $100.4 million as of June 30, 2024 mainly due to the lower short-term investments of EDC.

**Property, Plant and Equipment**
Property, plant and equipment (PPE) increased by $172.2 million, or 6.2% from $2,763.7 million as of December 31, 2023 to $2,935.9 million as of June 30, 2024 mainly due to the turnover of Casecnan assets in February 2024, and the PPE additions of EDC mainly from expansion and drilling activities.

**Goodwill and intangible assets**
Goodwill and intangible assets increased by $269.8 million, or 30.4% from $888.3 million as of December 31, 2023 to $1,158.1 million as of June 30, 2024 mainly reflecting the provisional value of the Intangible assets that was recognized due to the Casecnan acquisition.

**Accounts payable and accrued expenses**
Accounts payable and accrued expenses decreased by $39.2 million, or 5.1% from $771.6 million as of December 31, 2023 to $732.4 million as of June 30, 2024 mainly due the payment of liquid fuel payables.

**Income Tax Payable**
Income tax payable increased by $4.7 million, or 50.2% from $9.4 million as of December 31, 2023 to $14.1 million as of June 30, 2024 mainly due to San Gabriel's increased WESM sales in the second quarter of 2024, resulting in a higher income tax provision.

**Loans payable**
Loans payable decreased by $56.2 million, or 42.1% from $133.6 million as of December 31, 2023 to $77.4 million as of June 30, 2024 mainly due to Santa Rita and San Lorenzo's settlement of short-term loans, partially offset by new availments, and San Gabriel's repayment of its BDO loans in March and April 2024.

**Dividends payable**
Dividends payable increased by $50.3 million, or 11,277.6% from $0.4 million as of December 31, 2023 to $50.7 million as of June 30, 2024 following FGEN's declaration of cash dividends to common shareholders in May 2024 which was paid in July 2024, as well as EDC's declaration of cash dividends to its shareholders in June 2024.

**Long-term debt – current portion**
The current portion of long-term debt decreased by $65.8 million, or 20.6% from $319.1 million as of December 31, 2023 to $253.3 million as of June 30, 2024 primarily due the settlement of Santa Rita's remaining term loan balance in May 2024 and the scheduled debt service payments.

**Lease liabilities – current portion**
The current portion of lease liabilities increased by $6.7 million, or 12.3% from $54.3 million as of December 31, 2023 to $61.0 million as of June 30, 2024. This was mainly due to the increase in EDC's Right-of-Use Assets from the rental of rigs.

**Long-term debt – net of current portion**
Long-term debt increased by $379.9 million, or 33.4% from $1,136.3 million as of December 31, 2023 to $1,516.2 million as of June 30, 2024 primarily due the new loans availed by the Parent and EDC, and the issuance of EDC's ASEAN Green Bonds in the first half of 2024.

**Retirement and other post-employment benefits**
This account decreased by $4.2 million, or 6.7%, from $63.1 million as of December 31, 2023 to $58.8 million as of June 30, 2024 mainly due to the reduction in retirement liability provisions due to higher contributions to the retirement plan during the period.

**Deferred income tax liabilities – net**
This account increased by $7.1 million, or 37.8% from $18.8 million as of December 31, 2023 to $25.9 million as of June 30, 2024 primarily due to the depreciation of the Philippine Peso against the U.S. Dollar resulting in additional deferred tax liabilities arising from the non-monetary assets of Santa Rita, San Lorenzo and San Gabriel.

**Cumulative translation adjustments**
The cumulative translation adjustments account increased by $129.2 million, or 46.5% from $277.7 million as of December 31, 2023 to $406.9 million as of June 30, 2024 due to the unfavorable effect (appreciation of the Philippine Peso against the U.S Dollar) of the foreign exchange translation of the assets and liabilities of First Gen's subsidiaries whose functional currency is the Philippine Peso to the U.S. Dollar. When converted to U.S. Dollars to conform to First Gen's U.S. Dollar functional currency, the reported movement in the first quarter of 2024 is ₱55.37:$1.00 as of end-2023 to ₱58.61:$1.00 as of June 30, 2024.

**Retained earnings**
Retained earnings increased by $125.7 million, or 5.4% from $2,347.6 million as of December 31, 2023 to $2,473.3 million as of June 30, 2024. The increase was mainly due to earnings attributable to First Gen of $154.1 million for the first half of 2024.

## FINANCIAL SOUNDNESS INDICATORS

| First Gen Consolidated | June 2024 | June 2023 | December 2023 |
|---|---|---|---|
| *Liquidity* | | | |
| Current ratio | 1.43x | 1.71x | 1.45x |
| Quick ratio | 1.15x | 1.42x | 1.14x |
| *Solvency/Financial leverage* | | | |
| Debt-to-equity ratio | 0.95x | 0.77x | 0.86x |
| Interest-bearing debt-to-equity ratio (times) | 0.56x | 0.50x | 0.48x |
| Asset-to-equity ratio | 1.95x | 1.77x | 1.86x |
| *Profitability* | | | |
| Return on assets (%) | 6.44%* | 9.08%* | 7.81% |
| Return on equity (%) | 12.25%* | 16.25%* | 14.35% |

**annualized*

| Financial Soundness Indicators | Details |
|---|---|
| Current ratio | Calculated by dividing Current assets over Current liabilities. This ratio measures the company's ability to pay short-term obligations. |
| Quick ratio | Calculated by dividing Cash and cash equivalents plus Receivables over Total current liabilities. This ratio measures a company’s solvency. |
| Debt-to-equity ratio (times) | Calculated by dividing Total liabilities over Total equity. This ratio expresses the relationship between capital contributed by the creditors and the owners. |
| Interest-bearing debt-to-equity ratio (times) | Calculated by dividing Total interest-bearing debt over Total equity. This ratio measures the percentage of funds provided by the lenders/creditors. |
| Asset-to-equity ratio (times) | Calculated by dividing Total assets over Total equity. |
| Annualized Return on Assets | Calculated by dividing the net income for the period multiplied by 2 (numerator), by the average of the total assets as of the end of the year and the beginning of the year (denominator). This ratio measures how the company utilizes its resources to generate profits. |
| Return on Assets | Calculated by multiplying the Consolidated net income for the year by 2 divided by the Average total assets. This ratio measures how the Company utilizes its resources to generate profits. |
| Annualized Return on Equity | Calculated by multiplying the net income for the period by 2 (numerator), divided by the average of the total equity at the end of the year and the beginning of the year (denominator). This ratio measures how much profit a company earned in comparison to the amount of shareholder equity found on the consolidated statement of financial position. |
| Return on Equity | Calculated by multiplying the Consolidated net income for the year by 2 and then dividing by the Average total equity. This ratio measures how much profit a company earned in comparison to the amount of shareholder equity found on the consolidated statement of financial position. |

## DISCUSSIONS OF MAJOR SUBSIDIARIES

## FGPC (Santa Rita)

| | For the periods ended June 30 (Unaudited) | |
|---|---|---|
| **(in USD thousands)** | **2024** | 2023 |
| Revenues from sale of electricity | 481,683 | 425,028 |
| Operating income | 74,956 | 69,559 |
| Net income | 60,008 | 51,836 |
| | **As of the periods ended** | |
| **(in USD thousands)** | **June 30, 2024 (Unaudited)** | Dec. 31, 2023 (Audited) |
| Total Assets | 556,387 | 661,390 |
| Debt - net of debt issuance costs | 68,200 | 128,974 |
| Other Liabilities | 257,245 | 320,982 |
| Total Equity | 230,942 | 211,434 |

***June 2024 vs. June 2023 Results***

Santa Rita's revenues increased by $56.7 million, or 13.3% to $481.7 million for the first half of 2024 from $425.0 million for the same period in 2023. The increase in revenues was primarily attributable to the plant's higher average NDC (1,120.9 MW in 2024 compared to 1,116.8 MW in 2023) and higher fuel revenues resulting from LNG consumption (5.6 million MMBtu in 2024 from nil in 2023) coupled with an increase in average natural gas prices ($12.8/MMBtu in 2024 compared to $10.7/MMBtu in 2023) following the effectivity of the new Gas Sale and Purchase Agreement with the Gas Sellers in January 2024. The increases were partially offset by lower average plant dispatch (67.7% in 2024 compared to 73.1% in 2023) and slightly lower average net electrical output (3,314.1 GWh in 2024 compared to 3,546.3 GWh in 2023).

Operating income increased by $5.4 million, or 7.8% for the first half of 2024 primarily due to higher capacity and fixed O&M revenues due to better NDC values and lower G&A expenses primarily due to decreases in salaries and taxes and licenses. Net income also increased by $8.2 million, or 15.8% to $60.0 million for the first half of 2024 from $51.8 million in the same period last year due to higher operating income, higher interest income from placements and foreign exchange gains (as compared to foreign exchange losses in 2023). These increases were partially offset by higher interest expenses resulting from short-term loans and a higher provision for income taxes.

***ASSETS***

Santa Rita's total assets as of June 30, 2024 stood at $556.4 million, a decrease of $105.0 million, or 15.9% from a balance of $661.4 million as of December 31, 2023 due to the movements in the following accounts:

- a lower outstanding balance of trade and other receivables;
- a lower level of LNG inventories; and
- the depreciation and amortization of PPE.

These were partially offset by a higher ending cash balance from operations and an increase in prepaid major spare parts and plant insurance.

***LIABILITIES AND EQUITY***

Santa Rita's total liabilities amounted to $325.5 million as of June 30, 2024, lower by $124.5 million, or 27.7% from $450.0 million as of December 31, 2023. The decrease in liabilities were primarily due to the lower outstanding trade payables and settlement of the remaining Term Loan Facility and short-term loans. These were partially offset by an availment of a new short-term loan in February 2024 and higher deferred income tax liabilities due to unfavorable movements in foreign exchange rates.

Total equity increased by $19.5 million, or 9.2% to $230.9 million as of June 30, 2024 as compared to $211.4 million as of December 31, 2023 mainly due to the net income earned during the period partially offset by dividends declared in May 2024.

## FGP Corp. (San Lorenzo)

| | For the periods ended June 30 (Unaudited) | |
|---|---|---|
| **(in USD thousands)** | **2024** | 2023 |
| Revenues from sale of electricity | 216,334 | 211,163 |
| Operating income | 33,873 | 33,524 |
| Net income | 22,205 | 21,352 |
| | **As of the periods ended** | |
| **(in USD thousands)** | **June 30, 2024 (Unaudited)** | Dec. 31, 2023 (Audited) |
| Total Assets | 428,847 | 603,262 |
| Debt - net of debt issuance costs | 173,284 | 211,582 |
| Other Liabilities | 124,695 | 276,017 |
| Total Equity | 130,868 | 115,663 |

***June 2024 vs. June 2023 Results***

San Lorenzo's revenues increased by $5.2 million, or 2.4% to $216.3 million for the first half of 2024 from $211.1 million for the same period in 2023. The increase in revenues was primarily due to higher fuel revenues resulting from LNG consumption (2.5 million MMBtu in 2024 from nil in 2023) and an increase in average natural gas prices ($10.8/MMBtu in 2024 as compared to $10.3/MMBtu in 2023), partially offset by lower natural gas consumption (10.2PJ in 2024 from 12.5 PJ in 2023). The increase was partially offset by the plant's lower average dispatch (70.6% in 2024 compared to 75.7% in 2023) and slightly lower average NDC (557.4 MW in 2024 compared to 558.4 MW in 2023).

Operating income slightly increased by $0.4 million, or 1.0% to $33.9 million for the first half 2024 primarily due to higher electricity sales, though partially offset by higher cost of sales. Likewise, net income increased by $0.8 million, or 4.0% to $22.2 million for the first half of 2024 from $21.4 million in the same period last year mainly due to a slightly higher operating income and higher foreign exchange gains partially offset by the provision for DIT (as compared to benefit from DIT in 2023).

***ASSETS***
FGP's total assets as of June 30, 2024 stood at $428.8 million, which decreased by $174.4 million, or 28.9% from $603.3 million as of December 31, 2023 mainly due to the movements in the following accounts:

- a lower ending cash balance from operations;
- a lower outstanding balance of trade and other receivables
- a lower level of LNG inventories; and
- the depreciation and amortization of PPE.

These were partially offset by an increase in prepaid major spare parts and plant insurance.

***LIABILITIES AND EQUITY***
As of June 30, 2024, total liabilities decreased by $189.6 million, or 38.9% to $298.0 million from $487.6 million as of December 31, 2023 mainly due to lower outstanding trade payables, payment of short- and long-term loans, and lower income tax payable**.** These were partially offset by higher deferred income tax liabilities.

Total equity increased by $15.2 million, or 13.1% to $130.9 million as of June 30, 2024 as compared to $115.7 million as of December 31, 2023 mainly due to net income earned during the period.

## FNPC (San Gabriel)

| | For the periods ended June 30 (Unaudited) | |
|---|---|---|
| **(in USD thousands)** | **2024** | 2023 |
| Revenues from sale of electricity | 118,990 | 137,464 |
| Operating income | 28,139 | 17,807 |
| Net income | 11,762 | 12,565 |
| | **As of the periods ended** | |
| **(in USD thousands)** | **June 30, 2024 (Unaudited)** | Dec. 31, 2023 (Audited) |
| Total assets | 423,835 | 420,624 |
| Debt - net of debt issuance costs | 73,937 | 97,323 |
| Other liabilities | 66,375 | 51,540 |
| Total equity | 283,523 | 271,761 |

***June 2024 vs. June 2023 Results***

San Gabriel recognized lower revenues by $18.5 million, or 13.4% to $119.0 million for the first half of 2024 compared to $137.5 million for the same period last year. The decrease in revenues was primarily due to the expiration of its PSA with Meralco in February 2024 and the plant's scheduled major outage in March 2024, partially offset by the high WESM sales from April to June 2024. San Gabriel posted lower fuel revenues as a result of lower natural gas consumption driven by the plant's lower average dispatch (48.6% in 2024 compared to 81.4% in 2023), though partially offset by the higher average natural gas prices ($10.0/MMBtu in 2024 as compared to $9.3/MMBtu in 2023).

For the first half of 2024, operating income stood at $28.1 million - an increase of $10.3 million or 58.0% from the operating income earned during the same period in 2023. This was mainly due to higher selling prices (to the WESM) versus its previously contracted rates and lower operating expenses, though partially offset by lower revenues during the period.

San Gabriel posted a net income of $11.8 million for the first half of 2024, a decrease of $0.8 million, or 6.3% compared to $12.6 million in net income for the same period in 2023 mainly due to foreign exchange losses, and provision for DIT due to unfavorable movements in foreign exchange rates (as compared to foreign exchange gains and benefit from DIT for the same period last year), partially offset by higher operating income during the period.

***ASSETS***

San Gabriel's total assets as of June 30, 2024 increased by $3.2 million, or 0.7% to $423.8 million from a balance of $420.6 million as of December 31, 2023 due to the movements in the following accounts:

- a higher ending cash balance;
- additional right-of-use asset; and
- higher prepaid plant insurance.

These were partially offset by the following:

- a decrease in trade receivables;
- absence of fuel inventory;
- the depreciation of PPE;
- the amortization of right-of-use asset; and
- the amortization of the project's O&M mobilization fee for the period.

*LIABILITIES AND EQUITY*
San Gabriel's total liabilities amounted to $140.3 million as of June 30, 2024, lower by $8.6 million or 5.7%, from the December 31, 2023 balance of $148.9 million. This was due to its regular debt service payments and payment of its short-term loan last March 2024. These were partially offset by the higher outstanding trade payables, additional lease liability and higher deferred income tax liabilities due to unfavorable movements in foreign exchange rates.

Total equity increased by $11.7 million, or 4.3%, to $283.5 million as of June 30, 2024 as compared to $271.8 million as of December 31, 2023 mainly due to net income earned during the period.

## PMPC (Avion)

| | For the periods ended June 30 (Unaudited) | |
|---|---|---|
| **(in PHP millions)** | **2024** | 2023 |
| Revenues from sale of electricity | 2,091.3 | 2,378.9 |
| Operating income | 248.4 | 643.0 |
| Net income | 165.3 | 467.4 |
| | **As of the periods ended** | |
| **(in PHP millions)** | **June 30, 2024 (Unaudited)** | Dec. 31, 2023 (Audited) |
| Total assets | 6,782.0 | 6,745.9 |
| Debt - net of debt issuance costs | 548.2 | 1,094.6 |
| Total liabilities | 1,116.4 | 699.2 |
| Total equity | 5,117.4 | 4,952.1 |

***June 2024 vs. June 2023 Results***

Avion recognized lower revenues by ₱287.6 million, or 12.1% to ₱2,091.3 million for the first half of 2024 as compared to ₱2,378.9 million for the same period in 2023. The decrease in revenues was primarily driven by lower sales from WESM due to lower average prices (₱6.26/kWh in 2024 compared to ₱7.32/kWh in 2023) and a lower quantity of electricity sold (168 GWh in 2024 compared to 182 GWh in 2023). Moreover, the average plant dispatch was lower by 5.3% to 43.1% in 2024 from 48.4% in 2023. The decreases were partially offset by higher sales from ASPA due to higher average price (₱3.74/kWh in 2024 compared to ₱3.08/kWh in 2023).

Operating income is significantly lower by ₱394.6 million, or 61.4%, to ₱248.4 million for the first half of 2024 compared to ₱643.0 million during the same period in 2023. The decrease was mainly due to lower revenues, higher cost of sales, and increased G&A expenses. Cost of sales increased by ₱80.9 million as a result of payment for the repair costs of Unit 2's damaged gas turbine (GT2) partially offset by lower liquid fuel consumption. G&A expenses was higher due to professional fees incurred for the first half of 2024.

Avion posted a net income of ₱165.3 million for the first half of 2024, lower by ₱302.1 million or 64.6% compared to ₱467.4 million in the same period last year mainly due to its lower operating income and recognized net foreign exchange losses. These were partially offset by the lower interest expense on long-term debt, lower provision for income taxes, and a ₱35.7 million proceeds from insurance claims for damaged GT2 that was received in March 2024 compared to nil in the same period last year.

*ASSETS*
Avion's total assets as of June 30, 2024 increased by ₱36.1 million, or 0.5% to ₱6,782.0 million from a balance of ₱6,745.9 million as of December 31, 2023 due to the movements in the following accounts:
- higher trade receivables;
- an increase in inventories;
- higher prepaid plant insurance; and
- an increase in deferred income tax assets.

These were partially offset by the following:

- a lower ending cash balance;
- lower input VAT balances;
- the depreciation and amortization of PPE; and
- a decrease in other noncurrent assets.

***LIABILITIES AND EQUITY***

Avion's total liabilities amounted to ₱1,664.6 million as of June 30, 2024, a decrease of ₱129.2 million from ₱1,793.8 million as of December 31, 2023. The decrease in liabilities was primarily due to the scheduled repayment of long-term debt and lower income tax payable partially offset by higher trade and output VAT payables.

Total equity increased by ₱165.3 million, or 3.3% to ₱5,117.4 million as of June 30, 2024 as compared to ₱4,952.1 million as of December 31, 2023 mainly due to net income earned during the period.

**EDC Consolidated**

| | **For the periods ended June 30 (Unaudited)** | |
|---|---|---|
| **(in PHP millions)** | **2024** | 2023 |
| Revenues from sale of electricity | 23,228.4 | 25,757.1 |
| Foreign exchange losses – net | (24.2) | (7.0) |
| Income before income tax | 5,950.7 | 9,913.5 |
| Net income | 5,332.8 | 8,875.6 |
| Net income attributable to Equity holders of the Parent Company | 5,181.5 | 8,713.3 |
| Recurring Net Income (RNI) | 5,343.3 | 9,241.7 |
| RNI attributable to Equity holders of the Parent Company | 5,229.4 | 9,079.2 |
| | **As of the periods ended** | |
| **(in PHP millions)** | **June 30, 2024 (Unaudited)** | Dec. 31, 2023 (Audited) |
| Total Assets | 183,571.4 | 166,253.1 |
| Total Liabilities | 97,221.1 | 82,880.3 |
| Total Equity | 86,350.3 | 83,372.8 |

***June 2024 vs. June 2023 Results***

Total revenues from the sale of electricity for the first half of 2024 decreased by ₱2,528.7 million or 9.8% to ₱23,228.4 million from ₱25,757.1 million in 2023 primarily due to lower sales volume.

EDC posted a net income of ₱5,332.8 million for the first half of 2024, a 40.0% or ₱3,542.8 million decrease from the ₱8,875.6 million for the same period in 2023. The decrease was mainly driven by a ₱2,528.7 million decrease in revenues, a combined increase in cost of sales and G&A expenses totaling ₱1,192.3 million, and a ₱225.0 million increase in interest expense from new loans availed. The decrease was partly offset by a lower provision for income taxes amounting to ₱420.0 million.

***ASSETS***

EDC's total assets as of June 30, 2024 stood at ₱183,571.4 million, which increased by ₱17,318.3 million, or 10.4% from ₱166,253.1 million as of December 31, 2023 mainly due to movements in the following accounts:

- an increase in cash balances;
- an increase outstanding trade receivables
- an increase in parts and supplies inventories; and
- acquisitions of property, plant and equipment.

This was partially offset by lower other current assets from maturity of short-term investments.

***LIABILITIES AND EQUITY***

Total liabilities amounted to ₱97,221.1 million as of June 30, 2024 higher by ₱14,340.8 million, or 17.3%, from ₱82,880.3 million last December 31, 2023 primarily due to the availment of long-term debt, declaration of dividends payable to shareholders, recognition of lease liabilities from rigs rental, and higher outstanding trade and income tax payables. The increases were partially offset by the scheduled repayments of long-term debt.

Total equity amounted to ₱86,350.3 million as of June 30, 2024, which increased by ₱2,977.5 million, or 3.6% from ₱83,372.8 million as of December 31, 2023, mainly due to net income earned during the period and an increase in cumulative translation adjustment due to a translation adjustment from international subsidiaries and a local subsidiary with the U.S. Dollar as its functional currency to conform with EDC's functional currency, which is the Philippine peso. The increases were partially offset by declaration of cash dividends to common and preferred shareholders and acquisition of treasury stocks.

## FG Hydro

| | **For the periods ended June 30 (Unaudited)** | |
|---|---|---|
| **(Amounts in PHP millions)** | **2024** | 2023 |
| Operating revenues | 1,127.1 | 1,340.5 |
| Cost of sales | (691.5) | (746.5) |
| General and administrative expenses | (169.2) | (198.3) |
| Operating income | 266.4 | 395.7 |
| Net income | 375.3 | 412.7 |
| | **As of the periods ended** | |
| | **June 30, 2024 (Unaudited)** | Dec. 31, 2023 (Audited) |
| Total assets | 6,571.1 | 6,244.1 |
| Total liabilities | 161.7 | 210.0 |
| Total equity | 6,409.4 | 6,034.1 |

***June 2024 vs. June 2023 Results***

FG Hydro's revenues decreased by 15.9% or ₱213.4 million to ₱1,127.1 million for the first half of 2024 from revenues of ₱1,340.5 million for the same period in 2023. The decrease was primarily due to lower WESM revenues on account of lower average selling prices (₱4.84/kWh in 2024 as compared to ₱7.10/kWh in 2023). This was offset by an increase in revenues from contracted power driven by higher contract prices, and an increase in ancillary service prices in the Reserve Market (which commenced in January 2024 but was suspended in March 2024).

Cost of sales for the first half of 2024 of ₱691.5 million was ₱55.0 million or 7.4% lower than the ₱746.5 million for the same period in 2023. The decrease was mainly due to lower replacement power purchases from WESM. G&A expenses also decreased by ₱29.1 million or 14.7% to ₱169.2 million during the period as compared to ₱198.3 million in 2023 mainly on account of lower taxes and licenses.

FG Hydro posted a net income of ₱375.3 million for the first half of 2024, lower by 9.1% or ₱37.4 million compared to ₱412.7 million for the same period in 2023 mainly due to lower operating income, partially offset by higher interest income and foreign exchange gains (as compared to foreign exchange losses in 2023).

***ASSETS***

Total assets as of June 30, 2024 stood at ₱6,571.1 million, ₱327.0 million or 5.2% higher than the December 31, 2023 level of ₱6,244.1 million. The favorable variance was mainly on account of higher cash balances.

***LIABILITIES AND EQUITY***
As of June 30, 2024, total liabilities stood at ₱161.7 million, ₱48.3 million or 23.0% lower than the December 31, 2023 level of ₱210.0 million primarily due to lower balances of outstanding trade payables and retirement liability.

Total equity as of June 30, 2024 rose to ₱6,409.4 million, ₱375.3 million or 6.2% better than the December 31, 2023 level of ₱6,034.1 million mainly from net income earned during the period.

## <u>FRLC</u>

| | | |
|---|---|---|
| | **For the periods ended June 30 (Unaudited)** | |
| **(Amounts in PHP millions)** | **2024** | 2023 |
| Operating revenues | 525.2 | – |
| Cost of sales | (464.1) | – |
| General and administrative expenses | (27.9) | (7.4) |
| Operating income (loss) | 33.2 | (7.4) |
| Net income (loss) | 126.7 | (7.4) |
| | **As of the periods ended** | |
| | **June 30, 2024 (Unaudited)** | Dec. 31, 2023 (Audited) |
| Total assets | 30,338.8 | 2,185.2 |
| Total liabilities | 222.8 | 57.4 |
| Total equity | 30,116.0 | 2,127.8 |

***<u>June 2024 vs. June 2023 Results</u>***

Following the turnover of the Casecnan plant in February 2024, FRLC generated revenues amounting to ₱525.2 million which was mainly from WESM sales with an average selling price of ₱9.88/kWh. In addition, FRLC started to sell contracted power in June 2024 at an average price of ₱6.35/kWh.

Cost of sales for the first half of 2024 of ₱464.1 million was mainly comprised of depreciation and amortization expense of the provisional values recognized for the purchased assets. G&A expenses of ₱27.9 million was higher by ₱20.5 million compared to ₱7.4 million for the same period in 2023 mainly on account of the costs related to acquisition and services for the maintenance of plant facilities.

FRLC posted a net income of ₱126.7 million for the first half of 2024 mainly due to the operating income from the asset turnover, supplemented by higher interest income and gains from foreign exchange and settlement of foreign currency forwards.

***ASSETS***
Total assets as of June 30, 2024 increased to ₱30,338.8 million from December 31, 2023 level of ₱2,185.2 million mainly on account of Casecnan plant's turnover to FRLC on February 26, 2024.

***LIABILITIES AND EQUITY***
As of June 30, 2024, total liabilities stood at ₱222.8 million, ₱165.4 million higher than the December 31, 2023 level of ₱57.4 million primarily due to the accrued payables to suppliers and advances from First Gen for FRLC's working capital.

Total equity as of June 30, 2024 rose to ₱30,116.0 million, ₱27,988.2 million higher than the December 31, 2023 level of ₱2,127.8 million mainly from the capital infused for the Casecnan acquisition and net income earned during the period.

## FGEN LNG

| (Amounts in PHP millions) | For the periods ended June 30 (Unaudited) 2024 | 2023 |
|---|---|---|
| Operating revenues | 2,879.9 | – |
| Cost of sales | (1,756.3) | – |
| General and administrative expenses | (374.2) | (118.5) |
| Operating income (loss) | 749.4 | (118.5) |
| Net income (loss) | 274.0 | (118.3) |
| | **As of the periods ended** | |
| | **June 30, 2024 (Unaudited)** | Dec. 31, 2023 (Audited) |
| Total assets | 29,072.1 | 28,320.0 |
| Total liabilities | 25,648.5 | 25,170.4 |
| Total equity | 3,423.6 | 3,149.6 |

***June 2024 vs. June 2023 Results***

FGEN LNG generated revenues amounting to ₱2,879.9 million mainly from Terminal fees from natural gas power plants for the transport, storage and regasification of the natural gas power plants' LNG. As of June 30, 2024, booked revenues pertaining to the LNG terminal fees amounting to $37.6 million remain unpaid as a result of the ERC Order dated March 14, 2024.

Cost of sales for the first half of 2024 of ₱1,756.3 million was mainly comprised of depreciation and amortization expense of the LNG terminal and the recognition of accretion and amortization expense from the FSRU and Time Charter Hire lease contracts. G&A expenses of ₱374.2 million was higher by ₱255.7 million compared to ₱118.5 million for the same period in 2023 mainly on account higher professional fees, personnel costs and taxes and licenses.

FGEN LNG posted a net income of ₱274.0 million for the first half of 2024 - a reversal from the ₱118.3 million net loss from the same period in 2023 mainly due to the operating income from the terminal operations, and higher interest income from cash placements though partly offset by the higher foreign exchange losses and provision for income taxes.

***ASSETS***

Total assets as of June 30, 2024 increased to ₱29,072.1 million from December 31, 2023 level of ₱28,320.0 million mainly on account of additional capital expenditures for the construction of LNG terminal and higher receivable balances from unpaid LNG terminal fees billed to FGPC and FGP amounting to $37.6 million as a result of the ERC Order dated March 14, 2024.

***LIABILITIES AND EQUITY***

As of June 30, 2024, total liabilities stood at ₱25,648.5 million, ₱478.1 million higher than the December 31, 2023 level of ₱25,170.4 million primarily due to additional deposits for subscription to FGEN LNG's shares from LNG Holdings, partly offset by the lower accounts payables to suppliers.

Total equity as of June 30, 2024 rose to ₱3,423.6 million, ₱274.0 million higher than the December 31, 2023 level of ₱3,149.6 million from the net income earned during the period.

## FACTORS AFFECTING THE COMPANY'S RESULTS OF OPERATIONS

Set out below are some of the more significant factors that have affected and continue to affect the Company's results of operations.

### *The Philippine Transition to Renewable Energy*

In October 2020, the Department of Energy (DOE) declared that they would no longer accept new proposals for coal plants in order to encourage investments in cleaner sources of power. Based on capacity additions from 2011 to 2023, the total installed capacity added to the grid was 12,129 MW, of which 61.74% or 7,489 MW came from coal plants.

Apart from the transition away from coal, challenges to grid operations brought about by the COVID-19 pandemic have highlighted the need to shift to a more flexible power supply mix, which would lead to a more sustainable power system that would be responsive to structural changes in demand and accommodative to the entry of more renewable energy. The Philippine government, through the DOE, has displayed encouraging support for LNG projects as they recognize natural gas to be an essential bridge fuel to transition to renewable energy, and in line with their goal of turning the Philippines into a Southeast Asian LNG hub. In 2021, it granted permits and notices to proceed to several LNG projects in different phases and declared some as energy projects of national significance (EPNS).

The DOE has set the target of attaining 35% of RE in the energy mix by 2030 and further increasing that to 50% by 2040. To that end, the DOE has been actively working on the implementation of several RE Programs, as follows:

1. ***Renewable Portfolio Standards (RPS)*** mandates electricity suppliers to source a certain percent of their energy supply from an RE resource. The minimum RPS annual increment, or the minimum level of electricity contracted from RE developers, has been increased to 2.52% every year starting 2023, from the previous 1%, in order to reach the 50% RE energy mix target by 2040.

2. ***Renewable Energy Market (REM)*** provides a competitive market for Mandated Participants to transact or trade their Renewable Energy Certificates (RECs) through the Philippine Renewable Energy Market Systems (PREMS). The REM was established to facilitate the compliance of Mandated Participants with the RPS Requirement, and its interim commercial operation was formally launched last July 28, 2022. The RE Registrar, Philippine Electricity Market Corporation, released an advisory last January 15, 2024 enjoining the REM Participants to surrender the corresponding RECs for the 2020 RPS Obligation.

   The ERC, through Resolution No. 8, Series of 2024, set the REC Price Cap at Php241.56/MWh. REM is still in Interim Commercial Operations (I-COP) pending the declaration of Full Commercial Operations by the DOE.

3. ***Green Energy Option Program (GEOP)*** gives smaller end-users with an average peak demand of at least 100kW the option to source their energy requirements from an RE source. The program opens up opportunities for retail contracting of RE generators and commenced last December 3, 2021. Through an advisory dated February 29, 2024, the DOE informed the REM participants that the RECs created under the GEOP will be allocated to the host DU of the GEOP customer. Since the first GEOP customer switch in March 2022 up to June 2024, the industry grew to 375 GEOP end-users, 35 RE Suppliers and 37 Retail Metering Service Providers.

4. ***Green Energy Auction Program (GEAP)*** is a FiT Extension Mechanism, wherein the auction winners will be recommended by the DOE for FiT eligibility. Only post-RE Law facilities without existing PPAs/PSAs may participate as qualified suppliers. The first and second round of GEAP has been completed with capacities for Solar, Wind, Run-of-river Hydro, Biomass and Waste-to-energy technologies bidded out. The first round resulted in a 98% subscription with a total of 1,967 MW in subscribed capacity. The second round of the auction, on the other hand, awarded approximately 3,580 MW worth of capacity or only 30% of the 11,600MW target. The DOE announced that the remaining unsubscribed capacities in the second round will be considered for inclusion in the next GEAP rounds. Further, GEAP round 3 would include auction capacities for Pump-storage Hydro,

Impounding Hydro, Geothermal and Run-of-river Hydro technologies with a total auction capacity of 4,399MW and delivery target of 2026-2030. This was targeted to be conducted in the August of this year, however, delays in the issuance of relevant DOE and ERC guidelines will push back the August target to a later date within the year.

The DOE also announced additional two rounds of GEAP. GEAP 4 is targeted to be conducted within the year with more than 8,000MW auction capacity for RE with Energy Storage Systems while GEAP 5 is targeted in the first half of 2025 for Offshore Wind with the auction capacity yet to be determined.

5. ***Energy Virtual One Stop Shop (EVOSS)*** is a web-based platform built for the submission, processing, and monitoring of energy projects. DOE announced on March 23, 2023 the inclusion of a Pre-application of RE Contract processing in the EVOSS. DOE continues to coordinate with the ERC, other government agencies and Local Government Units (LGUs) for the integration of their energy-related permitting processes in the EVOSS system to uphold the objectives of the EVOSS law.

6. ***Energy Storage and a Smart Grid*** system is currently being developed to address the intermittent, variable nature of RE by ensuring RE generation and dispatch is optimized regardless of the availability of RE sources.

7. ***Renewable Energy Trust Fund*** is a special account administered by the DOE established to enhance the development and greater utilization of RE through the financing of research, development, demonstration and promotion of RE systems, funding of qualified research and development institutions engaged in RE studies, supporting the development and operation of new RE sources to improve their market competitiveness, and conducting nationwide resource and market assessment studies among others.

8. ***Competitive Renewable Energy Zones (CREZ)*** is a national study which aims to identify potential areas of RE development. CREZ phase 1 was concluded back in 2020, and it identified 25 CREZ across the country, amounting to an estimated 152,097 MW of potential RE projects.

9. ***Open and Competitive Selection Process*** is a program of the DOE where interested parties may apply for RE Contracts for Predetermined Areas (PDAs) offered during a prescribed period. On June 26, 2023, the DOE promulgated DC2023-06-0019 adopting the guidelines for the 4th OCSP (OCSP4). Out of the Twenty (20) PDAs offered, the DOE awarded two (2) Geothermal Projects to EDC with a total potential capacity of 120MW and two (2) Wind Projects to Freya Renewables Inc. and South Luzon Energy Solutions, Inc. where the capacities are yet to be determined.

***Exchange Rate Fluctuations***

The functional and presentation currency of some of the Company's subsidiaries is the Philippine Peso. However, its payments for debt service and major inputs and services are partially denominated in U.S. Dollars. Foreign exchange rate fluctuations affect the cost of borrowings, as well as the Philippine Peso value of such in their respective financial statements. The unit prices for majority of the SSAs and PPAs of EDC are indexed to the U.S. Dollar vis-à-vis the Philippine Peso.

## PART II – OTHER INFORMATION

### RELATED PARTY TRANSACTIONS AND RISKS

For a detailed discussion of the Company's related party transactions and risks, see *Note 18 – Related Party Transactions* and *Note 19 – Financial Risk Management Objectives and Policies*, respectively, to the accompanying unaudited interim condensed consolidated financial statements.

### OTHER RELEVANT INFORMATION

***Discussion and analysis of material event/s and uncertainties known to management that would address the past and would have an impact on future operations of the following:***

***(i) Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.***

The Company has never been in a default position, nor does it have any contingent financial obligation during the reporting period. Any breach of a loan covenant or any material adverse change to the Company's operations or financial standing could trigger an event of default.

**(ii)** ***Any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the period.***

The Company did not enter into any material off-balance sheet transactions, arrangements, obligations, and other relationships with unconsolidated entities or other persons during the reporting period.

***(iii) Any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Company's liquidity increasing or decreasing in any material way.***

As of June 30, 2024, there were no known trends, events or uncertainties that have had or reasonably expected to have material effect on the Company's liquidity.

***(iv) Any material commitments for capital expenditures, general purpose of such commitments, and the expected sources of funds for such expenditures should be described.***

The Company has projects in the pipeline at varying degrees of development. These projects are being undertaken through the following platforms:

a. **Pumped Storage:** The Company is currently developing the Aya pumped-storage facility designed to increase the capacity of the Pantabangan-Masiway plant complex by up to 120 MW. The facility is expected to store and generate electricity by moving water between the Pantabangan reservoir and the Masiway reservoir, which are situated at different elevations. The project is designed to allow full year operations independent of the irrigation demands from NIA.

b. **Run-of-river hydro:** The Company is strengthening its expertise in hydroelectric power plant construction and development in order to start the construction of the 32 MW Bubunawan run-of-river hydro power project. This project is located in Mindanao. Moreover, First Gen has licenses to develop several hydro projects in Mindanao; namely, the 32 MW Bubunawan, 33 MW Tagoloan, 30 MW Puyo, and the 39 MW San Isidro Projects.

c. **Acquisition/Privatization:** The Company participated in the Privatization of Casecnan located in Pantabangan, Nueva Ecija in October 2022. In May 2023, the Company, through FRLC, offered the highest bid amounting to $526 million and was declared as the winning bidder for the sale of this asset that is co-owned by PSALM and NIA. The asset was turned-over on February 26, 2024.

d. **LNG terminal:** The Company continues to deploy its pioneering efforts in the development of the IOT Project having achieved practical completion in March 2023. The Company has successfully completed the tender and receipt of four (4) LNG cargoes since the completion of the terminal. The IOT Project enables the Company to utilize both Malampaya gas and LNG for the 2,000 MW of power plants located at the First Gen Clean Energy Complex. As of June 30, 2024, FGEN LNG has completed the commissioning activities.

e. **Natural gas:** First Gen continues to work on the development of the Santa Maria project with a capacity of up to 1,200 MW, using the latest available gas turbine in the market to maximize efficiency, and provide more MW with less fuel requirements.

   The ongoing efforts on the project enables First Gen to be in a better position to make such power plant available in time to meet the expected growth in grid demand, and further help stabilize the grid by complementing intermittent renewables with more natural gas plants. The plant will be designed to serve baseload and mid-merit requirements of the Luzon grid.

f. **Geothermal:** The Company, through EDC, is currently pursuing several local expansion projects in locations spanning Luzon, Visayas, and Mindanao. Currently, the company has commenced with four local projects:

   1. Mahanagdong Geothermal Brine Optimization power plant is a 28 MW plant within the Leyte concession. The target completion of the project is Q4 2024.

   2. Tanawon is a conventional power plant that uses a single-flash geothermal turbine generator with an expected capacity of ~20 MW within the BacMan concession. The target completion of the project is Q4 2024.

   3. Bago Binary Geothermal Power Plant is a 5.6 MW plant within the Northern Negros concession. The target completion of the project is Q4 2024.

   4. Palayan Binary Power Plant Project is a 28.9 MW binary plant located within the Bac-Man concession. Palayan Binary has been completed and has been delivering kWh to the grid since January 2024.

   Moreover, EDC is continuing the exploration and assessment of growth prospects in Indonesia, Chile, and other countries.

g. **Wind and Solar:**

   1. **Wind**: As of June 30, 2024, FGVEI has been awarded thirty-two (32) Wind Energy Service Contracts (WESC), all of which are undergoing feasibility studies.
   2. **Solar**: As of June 30, 2024, FGen Power Ventures, Inc. (FPVI) has been awarded three (3) Solar Energy Operating Contracts (SEOC), all of which are undergoing project development.

   The WESC and the SEOC awarded by the DOE grant the Company exclusive rights to explore, develop, construct, operate, and maintain wind and solar energy projects within the defined service contract area. These areas are the focus of the Company's project development efforts and resources in 2024 and beyond.

h. **Energy Storage Systems:** The Company, through EDC, is pursuing the development of several battery energy storage systems in locations spanning Luzon and Visayas. Currently, the company has commenced with three projects:

   1. Bac-Man Energy Storage System is a 20 MW/20 MWh energy storage system located within the BacMan concession. The target completion of the project is Q4 2024.

2. Tongonan Energy Storage System is a 10 MW/10MWh energy storage system located within the Leyte concession. The target completion of the project is Q4 2024.

3. Southern Negros Energy Storage System is a 10 MW/10MWh energy storage system located within the Southern Negros concession. The target completion of the project is Q4 2024.

***(v) Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations should be described.***

The uncontracted portion of the Company's generation capacity could have a significant impact on the Company's overall financial performance should spot market prices of electricity become unfavorable. Spot prices are mostly determined by the supply and demand situation prevailing in the market. The expiration of the Company's PPAs could likewise expose the Company's portfolio more to the WESM or result in the Company entering into PSAs with more contestable customers.

***(vi) Any significant elements of income or loss that did not arise from the registrant's continuing operations.***

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

***(vii) Any seasonal aspects that had a material effect on the financial condition or results of operations.***

FG Hydro, Casecnan, and FG Bukidnon's sale of electricity, as well as the Company's merchant plants, are affected by seasonality or cyclicality.

For EDC's Burgos Wind, higher revenue and operating profits are expected in the first and last quarters of the year based on the wind generation profile of Burgos. Meanwhile, EDC's solar projects are expected to generate higher revenues during the summer months.

***(viii) Any material events subsequent to the end of interim period that have not been reflected in the financial adjustments of the interim period.***

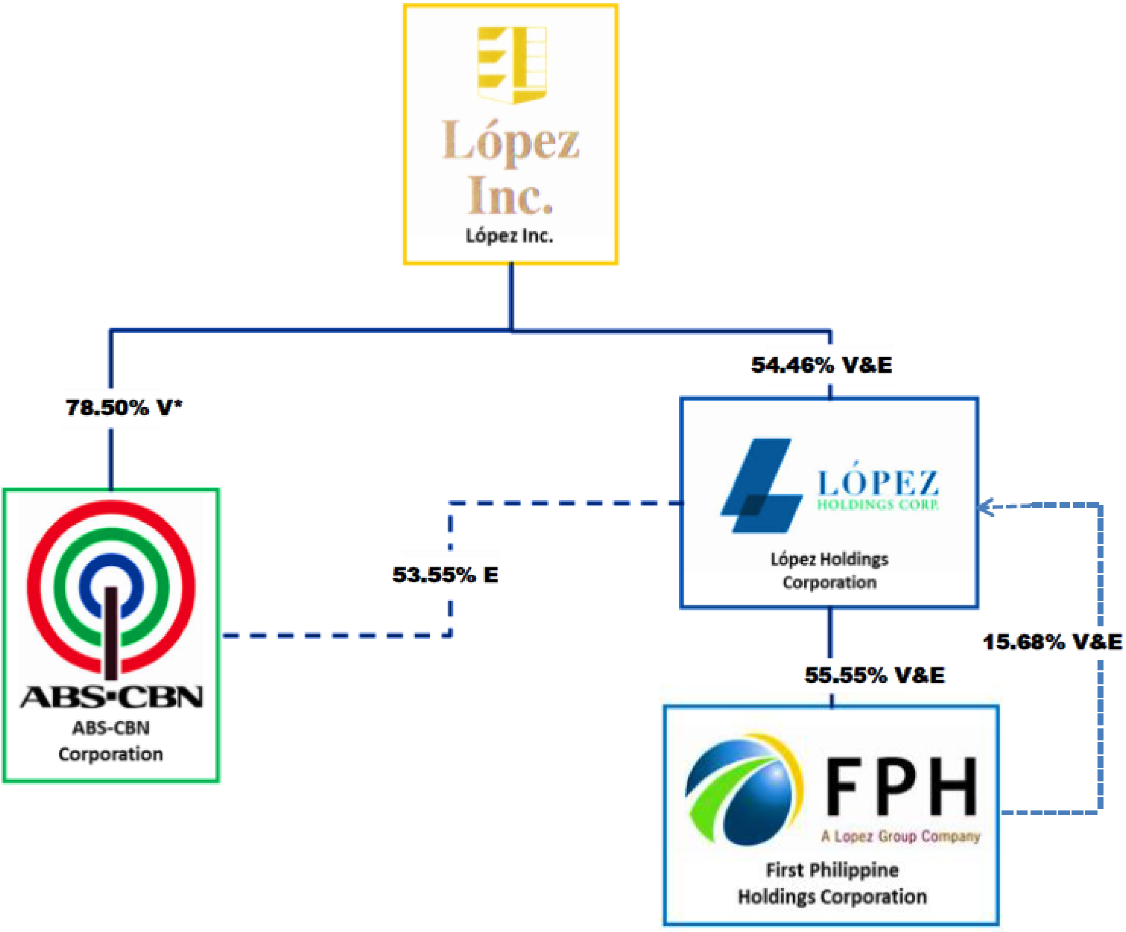
There were no material events that occurred subsequent to the balance sheet date.

**FIRST GEN CORPORATION AND SUBSIDIARIES**
**AGING OF RECEIVABLES**
Amounts in U.S. Dollars and in Thousands
As of the period ended June 30, 2024

| | Current | More than 30 days past due | More than 30 days to 1 year past due | More than year past due | Total |
|---|---|---|---|---|---|
| Trade | $434,722 | $45,874 | $76,088 | $21,153 | $577,837 |
| Related parties | 2,079 | – | – | – | 2,079 |
| Loans and notes receivables | 810 | – | – | – | 810 |
| Others | 14,009 | – | – | 505 | 14,514 |
| | 451,620 | 45,874 | 76,088 | 21,658 | 595,240 |
| Less: allowance for expected credit losses | – | – | – | (19,360) | (19,360) |
| | **$451,620** | **$45,874** | **$76,088** | **$2,298** | **$575,880** |

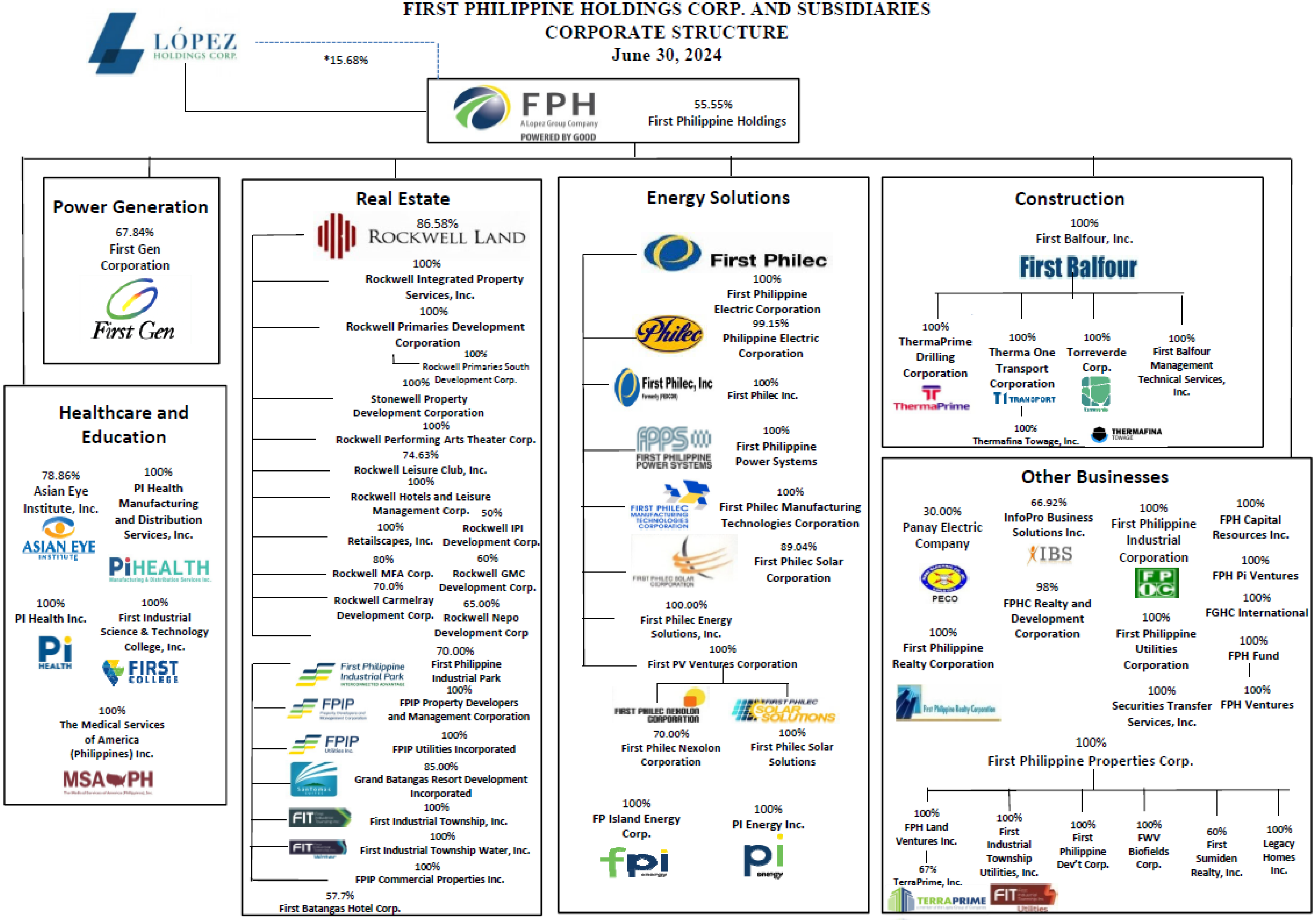
*MAP OF RELATIONSHIP OF THE COMPANIES WITHIN THE LOPEZ GROUP*
*As of June 30, 2024*

**LOPEZ HOLDINGS CORPORATION AND SUBSIDIARIES**
**MAP OF RELATIONSHIP OF THE COMPANIES WITHIN THE GROUP**
**JUNE 30, 2024**

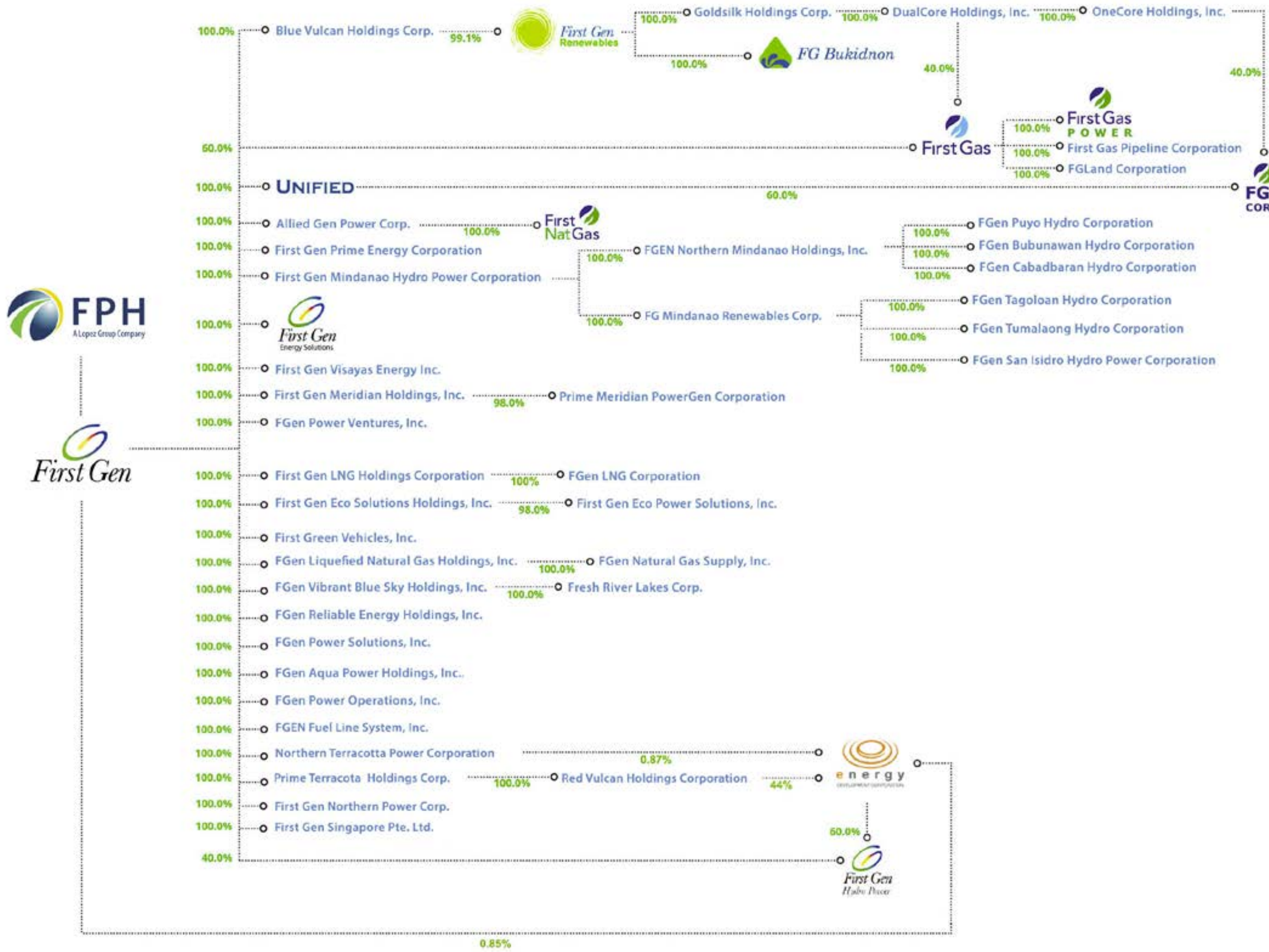



* voting rights include preferred shares

## FIRST PHILIPPINE HOLDINGS CORP. AND SUBSIDIARIES
## CORPORATE STRUCTURE
## June 30, 2024



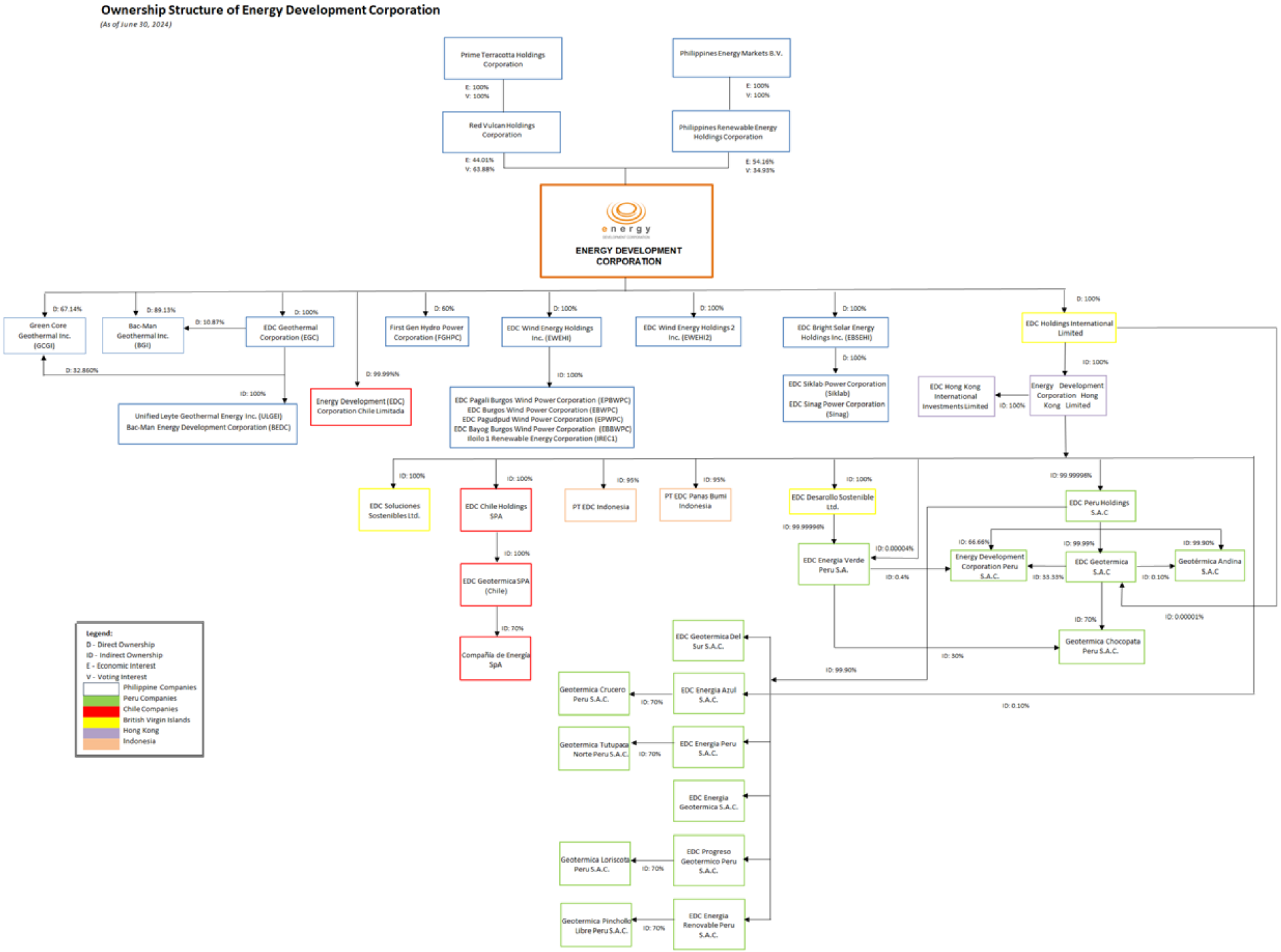
## *FGEN's Corporate Structure as of June 30, 2024*





*Corporate Structure as of June 30, 2024

## *EDC's Corporate Structure as of June 30, 2024*



**SIGNATURES**

Pursuant to the requirements of Section 17 of the Code and Section 177 of the Revised Corporation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**FIRST GEN CORPORATION**

Maria Carmina Z. Ubaña

**MARIA CARMINA Z. UBAÑA**
Vice President and Controller

**EMMANUEL P. SINGSON**
Executive Vice President, CFO and Treasurer

August 7, 2024

# First Gen Corporation and Subsidiaries

Unaudited Interim Condensed Consolidated Financial Statements
June 30, 2024 (With Comparative Audited Figures as at December 31, 2023)
and For the Six-Month Periods Ended June 30, 2024 and 2023
(In U.S. Dollars)

## FIRST GEN CORPORATION AND SUBSIDIARIES

## UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

**(Amounts in U.S. Dollars and in Thousands)**

| | **June 30, 2024 (Unaudited)** | December 31, 2023 (Audited) |
|---|---|---|
| **ASSETS** | | |
| **Current Assets** | | |
| Cash and cash equivalents (Notes 4, 19 and 20) | **$790,133** | $974,567 |
| Receivables (Notes 5, 18, 19 and 20) | **575,880** | 492,485 |
| Inventories (Note 6) | **235,981** | 248,780 |
| Financial assets at fair value through profit or loss (FVPL) (Notes 7, 18, 19 and 20) | **1,129** | 362 |
| Other current assets (Notes 8, 19 and 20) | **100,410** | 156,365 |
| **Total Current Assets** | **1,703,533** | 1,872,559 |
| **Noncurrent Assets** | | |
| Property, plant and equipment (Notes 9 and 13) | **2,935,860** | 2,763,723 |
| Goodwill and intangible assets (Note 10) | **1,158,088** | 888,307 |
| Deferred income tax assets - net | **21,107** | 22,102 |
| Other noncurrent assets (Note 11) | **584,434** | 579,966 |
| **Total Noncurrent Assets** | **4,699,489** | 4,254,098 |
| **TOTAL ASSETS** | **$6,403,022** | $6,126,657 |
| **LIABILITIES AND EQUITY** | | |
| **Current Liabilities** | | |
| Accounts payable and accrued expenses (Notes 12, 18 and 20) | **$732,408** | $771,646 |
| Income tax payable | **14,165** | 9,432 |
| Loans payable (Notes 13 and 20) | **77,400** | 133,580 |
| Dividends payable (Note 15) | **50,744** | 446 |
| Current portion of: | | |
| Long-term debts (Notes 9, 13 and 20) | **253,276** | 319,121 |
| Lease liabilities (Notes 14 and 20) | **60,972** | 54,296 |
| Derivative liabilities (Notes 19 and 20) | **–** | 755 |
| **Total Current Liabilities** | **1,188,965** | 1,289,276 |
| **Noncurrent Liabilities** | | |
| Long-term debts - net of current portion (Notes 9, 13 and 20) | **1,516,237** | 1,136,347 |
| Retirement and other post-employment benefits | **58,849** | 63,085 |
| Deferred income tax liabilities - net | **25,937** | 18,829 |
| Other noncurrent liabilities (Note 14) | **329,535** | 317,994 |
| **Total Noncurrent Liabilities** | **1,930,558** | 1,536,255 |
| **Total Liabilities** | **$3,119,523** | $2,825,531 |

*(Forward)*

| | **June 30, 2024 (Unaudited)** | December 31, 2023 (Audited) |
|---|---|---|
| **Equity Attributable to Equity Holders of the Parent Company** (Note 15) | | |
| Redeemable preferred stock | **$85,667** | $85,667 |
| Common stock | **75,123** | 75,123 |
| Additional paid-in capital | **1,324,444** | 1,324,444 |
| Cumulative translation adjustments (Note 20) | **(406,902)** | (277,693) |
| Accumulated unrealized gain on financial assets at fair value through other comprehensive income (FVOCI) | **921** | 912 |
| Equity reserve | **(232,965)** | (232,965) |
| Retained earnings | **2,473,315** | 2,347,594 |
| Cost of stocks held in treasury: | | |
| Redeemable preferred stock | **(620,741)** | (620,741) |
| Common stock | **(26,169)** | (26,169) |
| | **2,672,693** | 2,676,172 |
| **Non-controlling Interests** | **610,806** | 624,954 |
| **Total Equity** | **3,283,499** | 3,301,126 |
| **TOTAL LIABILITIES AND EQUITY** | **$6,403,022** | $6,126,657 |

*See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.*

## FIRST GEN CORPORATION AND SUBSIDIARIES

## UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF INCOME

**(Amounts in U.S. Dollars and in Thousands, Except per Share Data)**

| | For the Six-Month Periods Ended June 30 | |
|---|---|---|
| | **2024** | 2023 |
| **REVENUES FROM SALE OF ELECTRICITY** | **$1,278,448** | $1,286,961 |
| **COSTS OF SALE OF ELECTRICITY** (Note 16) | **(869,275)** | (847,361) |
| **GENERAL AND ADMINISTRATIVE EXPENSES** (Note 16) | **(128,658)** | (111,822) |
| **FINANCIAL INCOME (EXPENSE)** | | |
| Interest income | **15,045** | 15,153 |
| Interest expense and financing charges (Note 16) | **(57,840)** | (48,591) |
| | **(42,795)** | (33,438) |
| **OTHER INCOME (CHARGES)** | | |
| Foreign exchange gains – net | **8,340** | 29 |
| Proceeds from insurance claims | **681** | 415 |
| Mark-to-market gains (losses) on financial assets at FVPL (Notes 7 and 20) | **13** | (64) |
| Others – net (Note 20) | **3,779** | (449) |
| | **12,813** | (69) |
| **INCOME BEFORE INCOME TAX** | **250,533** | 294,271 |
| **PROVISION FOR (BENEFIT FROM) INCOME TAX** | | |
| Current | **41,856** | 47,111 |
| Deferred | **7,100** | (2,448) |
| | **48,956** | 44,663 |
| **NET INCOME** | **$201,577** | $249,608 |
| **Net income attributable to:** | | |
| Equity holders of the Parent Company | **$154,081** | $166,438 |
| Non-controlling interests | **47,496** | 83,170 |
| | **$201,577** | $249,608 |
| **Basic/Diluted Earnings per Share for Net Income Attributable to Equity Holders of the Parent Company** (Note 17) | **$0.043** | $0.046 |

*See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.*

## FIRST GEN CORPORATION AND SUBSIDIARIES

## UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF INCOME

**(Amounts in U.S. Dollars and in Thousands, Except per Share Data)**

| | For the Three-Month Periods Ended June 30 | |
|---|---|---|
| | **2024** | 2023 |
| **REVENUES FROM SALE OF ELECTRICITY** | **$682,046** | $634,779 |
| **COSTS OF SALE OF ELECTRICITY** (Note 16) | **(481,976)** | (423,601) |
| **GENERAL AND ADMINISTRATIVE EXPENSES** (Note 16) | **(70,112)** | (57,519) |
| **FINANCIAL INCOME (EXPENSE)** | | |
| Interest income | **6,641** | 8,401 |
| Interest expense and financing charges (Note 16) | **(30,066)** | (24,705) |
| | **(23,425)** | (16,304) |
| **OTHER INCOME (CHARGES)** | | |
| Foreign exchange gains – net | **8,880** | 191 |
| Proceeds from insurance claims | **42** | (1) |
| Mark-to-market gains (losses) on financial assets at FVPL (Notes 7 and 20) | **9** | (99) |
| Others – net (Note 20) | **905** | (61) |
| | **9,836** | 30 |
| **INCOME BEFORE INCOME TAX** | **116,369** | 137,385 |
| **PROVISION FOR INCOME TAX** | | |
| Current | **22,296** | 22,879 |
| Deferred | **3,575** | 480 |
| | **25,871** | 23,359 |
| **NET INCOME** | **$90,498** | $114,026 |
| **Net income attributable to:** | | |
| Equity holders of the Parent Company | **$75,262** | $77,205 |
| Non-controlling interests | **15,236** | 36,821 |
| | **$90,498** | $114,026 |

*See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.*

## FIRST GEN CORPORATION AND SUBSIDIARIES

## UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

**(Amounts in U.S. Dollars and in Thousands)**

| | For the Six-Month Periods Ended June 30 | |
|---|---|---|
| | **2024** | 2023 |
| **NET INCOME** | **$201,577** | $249,608 |
| **OTHER COMPREHENSIVE INCOME (LOSS):** | | |
| *Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:* | | |
| Exchange gains (losses) on foreign currency translation | **(164,959)** | 23,680 |
| Net gains (losses) on cash flow hedges - net of tax (Note 20) | **(496)** | 162 |
| Unrealized gains on debt instruments at FVOCI | **82** | 134 |
| | **(165,373)** | 23,976 |
| *Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:* | | |
| Unrealized gains (losses) on equity instruments at FVOCI | **(5)** | 307 |
| Total other comprehensive income (loss) - net of tax | **(165,378)** | 24,283 |
| **TOTAL COMPREHENSIVE INCOME** | **$36,199** | $273,891 |
| **Total comprehensive income attributable to:** | | |
| Equity holders of the Parent Company | **$24,907** | $181,441 |
| Non-controlling interests | **11,292** | 92,450 |
| | **$36,199** | $273,891 |

*See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.*

## FIRST GEN CORPORATION AND SUBSIDIARIES

## UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

**(Amounts in U.S. Dollars and in Thousands)**

| | For the Three-Month Periods Ended June 30 | |
|---|---|---|
| | **2024** | 2023 |
| **NET INCOME** | **$90,498** | $114,026 |
| **OTHER COMPREHENSIVE INCOME (LOSS):** | | |
| *Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:* | | |
| Exchange losses on foreign currency translation | **(152,168)** | (24,542) |
| Net gains (losses) on cash flow hedges – net of tax (Note 20) | **28,285** | (9,774) |
| Unrealized gains on debt instruments at FVOCI | **94** | 10 |
| | **(123,789)** | (34,306) |
| *Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:* | | |
| Unrealized gains (losses) on equity instruments at FVOCI | **(328)** | 209 |
| Total other comprehensive income (loss) – net of tax | **(124,117)** | (34,097) |
| **TOTAL COMPREHENSIVE INCOME (LOSS)** | **($33,619)** | $79,929 |
| **Total comprehensive income (loss) attributable to:** | | |
| Equity holders of the Parent Company | **($21,694)** | $50,669 |
| Non-controlling interests | **(11,925)** | 29,260 |
| | **($33,619)** | $79,929 |

*See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.*

# FIRST GEN CORPORATION AND SUBSIDIARIES

## UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

### FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2024 AND 2023

### (Amounts in U.S. Dollars and in Thousands, Except per Share Amount)

| | Equity Attributable to Equity Holders of the Parent Company (Note 15) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Capital Stock | | | | | | | Cost of Stocks Held in Treasury | | | | |
| | Redeemable Preferred Stock | Common Stock | Additional Paid-in Capital | Cumulative Translation Adjustments | Accumulated Unrealized Gain on Financial Assets at FVOCI | Equity Reserve | Retained Earnings | Redeemable Preferred Stock | Common Stock | Subtotal | Non-controlling Interests | Total |
| **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 | – | – | – | **(129,209)** | **35** | – | **154,081** | – | – | **24,907** | **11,292** | **36,199** |
| Accumulated unrealized gain on financial assets at FVOCI closed to retained earnings | – | – | – | – | **(26)** | – | **26** | – | – | – | **30** | **30** |
| Purchase of treasury stocks by EDC | – | – | – | – | – | – | – | – | – | – | **(1,429)** | **(1,429)** |
| Cash dividends on common stocks | – | – | – | – | – | – | **(28,386)** | – | – | **(28,386)** | – | **(28,386)** |
| Cash dividends to non-controlling shareholders of subsidiaries | – | – | – | – | – | – | – | – | – | – | **(24,041)** | **(24,041)** |
| **BALANCES AT JUNE 30, 2024** | **$85,667** | **$75,123** | **$1,324,444** | **($406,902)** | **$921** | **($232,965)** | **$2,473,315** | **($620,741)** | **($26,169)** | **$2,672,693** | **$610,806** | **$3,283,499** |
| **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 | – | – | – | 14,801 | 202 | – | 166,438 | – | – | 181,441 | 92,450 | 273,891 |
| Accumulated unrealized gain on financial assets at FVOCI closed to retained earnings | – | – | – | – | – | – | 1 | – | – | 1 | 1 | 2 |
| Cash dividends on common stocks | – | – | – | – | – | – | (25,973) | – | – | (25,973) | – | (25,973) |
| Cash dividends to non-controlling shareholders of subsidiaries | – | – | – | – | – | – | – | – | – | – | (24,554) | (24,554) |
| **BALANCES AT JUNE 30, 2023** | **$85,667** | **$75,123** | **$1,324,444** | **($277,232)** | **$866** | **($232,965)** | **$2,240,404** | **($620,689)** | **($26,169)** | **$2,569,449** | **$613,534** | **$3,182,983** |

*See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.*

## FIRST GEN CORPORATION AND SUBSIDIARIES

## UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
**(Amounts in U.S. Dollars and in Thousands)**

| | For the Six-Month Periods Ended June 30 | |
|---|---|---|
| | **2024** | 2023 |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Income before income tax | **$250,533** | $294,271 |
| Adjustments for: | | |
| Depreciation and amortization (Note 16) | **139,726** | 109,626 |
| Interest expense and financing charges (Note 16) | **57,840** | 48,591 |
| Provision for impairment of trade and other receivables, prepaid taxes, and others (Note 16) | **2,929** | 1,665 |
| Loss on direct write-off of input VAT claims | **424** | 543 |
| Provision for impairment of spare parts and supplies inventories (Note 16) | **308** | 1,543 |
| Loss (gain) on sale of property and equipment | **36** | (3) |
| Interest income | **(15,045)** | (15,153) |
| Unrealized foreign exchange gains – net | **(2,901)** | (26) |
| Mark-to-market gain on derivatives | **(741)** | – |
| Mark-to-market losses (gains) on financial assets at FVPL (Note 7) | **(13)** | 64 |
| Provision for impairment of goodwill and property and equipment (Notes 9, 10 and 16) | **–** | 3,809 |
| Income before working capital changes | **433,096** | 444,930 |
| Decrease (increase) in: | | |
| Receivables | **271,835** | (52,337) |
| Inventories | **2,307** | (41,299) |
| Other current assets | **57,986** | 3,654 |
| Increase (decrease) in: | | |
| Accounts payable and accrued expenses | **(276,375)** | 117,806 |
| Retirement and other post-employment benefits | **(1,284)** | 3,928 |
| Cash generated from operations | **487,565** | 476,682 |
| Interest received | **15,045** | 15,152 |
| Income taxes paid | **(44,459)** | (48,235) |
| **Net cash flows from operating activities** | **458,151** | 443,599 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Proceeds from: | | |
| Redemption of financial assets at FVOCI | **1,821** | 634 |
| Sale of property and equipment | **66** | 36 |
| Redemption of financial assets at FVPL (Note 7) | **–** | 24,312 |
| Additions to: | | |
| Property, plant and equipment (Note 9) | **(395,844)** | (100,679) |
| Intangible assets (Note 10) | **(336,989)** | (206) |
| Financial assets at FVOCI | **(1,809)** | – |
| Financial assets at FVPL (Note 7) | **(805)** | (906) |
| Decrease (increase) in: | | |
| Other noncurrent assets | **(170,342)** | 18,845 |
| Exploration and evaluation assets | **(2,924)** | (808) |
| **Net cash flows used in investing activities** | **(906,826)** | (58,772) |

| | For the Six-Month Periods Ended June 30 | |
|---|---|---|
| | **2024** | 2023 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Proceeds from availment of: | | |
| Long-term debts - net of debt issuance costs | **$564,951** | $125,822 |
| Loans payable (Note 13) | **53,400** | 62,500 |
| Payments of: | | |
| Long-term debts | **(177,832)** | (213,808) |
| Loans payable (Note 13) | **(109,580)** | (16,000) |
| Interest expense and financing charges | **(41,987)** | (35,765) |
| Lease liabilities (Note 14) | **(32,560)** | (3,557) |
| Purchase of treasury stocks by EDC | **(1,429)** | – |
| Cash dividends to preferred shareholders | **(446)** | (444) |
| Cash dividends to common shareholders | **–** | (53,257) |
| Dividends to non-controlling shareholders of subsidiaries | **–** | (24,554) |
| Increase in other noncurrent liabilities | **9,064** | 12,463 |
| **Net cash flows from (used in) financing activities** | **263,581** | (146,600) |
| **EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS** | **660** | (70) |
| **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | **(184,434)** | 238,157 |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD** | **974,567** | 816,194 |
| **CASH AND CASH EQUIVALENTS AT END OF PERIOD** (Note 4) | **$790,133** | $1,054,351 |

*See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.*

# SELECTED NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**(Amounts in U.S. Dollars and in Thousands, Unless Otherwise Stated)**

## 1. 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, except for First Gen Singapore PTE. Ltd. (FGen SG) and certain subsidiaries of Energy Development Corporation (EDC), are incorporated in the Philippines. These subsidiaries are incorporated in Singapore, 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 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 Series "G" Preferred Shares are currently listed and traded on the First Board of the PSE. 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 April 15, 2020, the Board of Directors (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.

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 shares filed with the Philippine SEC last 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 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 June 30, 2024, 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.

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 June 30, 2024, the Parent Company has redeemed its outstanding Series “G” Preferred Shares amounting to ₱ 5,296.6 million ($98.8 million).

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 June 30, 2024, 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 55.55%-owned by Lopez Holdings Corporation (Lopez Holdings), a publicly-listed Philippine-based entity, as of June 30, 2024. Majority of Lopez Holdings is owned by Lopez, Inc. Lopez, Inc. is the ultimate parent of First Gen. These companies are all incorporated in the Philippines. As of June 30, 2024, there are 321 common stockholders of record of First Gen, and 3,596,575,505 common stocks issued and outstanding (see Note 15).

*Corporate Address*

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

## 2. Summary of Material Accounting and Significant Accounting Policies

Basis of Preparation
The unaudited interim condensed consolidated financial statements of First Gen Group as of June 30, 2024, and for the six-month periods ended June 30, 2024 and 2023 have been prepared on a historical cost basis, except for certain financial assets and liabilities that have been measured at fair value. The unaudited interim condensed 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 unaudited interim condensed consolidated financial statements of First Gen Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs) Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*. Accordingly, the unaudited interim condensed consolidated financial statements do not include all of the information and footnotes required in the annual consolidated financial statements, and should be read in conjunction with First Gen Group's annual consolidated financial statements as at and for the year ended December 31, 2023.

Material Accounting and Financial Reporting Policies
The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the annual consolidated financial statements as at and for the year ended December 31, 2023, except for the adoption of the amendments to existing standards effective in 2024.

The adoption of these amendments did not have a material impact on the unaudited interim condensed consolidated financial statements of the First Gen Group.

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

  The amendments clarify:

  - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right.
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

- 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.

- 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 unaudited interim condensed consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries.

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 losses control over the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the unaudited interim condensed consolidated financial statements from the date First Gen Group gains control until the 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 unaudited interim 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.

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 unaudited interim consolidated statement of income, unaudited interim consolidated statement of

comprehensive income, and within equity in the unaudited interim consolidated statement of financial position, 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 six-month periods ended June 30, 2024 and 2023, the non-controlling interests arise from the profits or losses 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:

| | **June 30, 2024** | December 31, 2023 |
|---|---|---|
| First Gen Renewables, Inc. (FGRI) | **100** | 100 |
| Unified Holdings Corporation (Unified) | **100** | 100 |
| AlliedGen Power Corp. (AlliedGen) | **100** | 100 |
| First Gen Mindanao Hydro Power Corporation (FG Mindanao) | **100** | 100 |
| First Gen Ecopower Solutions, Inc. (FG Ecopower)[1] | **100** | 100 |
| First Gen Energy Solutions Inc. (FGES) | **100** | 100 |
| First Gen Prime Energy Corporation (FG Prime) | **100** | 100 |
| First Gen Visayas Energy, Inc. (FG Visayas Energy) | **100** | 100 |
| FG Bukidnon Power Corporation (FG Bukidnon)[2] | **100** | 100 |
| Northern Terracotta Power Corp. (Northern Terracotta) | **100** | 100 |
| Blue Vulcan Holdings Corporation (Blue Vulcan) | **100** | 100 |
| Prime Meridian Powergen Corporation (Prime Meridian)[3] | **100** | 100 |
| Goldsilk Holdings Corporation[7] | **100** | 100 |
| Dualcore Holdings Inc.[7] | **100** | 100 |
| Onecore Holdings Inc.[7] | **100** | 100 |
| FG Mindanao Renewables Corp. (FMRC)[8] | **100** | 100 |
| FGen Northern Mindanao Holdings, Inc. (FNMHI)[8] | **100** | 100 |
| FGen Tagoloan Hydro Corporation (FG Tagoloan)[9] | **100** | 100 |
| FGen Tumalaong Hydro Corporation (FG Tumalaong)[9] | **100** | 100 |
| FGen Puyo Hydro Corporation (FG Puyo)[10] | **100** | 100 |
| FGen Bubunawan Hydro Corporation (FG Bubunawan)[10] | **100** | 100 |
| FGen Cabadbaran Hydro Corporation (FG Cabadbaran)[10] | **100** | 100 |
| First Gas Holdings Corporation (FGHC) | **100** | 100 |
| FGP Corp. (FGP)[4] | **100** | 100 |
| First NatGas Power Corp. (FNPC)[5] | **100** | 100 |
| First Gas Power Corporation (FGPC)[6] | **100** | 100 |
| First Gas Pipeline Corporation (FG Pipeline)[6] | **100** | 100 |
| FGLand Corporation (FG Land)[6] | **100** | 100 |
| FGEN LNG Corporation (FGEN LNG)[11] | **100** | 100 |
| First Gen LNG Holdings Corporation (LNG Holdings) | **100** | 100 |
| First Gen Meridian Holdings, Inc. (FGEN Meridian) | **100** | 100 |
| FGen Power Ventures, Inc. (FGEN Power Ventures) | **100** | 100 |
| FGen San Isidro Hydro Power Corporation (FGEN San Isidro)[9] | **100** | 100 |
| First Green Vehicles, Inc. (FG Vehicles) | **100** | 100 |
| FGen Eco Solutions Holdings, Inc. (FGESHI) | **100** | 100 |
| FGen Liquefied Natural Gas Holdings, Inc. (Liquefied Holdings) | **100** | 100 |
| FGen Reliable Energy Holdings, Inc. (FG Reliable Energy) | **100** | 100 |
| FGen Power Solutions, Inc. (FG Power Solutions) | **100** | 100 |
| FGen Vibrant Blue Sky Holdings, Inc. (Vibrant Blue Sky) | **100** | 100 |
| FGen Aqua Power Holdings, Inc. (FG Aqua Power) | **100** | 100 |
| FGen Natural Gas Supply, Inc. (FGen NatGas Supply)[12] | **100** | 100 |

| | **June 30, 2024** | December 31, 2023 |
|---|---|---|
| FGen Power Operations, Inc. (FPOI) | **100** | 100 |
| FGen Fuel Line Systems, Inc. (FGen Fuel Line) | **100** | 100 |
| Prime Terracota Holdings Corp. (Prime Terracota) | **100** | 100 |
| First Gen Northern Power Corp. (FGen Northern Power) | **100** | 100 |
| Fresh River Lakes Corp. (FRLC) | **100** | 100 |
| FGen SG | **100** | 100 |
| First Gen Hydro Power Corporation (FG Hydro)[13] | **40** | 40 |

*[1]Through FGESHI*
*[2]Through FGRI*
*[3]Through FGEN Meridian*
*[4]60% through Unified and 40% through Onecore*
*[5]Through AlliedGen*
*[6]Through FGHC*
*[7]Through Blue Vulcan*
*[8]Through FG Mindanao*
*[9]Through FMRC*
*[10]Through FNMHI*
*[11]Through LNG Holdings*
*[12]Through Liquefied Holdings*
*[13]The Parent Company has 40% direct voting interest in FG Hydro while its effective economic interest through Prime Terracota is 67.5% as of June 30, 2024*

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

As of June 30, 2024, 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, FGESHI, Liquefied Holdings, FG Reliable Energy, FG Power Solutions, FG Aqua Power, FGen NatGas Supply, FPOI, and FGen Fuel Line have not started commercial operations.

*Prime Terracota*
As of June 30, 2024 and December 31, 2023, Prime Terracota's subsidiaries include the following companies:

| | **June 30, 2024** | December 31, 2023 |
|---|---|---|
| Red Vulcan Holdings Corporation (Red Vulcan) | **100** | 100 |
| EDC[1] | **64** | 64 |
| First Gen Hydro Power Corporation (FG Hydro) | **38** | 38 |
| EDC Geothermal Corp. (EGC)[3] | **64** | 64 |
| Green Core Geothermal Inc. (GCGI) | **64** | 64 |
| Bac-Man Geothermal Inc. (BGI) | **64** | 64 |
| Unified Leyte Geothermal Energy Inc. (ULGEI) | **64** | 64 |
| Southern Negros Geothermal, Inc. (SNGI)[2] | **64** | 64 |
| Bac-Man Energy Development Corporation (BEDC)[2] | **64** | 64 |
| EDC Wind Energy Holdings, Inc. (EWEHI)[2] | **64** | 64 |
| EDC Burgos Wind Power Corporation (EBWPC) | **64** | 64 |
| EDC Pagudpud Wind Power Corporation (EPWPC)[2] | **64** | 64 |
| EDC Bayog Burgos Wind Power Corporation (EBBWPC)[2] | **64** | 64 |
| EDC Pagali Burgos Wind Power Corporation (EPBWPC)[2] | **64** | 64 |
| Iloilo 1 Renewable Energy Corporation (I1REC)[2] | **64** | 64 |
| EDC Bright Solar Energy Holdings, Inc. (EBSEHI)[3] | **64** | 64 |
| EDC Siklab Power Corporation (EDC Siklab)[2] | **64** | 64 |
| EDC Sinag Power Corporation (Sinag)[2] | **64** | 64 |
| EDC Chile Limitada[2] | **64** | 64 |
| EDC Holdings International Limited (EHIL)[3] | **64** | 64 |
| Energy Development Corporation Hong Kong International Investment Limited (EDC HKIIL)[2] | **64** | 64 |
| Energy Development Corporation Hong Kong Limited (EDC HKL)[3] | **64** | 64 |

| | **June 30, 2024** | December 31, 2023 |
|---|---|---|
| EDC Chile Holdings SPA[2] | **64** | 64 |
| EDC Geotermica Chile[2] | **64** | 64 |
| EDC Peru Holdings S.A.C.[2] | **64** | 64 |
| EDC Geotermica Peru S.A.C.[2] | **64** | 64 |
| Energy Development Corporation Peru S.A.C.[2] | **64** | 64 |
| EDC Geotermica Del Sur S.A.C.[2] | **64** | 64 |
| EDC Energia Azul S.A.C.[2] | **64** | 64 |
| Geotermica Crucero Peru S.A.C.[2] | **45** | 45 |
| EDC Energía Perú S.A.C.[2] | **64** | 64 |
| Geotermica Tutupaca Norte Peru S.A.C.[2] | **45** | 45 |
| EDC Energía Geotérmica S.A.C.[2] | **64** | 64 |
| EDC Progreso Geotérmica Perú S.A.C.[2] | **64** | 64 |
| Geotermica Loriscota Peru S.A.C.[2] | **45** | 45 |
| EDC Energía Renovable Perú S.A.C.[2] | **64** | 64 |
| EDC Soluciones Sostenibles Ltd | **64** | 64 |
| EDC Energia Verde Chile SpA | **64** | 64 |
| EDC Energia de la Tierra SpA | **64** | 64 |
| EDC Desarollo Sostenible Ltd. | **64** | 64 |
| EDC Energia Verde Peru SAC | **64** | 64 |
| PT EDC Indonesia[3] | **61** | 61 |
| PT EDC Panas Bumi Indonesia[3] | **61** | 61 |

[1]*The Parent Company's effective economic and voting interest in EDC is 45.8% and 65.0% as of June 30, 2024, respectively.*
[2]*Incorporated before 2024 and has not yet started commercial operations as of June 30, 2024.*
[3]*Serves as an investment holding company.*

*EDC*
As of June 30, 2024 and December 31, 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 June 30, 2024 and December 31, 2023, the Parent Company has 65.0% effective voting interest in EDC through Prime Terracota.

## 3. Operating Segment Information

Operating segments are components of First Gen Group that are engaged in business activities from which they may earn revenues and incur expenses, whose operating results are regularly reviewed by First Gen Group's Chief Operating Decision Maker (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 megawatt (MW) combined cycle, natural gas-fired Santa Rita power 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, 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, 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, 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 June 30, 2024, 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 June 30, 2024, 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 Power Plants (PAHEP/MAHEP), and where the Parent Company has a 40% direct economic interest and 67.5% effective economic interest (including 27.5% indirect interest through EDC) as of June 30, 2024; and,

- FRLC, which owns and operates the 165MW Casecnan Hydro Electric Power Plant (CHEPP) effective February 26, 2024, and where the Parent Company has a 100% equity interest (see Notes 10 and 11).

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. The classification of segment revenue is consistent with the unaudited interim consolidated statement of income. Segment expenses pertain to the costs and expenses presented in the unaudited interim consolidated statement 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 currently 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 2.9% of EDC's total revenues are derived from existing long-term Power Purchase Agreement (PPA) with National Power Corporation (NPC).

Financial information on the business segments are summarized as follows:

| | For the Six-Month Periods Ended June 30, 2024 (Unaudited) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **FGPC** | **FGP** | **FNPC** | **Prime Meridian** | **EDC and Subsidiaries*** | **FG Hydro & FRLC** | **Others** | **Eliminating Entries**** | **Total** |
| **Segment revenue** | **$481,683** | **$216,334** | **$118,990** | **$37,087** | **$391,945** | **$29,302** | **$8,987** | **($5,880)** | **$1,278,448** |
| **Segment expenses** | **(384,628)** | **(170,591)** | **(79,824)** | **(30,163)** | **(205,786)** | **(19,774)** | **(31,238)** | **63,797** | **(858,207)** |
| **Segment results** | **97,055** | **45,743** | **39,166** | **6,924** | **186,159** | **9,528** | **(22,251)** | **57,917** | **420,241** |
| **Interest income** | **1,268** | **2,645** | **1,016** | **233** | **5,272** | **1,463** | **5,177** | **(2,029)** | **15,045** |
| **Interest expense and financing charges** | **(4,166)** | **(7,120)** | **(2,454)** | **(707)** | **(32,010)** | **(17)** | **(13,395)** | **2,029** | **(57,840)** |
| **Depreciation and amortization** | **(22,097)** | **(11,870)** | **(11,027)** | **(2,519)** | **(57,722)** | **(4,268)** | **(30,223)** | **–** | **(139,726)** |
| **Other income (charges) - net** | **4,300** | **811** | **(3,358)** | **217** | **(2,547)** | **3,024** | **70,919** | **(60,553)** | **12,813** |
| **Income (loss) before income tax** | **76,360** | **30,209** | **23,343** | **4,148** | **99,152** | **9,730** | **10,227** | **(2,636)** | **250,533** |
| **Provision for income tax** | **(16,352)** | **(8,004)** | **(11,581)** | **(1,216)** | **(10,471)** | **(589)** | **(743)** | **–** | **(48,956)** |
| **Net income (loss)** | **$60,008** | **$22,205** | **$11,762** | **$2,932** | **$88,681** | **$9,141** | **$9,484** | **($2,636)** | **$201,577** |

**Pertains to EDC and subsidiaries' unaudited consolidated statement of income, including the effect of the purchase price allocation but excluding FG Hydro.*
***Pertains to intercompany transactions that were eliminated upon consolidation.*

| | For the Six-Month Periods Ended June 30, 2023 (Unaudited) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | FGPC | FGP | FNPC | Prime Meridian | EDC and Subsidiaries* | FG Hydro | Others | Eliminating Entries** | Total |
| Segment revenue | $425,028 | $211,163 | $137,464 | $43,082 | $442,197 | $24,277 | $12,499 | ($8,749) | $1,286,961 |
| Segment expenses | (333,510) | (165,796) | (108,338) | (29,007) | (188,590) | (12,933) | (26,855) | 15,472 | (849,557) |
| Segment results | 91,518 | 45,367 | 29,126 | 14,075 | 253,607 | 11,344 | (14,356) | 6,723 | 437,404 |
| Interest income | 235 | 2,480 | 308 | 159 | 5,825 | 666 | 7,724 | (2,244) | 15,153 |
| Interest expense and financing charges | (4,337) | (8,115) | (2,690) | (1,263) | (28,628) | (4) | (5,798) | 2,244 | (48,591) |
| Depreciation and amortization | (21,959) | (11,846) | (11,319) | (2,431) | (57,492) | (4,177) | (402) | – | (109,626) |
| Other income (charges) - net | 33 | 37 | 274 | 72 | (635) | 27 | 8,715 | (8,592) | (69) |
| Income (loss) before income tax | 65,490 | 27,923 | 15,699 | 10,612 | 172,677 | 7,856 | (4,117) | (1,869) | 294,271 |
| Provision for income tax | (13,654) | (6,571) | (3,133) | (2,148) | (18,517) | (381) | (259) | – | (44,663) |
| Net income (loss) | $51,836 | $21,352 | $12,566 | $8,464 | $154,160 | $7,475 | ($4,376) | ($1,869) | $249,608 |

**Pertains to EDC and subsidiaries' unaudited consolidated statement of income, including the effect of the purchase price allocation but 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:

| | **For the Six-Month Periods Ended June 30, 2024 (Unaudited)** | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **FGPC** | **FGP** | **FNPC** | **Prime Meridian** | **EDC and Subsidiaries** | **FG Hydro & FRLC** | **Others** | **Eliminating Entries** | **Total** |
| **PPAs** | **$481,581** | **$216,306** | **$–** | **$–** | **$11,627** | **$–** | **$–** | **$–** | **$709,514** |
| **Power Supply Agreements (PSAs)** | **–** | **–** | **40,099** | **372** | **189,409** | **9,007** | **215** | **(5,880)** | **233,222** |
| **Spot market sales** | **102** | **28** | **78,891** | **18,233** | **103,494** | **18,439** | **–** | **–** | **219,187** |
| **Sales under Feed-in-Tariff (FIT)** | **–** | **–** | **–** | **–** | **22,708** | **–** | **–** | **–** | **22,708** |
| **Retail electricity sales and ancillary services** | **–** | **–** | **–** | **18,482** | **64,707** | **1,856** | **8,772** | **–** | **93,817** |
| **Revenue from contracts with customers** | **$481,683** | **$216,334** | **$118,990** | **$37,087** | **$391,945** | **$29,302** | **$8,987** | **($5,880)** | **$1,278,448** |

| | For the Six-Month Periods Ended June 30, 2023 (Unaudited) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | FGPC | FGP | FNPC | Prime Meridian | EDC and Subsidiaries | FG Hydro | Others | Eliminating Entries | Total |
| PPAs | $424,817 | $211,091 | $– | $– | $49 | $– | $– | $– | $635,957 |
| PSAs | – | – | 137,440 | 648 | 172,664 | 8,828 | 335 | (8,749) | 311,166 |
| Spot market sales | 211 | 72 | 24 | 24,138 | 162,629 | 13,743 | – | – | 200,817 |
| Sales under FIT | – | – | – | – | 35,275 | – | – | – | 35,275 |
| Retail electricity sales and ancillary services | – | – | – | 18,296 | 71,580 | 1,706 | 12,164 | – | 103,746 |
| Revenue from contracts with customers | $425,028 | $211,163 | $137,464 | $43,082 | $442,197 | $24,277 | $12,499 | ($8,749) | $1,286,961 |

Other financial information of the business segments are as follows:

| | **June 30, 2024 (Unaudited)** | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **FGPC** | **FGP** | **FNPC** | **Prime Meridian** | **EDC & Subsidiaries*** | **FG Hydro & FRLC** | **Others** | **Eliminating Entries**** | **Total** |
| **Current assets** | **$411,605** | **$307,325** | **$128,554** | **$45,545** | **$630,756** | **$78,474** | **$380,990** | **($279,716)** | **$1,703,533** |
| **Noncurrent assets** | **144,782** | **121,522** | **295,281** | **70,168** | **2,177,074** | **553,209** | **6,771,322** | **(5,433,869)** | **4,699,489** |
| **Total assets** | **$556,387** | **$428,847** | **$423,835** | **$115,713** | **$2,807,830** | **$631,683** | **$7,152,312** | **($5,713,585)** | **$6,403,022** |
| **Current liabilities** | **$292,167** | **$174,074** | **$66,899** | **$26,925** | **$522,640** | **$4,965** | **$195,173** | **($93,878)** | **$1,188,965** |
| **Noncurrent liabilities** | **33,278** | **123,905** | **73,413** | **1,476** | **909,870** | **127** | **1,038,256** | **(249,767)** | **1,930,558** |
| **Total liabilities** | **$325,445** | **$297,979** | **$140,312** | **$28,401** | **$1,432,510** | **$5,092** | **$1,233,429** | **($343,645)** | **$3,119,523** |

**Pertains to EDC and subsidiaries' unaudited consolidated statement of financial position, including the effect of the purchase price allocation but excluding FG Hydro.*
***Pertains to intercompany assets and liabilities that were eliminated upon consolidation.*

| | December 31, 2023 (Audited) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | FGPC | FGP | FNPC | Prime Meridian | EDC & Subsidiaries* | FG Hydro & 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, including the effect of the purchase price allocation but excluding FG Hydro.*
***Pertains to intercompany assets and liabilities that were eliminated upon consolidation.*

## 4. Cash and Cash Equivalents

| | **June 30, 2024 (Unaudited)** | December 31, 2023 (Audited) |
|---|---|---|
| Cash on hand and in banks | **$365,039** | $304,728 |
| Short-term deposits | **425,094** | 669,839 |
| | **$790,133** | $974,567 |

Cash in banks earn interest at the respective bank deposit rates. 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 deposits rates.

## 5. Receivables

| | **June 30, 2024 (Unaudited)** | December 31, 2023 (Audited) |
|---|---|---|
| Trade | **$577,837** | $487,852 |
| Due from related parties (see Note 18) | **2,079** | 349 |
| Loans and notes receivables | **810** | 819 |
| Others | **14,514** | 23,762 |
| | **595,240** | 512,782 |
| Less: allowance for expected credit losses | **(19,360)** | 20,297 |
| | **$575,880** | $492,485 |

**Aging of trade receivables:**

| | |
|---|---|
| Current | **$434,722** |
| More than 1 day to 30 days past due | **45,874** |
| More than 30 days to one year past due | **76,088** |
| More than one year past due | **21,153** |
| | **$577,837** |

Trade receivables are non-interest bearing and are generally collectible on 30 to 60 days. Other receivables comprise mainly of receivables from employees, contractors and suppliers, which are collectible upon demand.

## 6. Inventories

| | **June 30, 2024 (Unaudited)** | December 31, 2023 (Audited) |
|---|---|---|
| At cost: | | |
| Fuel inventories | **$49,945** | $94,175 |
| Spare parts and supplies | **152,816** | 126,202 |
| | **202,761** | 220,377 |
| At NRV - spare parts and supplies | **33,220** | 28,403 |
| | **$235,981** | $248,780 |

Fuel inventories recognized as expense were $114.8 million and $97.3 million for the six-month periods ended June 30, 2024 and 2023, respectively, which are recognized as part of the "Costs of sale of electricity" account in the unaudited interim consolidated statements of income (see Note 16).

## 7. Financial Assets at FVPL

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

Among others, following are the significant provisions of the IMA 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 of 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 manager. 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 a financial asset to be carried at FVPL. Mark-to-market movements on the securities amounting to $0.01 million gain and $0.06 million loss for the six-month periods ended June 30, 2024 and 2023, respectively, are taken up in the unaudited interim consolidated statements of income.

The movements of the financial assets at FVPL account are as follows:

| | **June 30, 2024 (Unaudited)** | December 31, 2023 (Audited) |
|---|---|---|
| Balance at beginning of period | **$362** | $24,795 |
| Mark-to-market gain (loss) for the period | **13** | (73) |
| Foreign exchange adjustments | **(51)** | 107 |
| Additions for the period | **805** | 1,150 |
| Realized income for the period | **−** | 134 |
| Redemptions for the period | **−** | (25,750) |
| Trustee fees | **−** | (1) |
| Balance at end of period | **$1,129** | $362 |

8. **Other Current Assets**

| | **June 30, 2024 (Unaudited)** | December 31, 2023 (Audited) |
|---|---|---|
| Prepaid expenses | **$38,304** | $38,879 |
| Input VAT | **22,583** | 30,860 |
| Advances to suppliers | **14,920** | 3,670 |
| Short-term investments (see Notes 19 and 20) | **12,247** | 69,665 |
| Prepaid taxes | **2,624** | 2,746 |
| Derivative assets (see Notes 19 and 20) | **826** | 620 |
| Others | **8,906** | 9,925 |
| | **$100,410** | $156,365 |

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

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

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

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

## 9. Property, Plant and Equipment

Movements in the account are as follows:

| | June 30, 2024 (Unaudited) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Land** | **Power Plants, Buildings, Improvements and Other Structures** | **Exploration, Machinery and Equipment** | **Fluid Collection and Recycling System (FCRS) and Production Wells** | **Furniture, Fixtures and 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 | **764** | **5,509** | **193,652** | **–** | **1,141** | **76** | **–** | **194,702** | **395,844** |
| Retirements/write-off | **–** | **(62)** | **(1,831)** | **–** | **(119)** | **(59)** | **–** | **–** | **(2,071)** |
| Reclassifications/adjustments | **–** | **48,146** | **223,109** | **53,833** | **165** | **(23)** | **–** | **(308,435)** | **16,795** |
| Foreign exchange adjustments | **(2,516)** | **(68,747)** | **(24,728)** | **(61,801)** | **(2,014)** | **(203)** | **(40)** | **(37,944)** | **(197,993)** |
| Balances at June 30, 2024 | **62,600** | **1,418,189** | **2,552,248** | **1,073,071** | **48,297** | **6,978** | **6,733** | **593,229** | **5,761,345** |
| **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 | **–** | **40,021** | **51,125** | **18,979** | **1,994** | **491** | **178** | **–** | **112,788** |
| Retirements/write-off | **–** | **(62)** | **(1,767)** | **–** | **(118)** | **(22)** | **–** | **–** | **(1,969)** |
| Reclassifications/adjustments | **–** | **(40)** | **(148)** | **–** | **(55)** | **30** | **–** | **–** | **(213)** |
| Foreign exchange adjustments | **(18)** | **(41,106)** | **(5,090)** | **(21,422)** | **(1,733)** | **(109)** | **(29)** | **(661)** | **(70,168)** |
| Balances at June 30, 2024 | **301** | **1,095,458** | **1,304,237** | **372,056** | **41,849** | **4,421** | **5,345** | **1,818** | **2,825,485** |
| **Net Book Values** | **$62,299** | **$322,731** | **$1,248,011** | **$701,015** | **$6,448** | **$2,557** | **$1,388** | **$591,411** | **$2,935,860** |

| | December 31, 2022 (Audited) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Land | Power Plants, Buildings, Improvements and Other Structures | Exploration, Machinery and Equipment | FCRS and Production Wells | Furniture, Fixtures and 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 | 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 | – | 87,288 | 88,175 | 36,660 | 2,724 | 828 | 123 | – | 215,798 |
| Impairment | – | – | 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 $234.8 million and $242.9 million as of June 30, 2024 and December 31, 2023, respectively, have been pledged as security for long-term debt (see Note 13).

As of June 30, 2024, machinery and equipment amounting to $185.1 million, including direct costs, were recognized as result of the acquisition of the 165MW CHEPP in Pantabangan, Nueva Ecija (see Note 10).

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

| | For the Six-Month Periods Ended June 30 | |
|---|---|---|
| | **2024** | 2023 |
| Property, plant and equipment | **$112,788** | $105,447 |
| Right-of-use of assets (see Note 10) | **23,290** | 1,930 |
| Intangible assets | **6,063** | 2,249 |
| Capitalized depreciation | **(2,415)** | − |
| | **$139,726** | $109,626 |

| | For the Six-Month Periods Ended June 30 | |
|---|---|---|
| | **2024** | 2023 |
| Costs of sale of electricity (see Note 16) | **$134,294** | $104,873 |
| General and administrative (see Note 16) | **5,432** | 4,753 |
| | **$139,726** | $109,626 |

## 10. Goodwill and Intangible Assets

| | June 30, 2024 (Unaudited) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Goodwill | Concession Rights for Contracts Acquired | Water Rights | CHEPP Intangible Asset | Pipeline Rights | Rights 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** | **$1,097,241** |
| Additions | **−** | **−** | **−** | **336,846** | **−** | **−** | **143** | **336,989** |
| Foreign exchange adjustments | **(47,815)** | **(8,324)** | **(2,399)** | **(12,768)** | **−** | **−** | **(843)** | **(72,149)** |
| Balances at June 30, 2024 | **826,219** | **142,241** | **41,030** | **324,078** | **13,253** | **1,152** | **14,108** | **1,362,081** |
| Accumulated Amortization and Allowance for Impairment: | | | | | | | | |
| Balances at December 31, 2023 | **2,529** | **150,481** | **29,750** | **$−** | **12,797** | **960** | **12,417** | **208,934** |
| Amortization (see Note 9) | **−** | **41** | **853** | **4,491** | **301** | **60** | **317** | **6,063** |
| Foreign exchange adjustments | **(141)** | **(8,321)** | **(1,676)** | **(170)** | **−** | **−** | **(696)** | **(11,004)** |
| Balances at June 30, 2024 | **2,388** | **142,201** | **28,927** | **4,321** | **13,098** | **1,020** | **12,038** | **203,993** |
| Net Book Values | **$823,831** | **$40** | **$12,103** | **$319,757** | **$155** | **$132** | **$2,070** | **$1,158,088** |

| | December 31, 2023 (Audited) | | | | | | |
|---|---|---|---|---|---|---|---|
| | Goodwill | Concession Rights for Contracts Acquired | Water Rights | Pipeline Rights | Rights 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 Note 9) | – | 164 | 1,729 | 602 | 120 | 1,659 | 4,274 |
| Impairment | 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 June 30, 2024 and December 31, 2023, the outstanding balance of goodwill is attributable to Red Vulcan, GCGI, FG Hydro, and FGHC.

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 Steam Sales Agreements and PPAs of EDC. 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 average remaining amortization period of the intangible asset pertaining to the concession rights originating from contracts is less than a year as of June 30, 2024.

Water rights

Water rights include 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, has given its consent to the transfer to FG Hydro, as the winning bidder of the PAHEP/MAHEP, of the water permit for Pantabangan river issued by the National Water Resources Council on March 15, 1977.

Water rights are amortized using the straight-line method over 25 years, which is the term of FG Hydro’s agreement with the National Irrigation Administration (NIA). The remaining amortization period of water rights is 7.40 years as of June 30, 2024.

Intangible Asset - CHEPP

On February 25, 2024, the Deed of Absolute Sale of the 165MW CHEPP in Pantabangan, Nueva Ecija was signed and executed by Power Sector Assets and Liabilities Management Corporation (PSALM), NIA, and FRLC for a total acquisition price of $526.0 million. Subsequently, on February 26, 2024 at 00:00 hours, CHEPP was officially turned over to FRLC.

The accounting for business combination was determined provisionally based on the carrying amounts of the assets as FRLC is still finalizing the fair valuation of the financial assets acquired. This will be finalized within one year from acquisition date as allowed by PFRS 3, *Business Combinations*.

The provisional values of the assets recognized as a result of the acquisition are as follows:

| | |
|---|---|
| Property, plant and equipment (see Note 10) | $189,154 |
| Intangible asset | 336,846 |
| Total consideration | $526,000 |

From the date of acquisition, FRLC contributed $9.3 million to the consolidated revenues and consolidated net income of $2.3 million to First Gen Group for the six-month period ended June 30, 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 Gas Sale and Purchase Agreement (GSPA). The remaining amortization period of pipeline rights is 0.25 year as of June 30, 2024.

Rights to use transmission line
On July 15, 2015, FGPC has agreed to give, transfer and convey, by way of donation, the Substation Improvements to TransCo amounting to $1.2 million pursuant to the Substation Interconnection Agreement (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 rights 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 1.17 years as of June 30, 2024.

Other intangible assets
Other intangible assets pertain to computer software and licenses.

## 11. Other Noncurrent Assets

| | **June 30, 2024 (Unaudited)** | December 31, 2023 (Audited) |
|---|---|---|
| Right-of-use assets – net | **$241,502** | $232,158 |
| Input VAT | **124,171** | 115,510 |
| Prepaid major spare parts | **78,502** | 79,834 |
| Prepaid expenses – net of current portion | **42,626** | 41,134 |
| Exploration and evaluation assets | **39,205** | 38,847 |
| Long-term receivables (see Notes 19 and 20) | **32,703** | 32,098 |
| Financial assets at FVOCI (see Notes 19 and 20) | **5,874** | 6,035 |
| Derivative assets (see Notes 19 and 20) | **4,470** | 4,217 |

*(Forward)*

| | **June 30, 2024 (Unaudited)** | December 31, 2023 (Audited) |
|---|---|---|
| Special deposits and funds (see Notes 19 and 20) | **$820** | $3,471 |
| Deferred debt issuance costs (see Note 13) | **–** | 2,665 |
| Others | **39,455** | 48,617 |
| | **609,328** | 604,586 |
| Less allowance for impairment losses | **24,894** | 24,620 |
| | **$584,434** | $579,966 |

The provision for impairment losses pertaining to prepaid taxes and long-term receivables amounted to $2.9 million and $1.7 million for the six-month periods ended June 30, 2024 and 2023, respectively (see Note 16).

"Others" account includes investment made by EDC to Compañía De Energia (Enerco) which is accounted as investment in joint venture amounting to $21.2 million and $22.2 million as of June 30, 2024 and December 31, 2023, respectively. As of June 30, 2024, 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.

"Others" account also includes advances to contractors, deposits for land acquisitions, and power plant spares totaling to $11.1 million and $10.0 million as of June 30, 2024 and December 31, 2023, respectively.

## 12. Accounts Payable and Accrued Expenses

| | **June 30, 2024 (Unaudited)** | December 31, 2023 (Audited) |
|---|---|---|
| Trade (see Note 18) | **$497,965** | $552,066 |
| Output VAT | **90,549** | 34,054 |
| Deferred output VAT | **54,104** | 102,014 |
| Accrued interest and financing costs | **25,460** | 16,414 |
| Withholding and other taxes payable | **18,022** | 22,498 |
| Government share payable | **1,165** | 989 |
| Due to a related party (see Note 18) | **145** | 145 |
| Others | **44,998** | 43,466 |
| | **$732,408** | $771,646 |

Trade payables are noninterest-bearing and are normally settled on 30 to 60-day payment terms.

The accrued interest represents interest accrued on the outstanding loans, which is reckoned from the last payment date up to the financial reporting date.

As of June 30, 2024 and December 31, 2023, the "Others" account includes EDC's provision for shortfall generation, and a portion of liabilities on regulatory assessments and other contingencies.

## 13. Loans Payable and Long-term Debts

*Loans payable*

| Entities | Dates | Maturities | Interest Rates | June 30, 2024 (Unaudited) | December 31, 2023 (Audited) |
|---|---|---|---|---|---|
| **FGPC** | | | | | |
| • BDO | Feb. 21, 2024 | August 19, 2024 | 5.50% | **$44,200** | $– |
| • PNB | May 9, 2023 | Aug. 7, 2023 extended until July 31, 2024 | 5.75% until Aug. 7, 2023<br>5.65% until July 31, 2024 | **24,000** | 24,000 |
| • PNB | Dec. 27, 2023 | April 25, 2024 | 5.65% | **–** | 29,132 |
| • BDO | July 26, 2023 | Oct. 24, 2023 extended until Jan. 5, 2024 | 5.75% until Oct. 24, 2023<br>5.65% until Jan. 5, 2024 | **–** | 24,200 |
| • PNB | Sept. 7, 2023 | March 5, 2024 | 5.65% | **–** | 15,970 |
| **FGP** | | | | | |
| • PNB | June 18, 2024 | Dec. 13, 2024 | 5.25% | **9,200** | – |
| • BDO | Sept. 7, 2023 | March 5, 2024 | 5.65% | **–** | 11,060 |
| • PNB | Dec. 27, 2023 | April 25, 2024 | 5.65% | **–** | 14,711 |
| **FNPC** | | | | | |
| • BDO | Sept. 7, 2023 | March 5, 2024 | 5.65% | **–** | 9,390 |
| • BDO | Dec. 27, 2023 | April 25, 2024 | 5.65% | **–** | 5,117 |
| | | | | **$77,400** | $133,580 |

First Gen Group availed loans payable amounting to $53.4 million and $62.5 million for the six-month periods ended June 30, 2024 and 2023, respectively. First Gen Group's settlement of loans payable amounted to $109.6 million and $16.0 million during the six-month periods ended June 30, 2024 and 2023, respectively.

*Long-term debts*
This account consists of long-term debts of:

| | June 30, 2024 (Unaudited) | December 31, 2023 (Audited) |
|---|---|---|
| EDC Group | **$1,079,483** | $1,006,581 |
| Parent Company | **442,657** | 124,819 |
| FGP | **164,084** | 185,811 |
| FNPC | **73,936** | 82,816 |
| FGPC | **–** | 35,672 |
| Prime Meridian | **9,353** | 19,769 |
| | **1,769,513** | 1,455,468 |
| Less current portion | **253,276** | 319,121 |
| | **$1,516,237** | $1,136,347 |

EDC

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

| Creditor/Project | Maturities | Interest Rates | June 30, 2024 (Unaudited) | December 31, 2022 (Audited) |
|---|---|---|---|---|
| **International Finance Corporation (IFC)** | | | | |
| • IFC 2 - ₱3.3 billion | 2013-2025 | 4.78% from June 22, 2018 to April 15, 2021; and 4.68% from April 16, 2021 until maturity | **$6,255** | $8,797 |
| • IFC 3 - ₱4.8 billion | March 15, 2033 | 7.804% | **50,268** | 56,135 |

| Creditor/Project | Maturities | Interest Rates | **June 30, 2024 (Unaudited)** | December 31, 2022 (Audited) |
|---|---|---|---|---|
| **EBWPC Loans:** | | | | |
| • **$37.5M Commercial Debt Facility** | October 23, 2029 | Secured Overnight Financing Rate (SOFR) plus 2% margin plus Credit Adjustment Spread (CAS) | **$17,744** | $19,019 |
| • **$150.0M ECA Debt Facility** | October 23, 2029 | SOFR plus 2.35% margin plus CAS | **70,761** | 75,810 |
| • **₱5.6 B Commercial Debt Facility** | October 23, 2029 | PDST-F rate plus 2.0% margin | **45,481** | 51,642 |
| **DBP ₱291.2 Million Term Loan** | December 17, 2030 | 5.50% | **2,475** | 2,821 |
| **UBP ₱1.5 billion Term Loan** | December 5, 2026 | 5.25% | **16,612** | 18,932 |
| **SBC ₱1.0 billion Term Loan** | December 5, 2031 | 5.5788% | **12,913** | 14,206 |
| **UBP ₱2.0 Billion Term Loan** | April 12, 2032 | 5.44% | **18,134** | 20,391 |
| **SBC ₱3.0 Billion Term Loan** | May 4, 2027 | 5.32% | **18,391** | 22,706 |
| **BPI ₱1.0 Billion Term Loan** | June 1, 2027 | 5.21% | **6,132** | 7,571 |
| **SBC ₱1.0 Billion Term Loan** | May 4, 2032 | 5.43% | **9,067** | 10,195 |
| **SBC ₱500 Million Term Loan** | May 4, 2032 | 5.49% | **4,533** | 5,097 |
| **BPI Loans:** | | | | |
| • BPI ₱3.0 Billion Term Loan | April 15, 2030 | 5.1323% | **35,679** | 40,450 |
| • BPI ₱3.0 Billion Term Loan | April 15, 2030 | 3.56% | **35,675** | 40,445 |
| **BDO ₱4.5 Billion Term Loan** | September 10, 2030 | 4.25% until next repricing date in September 2025 | **55,150** | 63,198 |
| **BDO ₱2.0 Billion Term Loan** | September 10, 2030 | 4.25% until next repricing date in September 2025 | **24,500** | 28,074 |
| **Fixed Rate ASEAN Green Bonds** | | | | |
| • Series A | June 25, 2024 | 2.8565% | **–** | 45,050 |
| • Series B | June 25, 2026 | 3.7305% | **42,407** | 44,826 |
| • Series C | May 27, 2027 | 6.7478% | **50,520** | – |
| • Series D | May 27, 2029 | 6.8873% | **58,930** | – |
| • Series E | May 27, 2031 | 7.0626% | **58,926** | – |
| **US$50 Million Mizuho Term Loan** | March 24, 2027 | 6.34578% until next repricing date in September 2024 | **49,933** | 49,909 |
| **BPI** | | | | |
| • ₱2.0 Billion Term Loan | March 21, 2032 | 8.0% until next repricing date in September 2024 | **30,635** | 34,225 |
| • ₱2.0 Billion Term Loan | March 21, 2032 | 6.6016% until next repricing date in September 2024 | **30,546** | 34,105 |
| • ₱3.0 Billion Term Loan | March 21, 2032 | 6.6016% until next repricing date in September 2024 | **45,721** | 53,778 |
| **UBP ₱1.0 Billion Term Loan** | March 24, 2032 | 5.831567% until next repricing date in March 2027 | **13,568** | 15,255 |
| **SBC ₱2.6B Term Loan** | April 19, 2032 | 5.7829% until next repricing date in April 2027 | **35,275** | 39,661 |
| **CTBC ₱1.5B Term Loan** | June 8, 2027 | 6.1869% | **20,319** | 22,831 |
| **BDO** | | | | |
| • ₱2.0 Billion Term Loan | September 3, 2032 | 6.6485% until next repricing date in September 2024 | **28,919** | 32,413 |
| • ₱3.0 Billion Term Loan | September 3, 2032 | 6.6485% until next repricing date in September 2024 | **43,247** | 48,466 |
| **CBC** | | | | |
| • ₱2.0 Billion Term Loan | October 5, 2032 | 7.0488% until next repricing date in April 2024 | **28,936** | 32,429 |
| • ₱2.0 Billion Term Loan | October 5, 2032 | 7.0488% until next repricing date in April 2024 | **28,840** | 32,290 |
| **BDO** | | | | |
| • ₱2.0 Billion Term Loan | September 1, 2033 | 6.7174% until next repricing date in September 2024 | **32,180** | 35,854 |
| • ₱3.0 Billion Term Loan | September 1, 2033 | 6.6742% until next repricing date in September 2024 | **50,811** | – |
| **Total** | | | **1,079,483** | 1,006,581 |
| **Less current portion** | | | **140,316** | 161,905 |
| **Noncurrent portion** | | | **$939,167** | $844,676 |

*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 6.6742% per annum until its next repricing date in September 2024.

*Fixed Rate ASEAN Green Bonds*
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 are listed on the Philippine Dealing & Exchange Corp. (PDEx), are comprised of ₱3.0 billion 3-year bonds at 6.7478% per annum, ₱3.5 billion 5-year bonds at 6.8873% per annum, and ₱3.5 billion 7-year bonds at 7.0626% per annum due on May 27, 2027, May 27, 2029 and May 27, 2031, respectively.

The movements of the unamortized debt issuance costs account are as follows:

| | **June 30, 2024 (Unaudited)** | December 31, 2023 (Audited) |
|---|---|---|
| Balance at beginning of period | **$6,687** | $7,684 |
| Additions during the period | **2,773** | 1,619 |
| Accretion during the period charged to "Interest expense and financing charges" account (see Note 16) | **(963)** | (2,657) |
| Foreign exchange differences | **(375)** | 41 |
| Balance at end of period | **$8,122** | $6,687 |

*Loan Covenants*. The loans of EDC and its subsidiaries are subject to certain financial covenants. EBWPC is obliged to meet an acceptable level of debt to equity ratio and debt service coverage ratio. Under the various loan agreements, EDC and EBPWC are also subject to debt incurrence ratios and equity distribution restriction ratio, depending on the counterparty, in each case subject to certain exceptions and conditions. As of June 30, 2024 and December 31, 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 as follows:

| | **June 30, 2024 (Unaudited)** | December 31, 2023 (Audited) |
|---|---|---|
| ₱10.0 Billion BDO Term Loan | **$169,340** | $– |
| ₱10.0 Billion BPI Term Loan | **169,340** | – |
| $200.0 Million Term Facility | **40,459** | 53,927 |
| ₱2.5 Billion BDO Term Loan | **31,759** | 35,446 |
| ₱2.5 Billion BPI Term Loan | **31,759** | 35,446 |
| | **442,657** | 124,819 |
| Less current portion | **34,073** | 34,465 |
| | **$408,584** | $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). 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 selected floating interest rates as its preferred interest rate pricing option, which was indicated in the Notice of Borrowing prior to the initial drawdown date. 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 June 30, 2024, the Parent Company is in compliance with the terms of the Term Loan Agreements.

As of June 30, 2024 and December 31, 2023, total debt issuance costs incurred under the Term Loan Agreements amounted to nil and $2.7 million (₱150.0 million), respectively, was presented as “Deferred debt issuance costs” in the “Other noncurrent assets” account in the unaudited interim consolidated statements of financial position (see Note 11).

The movements of the unamortized debt issuance costs account are as follows:

| | **June 30, 2024 (Unaudited)** |
|---|---|
| Debt issuance costs incurred | **$2,665** |
| Accretion during the period charged to “Interest expense and financing charges” account (see Note 16) | **(99)** |
| Foreign exchange differences | **(6)** |
| Balance at end of period | **$2,560** |

*$200.0 Million Term Facility*
The Parent Company signed an unsecured $200.0 million Term Loan Agreement with BDO as Lender and BDO Capital as Arranger on September 22, 2015. 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 June 30, 2024 and December 31, 2023, the Parent Company is in compliance with the terms of the $200.0 Million Term Facility Term Loan Agreement.

The movements of the unamortized debt issuance costs account are as follows:

| | **June 30, 2024 (Unaudited)** | December 31, 2023 (Audited) |
|---|---|---|
| Balance at beginning of period | **$73** | $163 |
| Accretion during the period charged to “Interest expense and financing charges” account (see Note 16) | **(32)** | (90) |
| Balance at end of period | **$41** | $73 |

*₱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 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 June 30, 2024 and

December 31, 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 are as follows:

| | **June 30, 2024 (Unaudited)** | December 31, 2023 (Audited) |
|---|---|---|
| Balance at beginning of period | **$400** | $486 |
| Accretion during the period charged to "Interest expense and financing charges" account (see Note 16) | **(42)** | (89) |
| Foreign exchange differences | **(116)** | 3 |
| Balance at end of period | **$242** | $400 |

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.

| | | | Outstanding Balances | |
|---|---|---|---|---|
| Nature | Repayment Schedule | Facility Amount | **June 30, 2024 (Unaudited)** | December 31, 2023 (Audited) |
| 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 | **$78,876** | $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 | **37,306** | 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 | **23,982** | 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 | **23,920** | 27,076 |
| | | | **164,084** | 185,811 |
| Less current portion | | | **51,551** | 49,483 |
| Noncurrent portion | | | **$112,533** | $136,328 |

The movements of the unamortized debt issuance costs account are as follows:

| | **June 30, 2024 (Unaudited)** | December 31, 2023 (Audited) |
|---|---|---|
| Balance at beginning of period | **$1,189** | $2,143 |
| Accretion during the period charged to "Interest expense and financing charges" account (see Note 16) | **(273)** | (954) |
| Balance at end of period | **$916** | $1,189 |

FGPC

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

| | | | Outstanding Balances | |
|---|---|---|---|---|
| Nature | Repayment Schedule | Facility Amount | **June 30, 2024 (Unaudited)** | December 31, 2023 (Audited) |
| New term loan facility with various local and a foreign banks and with interest at six-month SOFR plus 1.00% margin plus CAS | Repayment to be made in various semi-annual installments from 2017 up to 2024 | $500,000 | **$–** | $35,672 |
| Less current portion | | | – | 35,672 |
| Noncurrent portion | | | **$–** | $– |

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

The movements of the unamortized debt issuance costs account are as follows:

| | **June 30, 2024 (Unaudited)** | December 31, 2023 (Audited) |
|---|---|---|
| Balance at beginning of period | **$42** | $290 |
| Accretion during the period charged to "Interest expense and financing charges" account (see Note 16) | **(42)** | (248) |
| Balance at end of period | **$–** | $42 |

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 June 30, 2024 and December 31, 2023, FGP and FGPC are in compliance with the terms of the said agreements.

FNPC

The movements of the unamortized debt issuance costs account are as follows:

| | **June 30, 2024 (Unaudited)** | December 31, 2023 (Audited) |
|---|---|---|
| Balance at beginning of period | **$3,534** | $5,190 |
| Accretion during the period charged to "Interest expense and financing charges" account (see Note 16) | **(714)** | (1,656) |
| Balance at end of period | **$2,820** | $3,534 |

As of June 30, 2024 and December 31, 2023, FNPC is in compliance with the covenants as set forth in its agreement with KfW IPEX - Bank of Germany (KfW-IPEX).

Prime Meridian

Prime Meridian's long-term debt consists of:

| | **June 30, 2024 (Unaudited)** | December 31, 2023 (Audited) |
|---|---|---|
| ₱1.8 billion BPI Term Loan | **$6,037** | $12,760 |
| ₱1.0 billion ING Term Loan | **3,316** | 7,009 |
| | **9,353** | 19,769 |
| Less current portion | **9,353** | 19,769 |
| Noncurrent portion | **$–** | $– |

The movements of the unamortized debt issuance costs account are as follows:

| | **June 30, 2024 (Unaudited)** | December 31, 2023 (Audited) |
|---|---|---|
| Balance at beginning of period | **$97** | $316 |
| Accretion during the period charged to "Interest expense and financing charges" account (see Note 16) | **(64)** | (220) |
| Foreign exchange differences | **(2)** | 1 |
| Balance at end of period | **$31** | $97 |

The covenants in the Term Loan facility are 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 June 30, 2024 and December 31, 2023, Prime Meridian is in compliance with the terms of the said agreement.

14. **Other Noncurrent Liabilities**

| | **June 30, 2024 (Unaudited)** | December 31, 2023 (Audited) |
|---|---|---|
| Lease liabilities - net of current portion (see Note 18) | **$177,906** | $169,245 |
| Asset retirement obligations (see Note 9) | **54,133** | 55,121 |
| Provision for sick and vacation leaves | **5,535** | 6,103 |
| Others | **91,961** | 87,525 |
| | **$329,535** | $317,994 |

Asset Retirement Obligations

This account consists of the asset retirement obligations of FGP, FGPC, FNPC, Prime Meridian and FG Bukidnon. Under their respective Environmental Compliance Certificates, 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 Hydro Service Contract 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.

This account also includes the provision for rehabilitation and restoration costs of EDC, which pertain to the present value of estimated costs of legal and constructive obligations required to restore all the existing sites upon termination of the cooperation period. The nature of these restoration activities includes dismantling and removing structures, rehabilitating wells, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas. The obligation generally arises when the asset is constructed or the ground or environment at the site is disturbed. When the liability is initially recognized, the present value of the estimated costs were capitalized as part of the carrying amount of the related FCRS and production wells under "Property, plant and equipment″ and ″Exploration and evaluation assets″ accounts (see Notes 9 and 11).

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 the date of initial application.

The movements of the lease liabilities account are as follows:

| | **June 30, 2024 (Unaudited)** | December 31, 2023 (Audited) |
|---|---|---|
| Balance at beginning of period | **$223,541** | $11,059 |
| Additions | **43,997** | 220,307 |
| Accretion during the period charged to “Power plant operations and maintenance” account under “Costs of sale of electricity” | **4,761** | 1,917 |
| Accretion during the period charged to “Interest expense and financing charges” account (see Note 16) | **1,221** | 763 |
| Adjustments | **166** | 379 |
| Payments | **(32,560)** | (10,664) |
| Foreign exchange adjustments | **(2,248)** | (220) |
| Balance at end of period | **238,878** | 223,541 |
| Less current portion | **60,972** | 54,296 |
| Noncurrent portion | **$177,906** | $169,245 |

Provision for sick 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. Upon reaching FID under the JCA, the parties will enter into a Definitive Agreement in respect of the IOT Project.

On May 21, 2024, LNG Holdings and Tokyo Gas executed a Shareholders' Agreement (SHA) and Share Subscription Agreement (SSA) for Tokyo Gas to subscribe to 20% shareholding of FGEN LNG. The effectivity of the SHA is conditioned upon a number of conditions precedent, including the procurement of relevant government approvals.

As of June 30, 2024 and December 31, 2023, total cash received from Tokyo Gas amounted to $62.5 million.

## 15. **Equity**

a. Capital Stock

As of June 30, 2024, the Parent Company's issued and outstanding redeemable preferred stocks consist 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) 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 June 30, 2024, 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 June 30, 2024, 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.

b. Retained Earnings

Following are the dividends declared and paid by the Parent Company as of June 30, 2024:

| **Declaration date** | **Record date** | **Payment date** | **Shareholders** | **Description** | **Dividend per share** | **Total amount (in USD)** | **Total amount (in PHP)** |
|---|---|---|---|---|---|---|---|
| **May 31, 2024** | **June 18, 2024** | **July 9, 2024** | **Common** | **Regular** | **₱0.45** | **$28,386** | **₱1,618,459** |

Following are the dividends declared and paid by the Parent Company in 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.*

As of June 30, 2024 and December 31, 2023, total unpaid cash dividends on common and preferred stocks amounting to $27.6 million (₱1,618.5 million) and $0.4 million (₱24.7 million), respectively, are presented as "Dividends payable" in the unaudited interim consolidated statements of financial position.

The retained earnings balance is restricted to the extent of: (a) acquisition price of the treasury shares amounting to $646.9 million as of June 30, 2024 and December 31, 2023, and (b) the undistributed net earnings of investee companies (including consolidated subsidiaries) amounting to $837.8 million and $734.1 million as of June 30, 2024 and December 31, 2023, respectively. Undistributed earnings of the investee companies 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:

| | **June 30,2024 (Unaudited)** | | December 31, 2023 (Audited) | |
|---|---|---|---|---|
| | **Number of Shares** | **Cost** | Number of Shares | Cost |
| Balances at beginning and end of period | **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:

| | **June 30, 2024 (Unaudited)** | | December 31, 2023 (Audited) | |
|---|---|---|---|---|
| | **Number of Shares** | **Cost** | Number of Shares | Cost |
| Redeemable Preferred Stock Series "F": | | | | |
| Balances at beginning and end of period | **100,000,000** | **$205,713** | 100,000,000 | $205,713 |
| Redeemable Preferred Stock Series "G": | | | | |
| Balances at beginning and end of period | **133,750,000** | **$251,754** | 133,750,000 | $251,754 |
| Redeemable Preferred Stock Series "H": | | | | |
| Balances at beginning and end of period | **82,986,740** | **$163,274** | 82,986,740 | $163,274 |

16. **Costs and Expenses**

Costs of Sale of Electricity

| | For the Six-Month Periods Ended June 30 | |
|---|---|---|
| | **2024** | 2023 |
| Fuel cost (see Note 6) | **$533,602** | $555,012 |
| Power plant operations and maintenance | **161,157** | 151,375 |
| Depreciation and amortization (see Notes 9 and 10) | **134,294** | 104,873 |
| Others | **40,222** | 36,101 |
| | **$ 869,275** | $847,361 |

General and Administrative Expenses

| | For the Six-Month Periods Ended June 30 | |
|---|---|---|
| | **2024** | 2023 |
| Staff costs | **$41,652** | $40,024 |
| Professional fees | **31,932** | 18,327 |
| Insurance, taxes and licenses | **29,297** | 25,684 |
| Depreciation and amortization (see Notes 9 and 10) | **5,432** | 4,753 |
| Repairs and maintenance | **3,186** | 2,934 |
| Provision for impairment losses on receivables (see Note 11) | **2,929** | 1,665 |
| Parts and supplies issued | **998** | 895 |
| Provision for impairment of spare parts and supplies inventories | **308** | 1,543 |
| Provision for impairment of goodwill and property and equipment (see Notes 9 and 10) | **–** | 3,809 |
| Others | **12,924** | 12,188 |
| | **$128,658** | $111,822 |

Interest Expense and Financing Charges

| | For the Six-Month Periods Ended June 30 | |
|---|---|---|
| | **2024** | 2023 |
| Interest on long-term debt and loans payable | **$52,646** | $43,681 |
| Others | **139** | – |
| Accretion on: | | |
| Debt issuance cost (see Note 13) | **2,229** | 3,212 |
| Asset retirement obligation (see Note 14) | **1,605** | 1,561 |
| Lease liabilities (see Note 14) | **1,221** | 137 |
| | **$57,840** | $48,591 |

## 17. **Earnings Per Share Calculation**

| | For the Six-Month Periods Ended June 30 | |
|---|---|---|
| | **2024** | 2023 |
| (a) Net income attributable to equity holders of the Parent Company | **$154,081** | $166,438 |
| Less dividends on preferred stocks | **–** | – |
| (b) Net income available to common stocks | **$154,081** | $166,438 |
| (c) Weighted average number of common stocks for basic earnings per share | **3,596,575,505** | 3,596,575,505 |
| Basic Earnings Per Share (b/c) | **$0.043** | $0.046 |

## 18. **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 represent 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.

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. 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.

e. 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.

   On July 9, 2021, the Parent Company signed a Guarantee Agreement with MUFG Bank Ltd. (MUFG) as a guarantor to the General Credit Agreement (the "Agreement") signed by FGEN LNG and MUFG last July 7, 2021. Under the 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 Agreement.

f. On July 28, 2023, the Parent Company signed a Guarantee Agreement with ING as a guarantor to the Reimbursement Agreement (the "ING Agreement") signed by FGen SG and ING on the same date. Under the ING Agreement, ING agrees to issue SBLC/s as may be required from time to time of up to $60.0 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.

g. 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.

   Under the agreement of the Burgos Wind Power Project Financing, EBWPC's debt service shortfall is guaranteed by EDC. This guarantee will fall away once the conditions set in the loan agreement are met. Therefore, until the debt reserve service guarantee falls away, EBWPC is subject to the same covenant ratios of EDC in addition to its own maintenance ratios under the project financing agreement. Furthermore, for the lender's security, a debt service reserve account with an SBLC issued in favor of the EBWPC lenders.

*Terms and Conditions of Transactions with Related Parties.* As mentioned above, except for (i) 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 project financing agreement and (ii) the Parent Company guarantees issued to FNPC in relation to FNPC's payment obligations under its Export Credit Facility loan agreement, to FGEN LNG in relation to its General Credit Agreement with MUFG on the bank facilities of up to $40.0 million, and to FGen SG with regard to its Reimbursement Agreement with ING on the SBLC's of up to $60.0 million, there have been no other guarantees provided for or received from any other related party during the period ended June 30, 2024 and the year ended December 31, 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:

| | | | Transactions for the periods ended | | Net Amounts due from/to related parties | |
|---|---|---|---|---|---|---|
| Related Party | Nature of Transactions | Terms | **June 30, 2024 (Unaudited)** | December 31, 2023 (Audited) | **June 30, 2024 (Unaudited)** | December 31, 2023 (Audited) |
| **Due from related parties** (see Note 5) | | | | | | |
| First Philec | Marketing services | Unsecured and payable by demand | **$–** | $93 | **$–** | $266 |
| Others | Interest-free advances | - do - | **1,996** | (1,147) | **2,079** | 83 |
| | | | **$1,996** | ($1,054) | **$2,079** | $349 |
| **Due to a related party** (see Note 12) | | | | | | |
| FGHC International Ltd. | Interest-free advances | Unsecured and payable by demand | **$–** | $– | **$145** | $145 |
| **Trade payables** (see Note 12) | | | | | | |
| First Balfour | Civil works and other services | Unsecured and will be settled in cash | **$61,236** | $97,889 | **$54,596** | $61,842 |
| Thermaprime | Drilling and other related services | - do - | **34,598** | 20,863 | **13,349** | 4,661 |
| | | | **$95,834** | $118,752 | **$67,945** | $66,503 |
| **Lease liabilities** (see Note 14) | | | | | | |
| BBTI | Charter hire of Tug vessels | Unsecured and will be settled in cash | **$1,966** | $4,076 | **$50,473** | $52,460 |
| Rockwell Land Corporation | Rental payments and utilities | - do - | **2,904** | 4,048 | **3,995** | 7,431 |
| | | | **$4,870** | $8,124 | **$54,468** | $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.

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

## 19. 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 and liquidity risk. The BOD reviews and approves policies for managing each of these risks.

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 and National Transmission Corporation (TransCo), both are government-owned-and-controlled corporations. Any failure on the part of NPC and TransCo to pay their obligations to EDC would significantly 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 Renewable Energy Payment Agreement (REPA), respectively. Receivable balances are monitored on an on-going basis to ensure that EDC's exposure to bad debts is not significant. The maximum exposure of trade receivable is equal to the carrying amount.

Set out below is the information about the credit risk exposure on EDC's trade receivables using a provision matrix:

| **June 30, 2024** | | Days past due | | | | | |
|---|---|---|---|---|---|---|---|
| | **Current** | **<30 days** | **30-60 days** | **61-90 days** | **>91 days** | **Past Due** | **Total** |
| Expected credit loss rate | **0.0%** | **0.0%** | **0.0%** | **0.0%** | **1.2%** | **100.0%** | **12.8%** |
| Estimated total gross carrying amount at default | **$77,741** | **$20,776** | **$1,805** | **$298** | **$28,177** | **$18,517** | **$147,314** |
| Expected credit loss | **–** | **–** | **–** | **–** | **338** | **18,517** | **18,855** |

| December 31, 2023 | | Days past due | | | | | |
|---|---|---|---|---|---|---|---|
| | Current | <30 days | 30-60 days | 61-90 days | >91 days | Past Due | Total |
| 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 June 30, 2024 and December 31, 2023.

| | **June 30, 2024 (Unaudited)** | December 31, 2023 (Audited) |
|---|---|---|
| **Accounted for as cash flow hedge** | | |
| Derivative assets | **$5,296** | $4,837 |
| **Financial assets at FVPL** | | |
| Designated as at FVPL | **1,129** | 362 |

*(Forward)*

| | June 30, 2024 (Unaudited) | December 31, 2023 (Audited) |
|---|---|---|
| **At amortized cost** | | |
| Cash and cash equivalents* | **$763,765** | $974,566 |
| Receivables (see Note 5) | | |
| Trade | **558,477** | 469,211 |
| Due from related parties | **2,079** | 349 |
| Others | **15,324** | 22,925 |
| Short-term investments | **12,247** | 69,665 |
| Long-term receivables | **29,812** | 29,220 |
| Special deposits and funds | **820** | 3,471 |
| Other current assets | **8,906** | 9,925 |
| Total financial assets at amortized cost | **1,391,430** | 1,579,332 |
| **Financial assets at FVOCI** | | |
| Debt instruments | **$3,115** | $3,380 |
| Equity instruments | **1,943** | 1,839 |
| Proprietary club membership shares | **816** | 816 |
| Total financial assets at FVOCI | **5,874** | 6,035 |
| | **$1,403,729** | $1,590,566 |

** 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 June 30, 2024 and December 31, 2023:

| | June 30, 2024 (Unaudited) | | | | | | |
|---|---|---|---|---|---|---|---|
| | | Past Due but Not Impaired | | | | | |
| | Neither Past Due nor Impaired | Less than 30 Days | 31 Days to 1 Year | Over 1 Year up to 3 Years | Over 3 Years | Credit Impaired | Total |
| Financial assets at amortized cost: | | | | | | | |
| Cash and cash equivalents* | $763,765 | $– | $– | $– | $– | $– | $763,765 |
| Trade receivables | 434,722 | 45,874 | 76,088 | 240 | 2,058 | 18,855 | 577,837 |
| Due from related parties | 2,079 | – | – | – | – | – | 2,079 |
| Other receivables | 14,819 | – | – | – | – | 505 | 15,324 |
| Long-term receivables | – | – | – | – | 29,812 | 2,891 | 32,703 |
| Special deposits and funds | 820 | – | – | – | – | – | 820 |
| Short-term investments | 12,247 | – | – | – | – | – | 12,247 |
| Other current assets | 8,906 | – | – | – | – | – | 8,906 |
| Financial assets at FVOCI: | | | | | | | |
| Debt instruments | 3,115 | – | – | – | – | – | 3,115 |
| Equity instruments | 1,943 | – | – | – | – | – | 1,943 |
| Proprietary club membership shares | 816 | – | – | – | – | – | 816 |
| Financial assets at FVPL - | | | | | | | |
| Designated as at FVPL | 1,129 | – | – | – | – | – | 1,129 |
| Financial assets accounted for as cash flow hedge - | | | | | | | |
| Derivative assets | 5,296 | – | – | – | – | – | 5,296 |
| Total | $1,249,657 | $45,874 | $76,088 | $240 | $31,870 | $22,251 | $1,425,980 |

**Excluding cash on hand*

| | December 31, 2023 (Audited) | | | | | | |
|---|---|---|---|---|---|---|---|
| | | Past Due but Not Impaired | | | | | |
| | Neither Past Due nor Impaired | Less than 30 Days | 31 Days to 1 Year | Over 1 Year up to 3 Years | Over 3 Years | Credit Impaired | Total |
| 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 June 30, 2024 and December 31, 2023, substantially all financial assets 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.

<u>Concentration of Credit Risk</u>
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 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.

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, FNPC (until February 2024), and the receivables from NPC 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 June 30, 2024 and December 31, 2023:

| | **June 30, 2024 (Unaudited)** | December 31, 2023 (Audited) |
|---|---|---|
| Trade receivables from Meralco | **$269,429** | $254,058 |
| Trade receivables from NPC and TransCo | **39,472** | 49,939 |
| Total credit concentration risk | **$308,901** | $303,997 |
| Total receivables | **$575,880** | $492,485 |
| Credit concentration percentage | **53.64%** | 61.73% |

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 the risks by having a balanced portfolio of contracted and spot capacities. As of June 30, 2024 and December 31, 2023, First Gen Group is 70% and 84% respectively, contracted in terms of installed capacity.

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 changes were made in the objectives, policies or processes during the period ended June 30, 2024 and the year ended December 31, 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.

| | **June 30, 2024 (Unaudited)** | December 31, 2023 (Audited) |
|---|---|---|
| Long-term debts (current and non-current portions) | **$1,769,513** | $1,455,468 |
| Loans payable | **77,400** | 133,580 |
| Total debt | **$1,846,913** | $1,589,048 |
| Equity attributable to equity holders of the Parent Company | **$2,672,693** | $2,676,172 |
| Non-controlling interests | **610,806** | 624,954 |
| Total equity | **$3,283,499** | $3,301,126 |
| Total debt and equity | **$5,130,412** | $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 June 30, 2024 and December 31, 2023, First Gen Group is in compliance with those covenants.

## 20. Financial Instruments

Set out below is a comparison by category of the carrying values and fair values of First Gen Group's financial instruments as of June 30, 2024 and December 31, 2023 that are carried in the unaudited interim condensed consolidated financial statements:

| | **June 30, 2024 (Unaudited)** | | December 31, 2023 (Audited) | |
|---|---|---|---|---|
| | **Carrying Value** | **Fair Value** | Carrying Value | Fair Value |
| **Financial Assets** | | | | |
| Financial assets accounted for as cash flow hedges - Derivative assets | **$5,296** | **$5,296** | $4,837 | $4,837 |
| Financial assets FVPL - Designated at FVPL | **1,129** | **1,129** | 362 | 362 |
| Financial assets at amortized cost: | | | | |
| Cash and cash equivalents | **790,133** | **790,133** | 974,567 | 974,567 |
| Receivables: | | | | |
| Trade | **558,477** | **558,477** | 469,211 | 469,211 |
| Due from related parties | **2,079** | **2,079** | 349 | 349 |
| Others | **15,324** | **15,324** | 22,925 | 22,925 |
| Short-term investments | **12,247** | **12,247** | 69,665 | 69,665 |
| Long-term receivables | **29,812** | **27,482** | 29,220 | 27,029 |
| Special deposits and funds | **820** | **820** | 3,471 | 3,471 |
| Other current assets | **8,906** | **8,906** | 9,925 | 9,925 |
| Total financial assets at amortized cost | **1,417,798** | **1,415,468** | 1,579,333 | 1,577,142 |
| Financial assets at FVOCI: | | | | |
| Debt instruments | **3,115** | **3,115** | 3,380 | 3,380 |
| Equity instruments | **1,943** | **1,943** | 1,839 | 1,839 |
| Proprietary club membership shares | **816** | **816** | 816 | 816 |
| Total financial assets at FVOCI | **5,874** | **5,874** | 6,035 | 6,035 |
| | **$1,430,097** | **$1,427,767** | $1,590,567 | $1,588,376 |
| **Financial Liabilities** | | | | |
| Financial liabilities carried at amortized cost: | | | | |
| Accounts payable and accrued expenses* | **$64,330** | **$64,330** | $612,091 | $612,091 |
| Dividends payable | **50,744** | **50,744** | 446 | 446 |
| Loans payable | **77,400** | **77,400** | 133,580 | 133,580 |
| Lease liabilities | **238,878** | **213,681** | 223,541 | 221,518 |
| Long - term debts | **1,769,513** | **1,876,853** | 1,455,468 | 1,465,505 |
| Total financial liabilities at amortized cost | **2,200,865** | **2,283,008** | 2,425,126 | 2,433,140 |
| Financial liability accounted for as cash flow hedges - Derivative liabilities | **–** | **–** | 755 | 755 |
| | **$2,200,865** | **$2,283,008** | $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, short-term investments, other current assets, accounts payable and accrued expenses, dividends payable, loans payable, and amounts due to/from related parties 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 flow using the applicable rates of 6.12% as of June 30, 2024 and 5.80% as of December 31, 2023.

*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 June 30, 2024 and December 31, 2023:

| Long term Debts | Basis | **June 30, 2024** | December 31, 2023 |
|---|---|---|---|
| FGP, FGPC*, First Gen and FNPC (U.S. dollar denominated) | Credit adjusted U.S. dollar interest rates | **4.34% to 5.33%** | 3.79% to 5.23% |
| Parent Company and Prime Meridian** (Peso-denominated) | Applicable rates | **6.00% to 6.66%** | 5.00% to 5.96% |
| EDC | Applicable rates | **3.25% to 3.57%** | 4.10% to 6.06% |

**FGPC's long-term debts matured on May 17, 2024.*
*** The fair value of Prime Meridian's long-term debts approximate the carrying value at financial reporting date as it is set to mature in December 2024.*

*Lease liabilities*
The fair values for the lease liabilities are estimated using the discounted cash flow methodology with the applicable rates ranging from 6.86% to 7.61% as of June 30, 2024 and 6.50% to 6.99%as of December 31, 2023.

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 that are recorded at fair value. The hierarchy of these assets and liabilities are based on the inputs used to derive the fair value of such financial assets and liabilities and are categorized as follows:

a) Level 1 category includes financial assets and liabilities whose fair value is based on quoted market price in active markets for identical assets and liabilities;

b) Level 2 category includes financial assets and liabilities whose fair value uses inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

c) Level 3 category includes those financial assets and liabilities whose fair value is derived using inputs that are not based on observable market data.

| | **June 30, 2024 (Unaudited)** | | | |
|---|---|---|---|---|
| | **Fair value** | **Level 1** | **Level 2** | **Level 3** |
| Financial assets at amortized cost - | | | | |
| Long-term receivables | **$27,482** | **$–** | **$–** | **$27,482** |
| Financial assets at FVOCI: | | | | |
| Debt instruments | **3,115** | **–** | **3,115** | **–** |
| Equity instruments | **1,943** | **–** | **1,943** | **–** |

| | June 30, 2024 (Unaudited) | | | |
|---|---|---|---|---|
| | **Fair value** | **Level 1** | **Level 2** | **Level 3** |
| Financial assets accounted for as cash flow hedges - Derivative assets | **5,296** | **–** | **5,296** | **–** |
| Financial assets designated at FVPL | **1,129** | **1,090** | **39** | **–** |
| Long-term debts | **1,876,853** | **–** | **–** | **1,876,853** |
| Lease liabilities | **213,681** | **–** | **–** | **213,681** |

| | December 31, 2023 (Audited) | | | |
|---|---|---|---|---|
| | 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 June 30, 2024 and December 31, 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 cross currency swaps and foreign currency forwards to hedge the foreign exchange risk arising from its payables, loans, and long-term debts. These derivatives (including embedded derivatives) are accounted for either as derivatives not designated as accounting hedges or derivatives designated as accounting hedges.

The tables below show the fair values of First Gen Group's outstanding derivative financial instruments, reported as assets or liabilities, together with their notional amounts as of June 30, 2024 and December 31, 2023. The notional amount is the basis upon which changes in the value of derivatives are measured.

| | **June 30, 2024 (Unaudited)** | | | December 31, 2023 (Audited) | | |
|---|---|---|---|---|---|---|
| | **Derivative Assets** | **Derivative Liabilities** | **Notional Amount** | Derivative Assets | Derivative Liabilities | Notional Amount |
| **Derivatives Designated as Accounting Hedges** | | | | | | |
| Freestanding derivatives: | | | | | | |
| Interest rate swaps | **$5,296** | **$–** | **$106,000** | $4,837 | $– | $106,000 |
| **Derivatives Not Designated as Accounting Hedges** | | | | | | |
| Foreign currency forwards | **–** | **–** | **–** | – | 755 | $120,000 |
| **Total derivatives** | **$5,296** | **$–** | | $4,837 | $755 | |
| Presented as: | | | | | | |
| Current | **$826** | **$–** | | $620 | $755 | |
| Noncurrent | **4,470** | **–** | | 4,217 | – | |
| **Total derivatives** | **$5,296** | **$–** | | $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 unaudited interim consolidated statement of income.

As of December 31, 2023, First Gen Group has foreign currency forwards not designated as accounting hedges. As of June 30, 2024, First Gen Group has no 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. In January 2024, FRLC entered into additional foreign currency forwards with various banks amounting to $180.0 million.

Pertinent details of the foreign currency forwards are as follows:

| Trade Date | Settlement Date | Banks | Forward rate | Notional amount |
|---|---|---|---|---|
| 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 |
| 3-Jan-2024 | 20-Feb-24 | BPI | 55.640 | 20,000 |
| 3-Jan-2024 | 20-Feb-24 | ING | 55.740 | 20,000 |
| 4-Jan-2024 | 20-Feb-24 | BDO | 55.610 | 20,000 |
| 4-Jan-2024 | 20-Feb-24 | BPI | 55.610 | 20,000 |
| 4-Jan-2024 | 20-Feb-24 | HSBC | 55.705 | 20,000 |
| 9-Jan-2024 | 20-Feb-24 | BPI | 55.777 | 20,000 |
| 11-Jan-2024 | 20-Feb-24 | BDO | 56.180 | 20,000 |
| 11-Jan-2024 | 20-Feb-24 | BDO | 56.000 | 20,000 |
| 15-Jan-2024 | 20-Feb-24 | BPI | 55.890 | 20,000 |

On February 20, 2024, FRLC settled the foreign currency forwards.

As of June 30, 2024 and December 31, 2023, the outstanding notional amount of the foreign currency forward contracts designated as cash flow hedges amounted to nil and $120.0 million. respectively. As of June 30, 2024 and December 31, 2023, the aggregate fair value of the foreign currency forward contracts amounted to nil and $0.8 million, respectively, and was recorded under "Derivative liabilities" account in the unaudited interim consolidated statements of financial position. FRLC recognized the aggregate fair value changes amounting to $0.8 million gain and nil under "Others - net" in the "Other income (charges)" account in the unaudited interim consolidated statements of income for the six-month periods ended June 30, 2024 and 2023, respectively.

<u>Derivatives Designated as Accounting Hedges</u>
First Gen Group has interest rate swaps (IRS) accounted for as cash flow hedges for its floating rate loans and cross-currency swaps accounted for as cash flow hedges of its Philippine peso and U.S. dollar denominated borrowings, 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 - 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 Facility (Foreign Facility) that is benchmarked against U.S. LIBOR and with flexible interest reset feature that allows EBWPC to select what interest reset frequency to apply. Under the IRS agreement, EBWPC will receive semi-annual interest of 6-month U.S. LIBOR and will pay fixed interest. EBWPC designated the IRS as hedging instruments in cash flow hedge against the interest rate risks arising from the Foreign Facility. 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 6-month USD-LIBOR and will pay fixed interest. EBWPC designated the IRS as hedging instruments in cash flow hedge against the interest rate risks arising from the Foreign Facility.

As of June 30, 2024 and December 31, 2023, the outstanding aggregate notional amount of EBWPC's IRS amounted to $106.0 million. The aggregate fair value changes on these IRS amounted to $9.4 million gain and $0.6 million loss, were recognized under "Cumulative translation adjustments" account in the unaudited interim consolidated statements of financial position as of June 30, 2024 and December 31, 2023, respectively. Since the critical terms of the Foreign Facility and IRS match, EBWPC recognized the aggregate fair value changes on these IRS under the "Cumulative translation adjustments" account in the unaudited interim consolidated statements of financial position as of June 30, 2024 and December 31, 2023.

Hedge Effectiveness Results
As of June 30, 2024 and December 31, 2023, the net movements of changes made to the "Cumulative translation adjustments" account pertaining to EDC's cash flow hedges are as follows:

| | **June 30, 2024 (Unaudited)** | December 31, 2023 (Audited) |
|---|---|---|
| Balance at beginning of period | **($3,608)** | ($2,699) |
| Fair value changes taken into equity during the period | **2,022** | 2,119 |
| Fair value changes realized during the period | **(1,548)** | (3,028) |
| | **(3,134)** | (3,608) |
| Deferred income tax effect on cash flow hedges | **2,737** | 2,857 |
| Fair value deferred into equity | **($397)** | ($751) |

21. **Other Matters**

- *Explanatory comments about the seasonality or cyclicality of interim operations*

  Except for FG Hydro's, FRLC's, and FG Bukidnon's sale of electricity coming from hydroelectric power/operations, seasonality or cyclicality of interim operations is not applicable to First Gen Group's type of business because of the nature of its contracts with Meralco and NPC, which includes guaranteed volume under the applicable take-or-pay, minimum energy off-take or contracted energy provisions. BGI's and GCGI's sales to cooperatives and industries are also not subject to seasonality or cyclicality.

For EDC's Burgos Wind, higher revenue and operating profits are expected in the last quarter of the year based on the generation profile of Burgos. Meanwhile, EDC's Burgos Solar is expected to generate its highest revenue during the summer months.

- *The nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence*

  There are no assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence during the current period.

- *The nature and amount of changes in estimates of amounts reported in prior interim periods of the current fiscal year or changes in estimates of amounts reported in prior financial years, if those changes have a material effect in the current interim period.*

  The key assumptions concerning the future and other key sources of estimation used in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of First Gen Group's annual consolidated financial statements as of and for the year ended December 31, 2023.

- *The effect of changes in the composition of the issuer during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.*

  There are no material changes in the composition of the issuer during the interim period except for the following matters:

  i. On February 25, 2024, the Deed of Absolute Sale of the 165MW CHEPP was signed and executed by PSALM, NIA and FRLC. Subsequently, on February 26, 2024 at 00:00 hours, CHEPP was officially turned over to FRLC, a wholly owned subsidiary of First Gen. The PSALM bid out CHEPP on May 16, 2023, whereby FRLC submitted the highest bid and subsequently completed the purchase of the plant.

  ii. On May 21, 2024, LNG Holdings and Tokyo Gas executed a SHA and SSA for Tokyo Gas to subscribe to 20% shareholding of FGEN LNG. The effectivity of the SHA is conditioned upon a number of conditions precedent, including the procurement of relevant government approvals.

- *Changes in contingent liabilities or contingent assets since the last annual reporting date*

  There are no material changes in the contingent liabilities or contingent assets since the last annual financial reporting date.

- *Existence of material contingencies and any other events or transactions that are material to an understanding of the current interim period*

  There are no material contingencies and any other events or transactions during the period.