

EDL-Generation Public Company



No 1737/EDL-Gen
Vientiane Capital, Date 6 June 2025

Disclosure Report

To: Director General of the Lao Securities Commission Office
CEO of the Lao Securities Exchange
Shareholders of EDL-Generation Public Company

Re: EDL-Generation Public Company Business Reform Plan.

- Pursuant to the Financial Statements for the year ended 2024.
- Pursuant to the Notification on Maintaining Listed Company Status in the Lao Securities Exchange, No. 639/LSX, dated 6 May 2025
- Pursuant to the Extraordinary Board of Directors' Meeting No.4/2025, dated 6 June 2025

EDL-Generation Public Company (EDL-Gen) hereby notifies its Business Reform Plan in response to the company's financial performance, which recorded net losses for two consecutive years (as reflected in the Financial Statements for the years ended 2023 and 2024). The primary factor contributing to EDL-Gen's consecutive net losses is the recognition of foreign exchange (FX) losses, driven by the continued depreciation of the Lao Kip against foreign currencies. Throughout the past period, EDL-Gen has consistently prioritized this matter and implemented ongoing measures to address and resolve the issue. Nevertheless, the company will continue to explore further solutions and improvements to ensure enhanced performance in the future, as detailed below:

Based on ongoing studies, EDL-Gen has formulated business development policies and plans aimed at enhancing future performance, comprising two phases:

❖ **Short-Term Plan (Within 2025):**

1. Continue comprehensive evaluations and finalize agreements with Electricité du Laos (EDL) and the relevant government authorities to promptly expedite the adjustment of electricity tariffs in accordance with the conditions stipulated in existing contracts, with the objective of mitigate the impact of exchange rate volatility and enhancing profitability.
2. Continue working on the transfer of selected EDL-Gen wholly owned hydropower projects (HPP), which are still in the documentation process, back to EDL at a price that delivers optimal value and benefits for both parties. The proceeds will be used for the timely repayment of EDL-Gen's debt and to strengthen the company's financial position by reducing overall liabilities.
3. Continue re-evaluating EDL-Gen's fixed assests, as the current valuations have remained unchanged since the company's establishment. This re-assessment aims to reflect the present market conditions and the evolving socio-economic environment in Laos.
4. Continue studying the potential of using foreign currency in the company's financial statements. If considered feasible and expected to positively impact financial reporting, EDL-Gen will seek approval from the Accounting Department, Ministry of Finance, in accordance with applicable regulations.

5. Maintain close monitoring of the foreign currency control plan issued by the Bank of Lao PDR (BOL), and formally request that the Government and BOL consider implementing measures to stabilize the foreign exchange rate and mitigate rapid depreciation.

❖ **Long-Term Plan:**

Based on a co-study with an advisor, EDL-Gen has developed a long-term plan to improve and develop business performance, as outlined below:

1. Conduct a comprehensive study on the reduction or divestment of shares in IPPs that have been assessed as uneconomical or incapable of generating cash-flow for EDL-Gen, through a re-evaluation of their fair value. Such actions should be appropriate and aimed at securing the maximum benefit for the company. Nonetheless, any consideration and execution of share reduction or divestment must strictly adhere to the conditions set forth by lenders and comply with all applicable laws and regulations to prevent any breach or failure to fulfill contractual obligations.
2. Conduct a comprehensive study on the potential to diversify and enhance income sources by exploring opportunities such as carbon offset and credit programs, floating solar system installations, the development of pumping hydro projects, and other innovative renewable energy solutions.
3. In pursuing new investments, the company will implement rigorous evaluation criteria to identify and select projects that demonstrate strong financial viability. Priority will be given to small-scale projects with high return on investment that are capable of achieving operational self-sufficiency and securing their own funding.
4. Enhance and modernize the operations and maintenance processes of machinery through the adoption of advanced technology systems. This initiative aims to reduce operational expenses, increase efficiency, and optimize resource utilization.
5. Improve the dividend Policy by considering available cash after deducting mandatory regulatory reserves and any other required reserves, if applicable, rather than solely relying on net profit figure.

Nevertheless, the implementation of EDL-Gen's Business Reform Plan, as mentioned above, will depend not only on internal factors but also on external conditions that may affect the company's operations and financial statements. The process will require time and significant resources to enhance and strengthen the company's future performance.

Kindly be informed of the above for your information and further necessary action as appropriate.

Sincerely yours

Chairmen of Board of Directors

-Signature and Company Seal Affixed-

Soulivath SOUVANNACHOUMKHAM