



EDL - Generation Public Company

Management's Discussion and Analysis For the year ended 2025



Prepared by: Finance Department, Investor Relations Division



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Executive Summary

The year 2025 was a highly challenging, marked by volatility in the macroeconomic environment, which placed financial constraints on the Company, as well as changing weather and climate conditions that affected electricity generation. Nevertheless, under the close guidance and oversight of the Board of Directors, the prudent management by the Executive Directors, and the dedication and commitment of employees at all levels, EDL-Generation Public Company ("EDL-Gen") was able to maintain operational stability and achieve significant progress across several areas. These achievements were reflected in the Company's overall business performance, which improved significantly in 2025 compared to 2024. The Company successfully turned around from a net loss to a net profit of LAK 1,824,011 million, representing a net profit margin of approximately 26.66%. This strong improvement reflects the effectiveness of the Company's management and its continued implementation of measures to enhance operational efficiency and strengthen internal management. These initiatives have been key factors supporting the Company's overall performance and contributed to a more positive business outlook.

Operational Highlights

1. Installed Capacity

EDL-Gen has a total installed capacity of 1,656.72 MW, comprising:

- The Company's wholly-owned and operated portfolio comprises 10 hydropower plants and 02 expansion projects, with a combined installed capacity of 637 MW.
- Independent Power Producer (IPP) projects: EDL-Gen holds equity interests in 16 IPP projects, representing an attributable installed capacity of 1,019.72 MW, based on its respective shareholding interests.

2. Annual Electricity Generation

In 2025, the hydropower plants directly owned and operated by EDL-Gen, together with the IPP projects in which the Company holds equity interests, generated a total of 8,043.46 GWh of electricity, exceeding the annual plan by 19.05% and an increasing by 15.41% compared with 2024. The performance can be summarized as follows:

- Electricity generation from hydropower plants directly owned and operated by EDL-Gen reached 3,036.90 GWh, exceeding the annual plan by 18.20% and an increasing by 18.71% compared with the previous year.
- Electricity generation attributable to EDL-Gen's equity interests in Independent Power Producer (IPP) projects totaled 5,006.56 GWh, exceeding the annual plan by 19.57% and increasing by 13.49% compared with the previous year.

3. Progress of Investment in Projects

The progress for assets transfer comprises four (4) projects with a combined installed capacity of 138.5 MW. Which are key factors in strengthening the Company's asset base and enhance its revenue-generating potential.

Key events in 2025

In 2025, the Company continued to operate successfully despite a changing economic environment and evolving conditions in the energy sector. Throughout the year, the Company achieved significant progress across several key areas, including electricity generation and sales, project development, financial management, and the creation of sustainable value for shareholders. The key highlights of the year are summarized as follows:

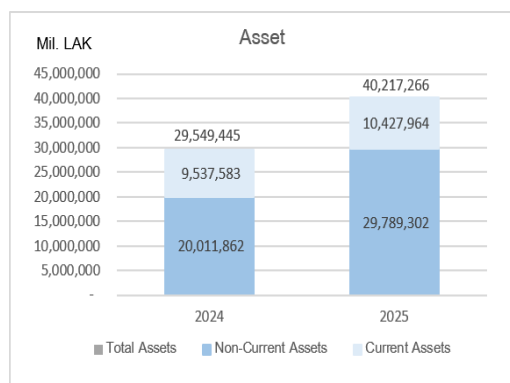


- Electricity Tariff Restructuring:** The Company successfully Memorandum of Understanding (MOU) with EDL to revise the electricity tariff. The tariff was increased from approximately US cent 2.4/kWh to an initial tariff of US cent 4.7/kWh, with a leveled average tariff of approximately US cent 5.0/kWh over the remaining concession period. The revised tariff has been effective seen July 2025.
- Amendments to the Financial Covenants of the Bonds in Thailand:** The Company successfully convened a Bondholders' Meeting in Thailand to approve amendments to the terms and conditions governing its financial covenant. The amendment revised the interest-bearing debt-to-equity (IBD/E) covenant from not exceeding 2.0x to Net Interest-Bearing Debt-to-Equity (Net IBD/E) not exceeding 3.0x for the financial years 2024, 2025, and 2026. Beginning with the 2027 financial year, the covenant will revert to a maximum Net IBD/E ratio of 2.0x. In addition, the reporting requirement was amended from quarterly financial covenant reporting to annual reporting based on the Company's audited annual financial statements.
- Tris Rating:** Tris rating reaffirmed the Company's credit rating and issue rating of its senior unsecured debentures at "BB+", with a "Negative" outlook. The Company's credit profile continues to be closely linked to, and supported by the creditworthiness of EDL and the Government of the Lao PDR.
- Asset Recycling :** As part of its business improvement plan, the Company proceeded with the transfer of its 15% equity interests in the Nam Theun 1 Hydropower Project, together with the 60% equity interest in E&E Co., Ltd. held by EDL-Gen O&M Co.,Ltd to Chaleun Sekong Energy Co., Ltd.
- Asset Valuation:** The Company engaged an asset valuation company where operate under supervision and controlled by the Lao Securities Commission (LSC) to conduct the valuation of the Company's assets. The valuation was subsequently reviewed by Ernst & Young (EY) and successfully completed to ensure that the reported values of the Company's assets appropriately reflect their current condition and fair value as of the reporting date.

Analysis of the Company's Operating Performance (Consolidated Financial Statements)

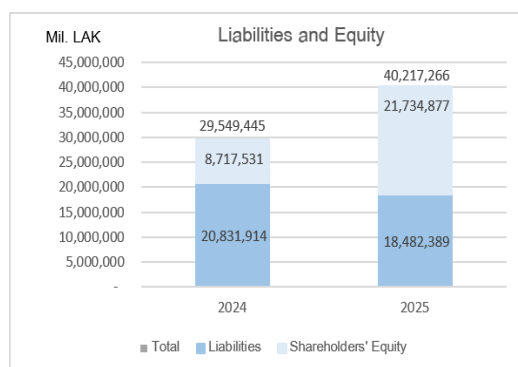
1. Analysis of the Balance Sheet Compared with 2024

- Assets: Total assets amounted to LAK 40,217,266 million, representing an increase of approximately 36.10% compared with 2024. The increase was primarily attributable to the revaluation of the Company's assets, which was undertaken to ensure that the reported asset values appropriately reflect current economic conditions and the underlying value of the Company's assets.





- **Liabilities:** Total liabilities amounted to LAK 18,482,389 million, representing a decrease of approximately 11.28% compared with 2024. The decrease reflects the Company's effective management of its liabilities, primarily through the repayment of bonds and borrowings in accordance with the planned repayment schedule. These efforts contributed to the company's financial structure and improving its financial stability



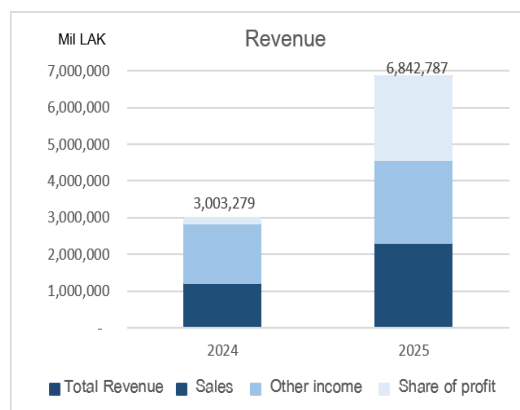
- **Shareholders' Equity:** Shareholders' equity amounted to LAK 21,734,877 million, representing a significant increase of approximately 149.32% compared with 2024. The increase was primarily attributable to the recognition of the revaluation surplus arising from the revaluation of the Company's assets.

2. Analysis of the Income Statement Compared with 2024

❖ Revenue

In 2025, EDL-Gen's total revenue of LAK 6,842,787 million, representing an increase of 127.84% compared with 2024

- **Revenue from electricity sales to EDL** amounted to LAK 2,326,784 million, representing an increase of 90.90% compared with 2024. The increase was primarily attributable to the implementation of the revised electricity tariff structure in July 2025.



- **Share of Profit from Investments in Associates and Joint Ventures:** The Company recognized a share of profit of LAK 2,239,990 million, representing an increase of 37.34% compared with 2024. The increase was primarily attributable to higher contributions from the Company's investments in hydropower projects, reflecting improved operating performance and increased earnings from its investee companies.

- **Other income** amounted to LAK 2,276,013 million, representing a significant increase of 1,383.22% compared with the previous year. This was primarily attributable to the restructuring of the Company's investment portfolio, including the transfer of the Company's 15% equity interest in Nam Theun 1 Power Company Limited and the transfer of the 60% equity interest held by EDL-Gen O&M Co., Ltd. in E&E Engineering & Service Co., Ltd. to Chaleun Sekong Energy Co., Ltd.

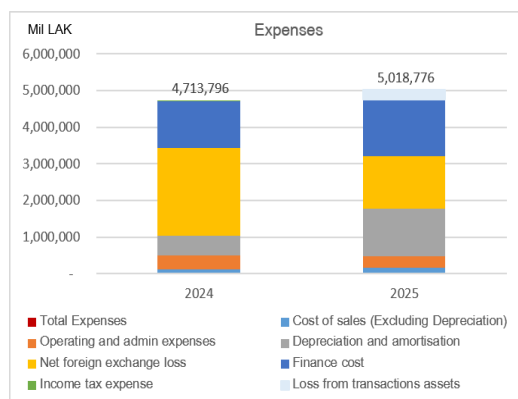
❖ Expenses

In 2025, EDL-Gen total expenses of LAK 5,018,776 million, representing an increase of 6.47% compared with 2024.

- **Cost of Sales:** Cost of sales amounted to LAK 1,446,588 million, representing an increase of 120.65% compared with 2024. The increase was primarily attributable to the recognition of depreciation, including additional depreciation arising from the revaluation of the Company's assets.



- **Finance Costs:** Finance costs amounted to LAK 1,536,050 million, representing an increase of 19.54% compared with 2024. During 2025, the Company's repayments of outstanding debt, particularly borrowings and bonds. The increase in finance costs was primarily attributable to the appreciation of foreign currencies against the Lao Kip compared with the previous year, which resulted in higher interest expenses denominated in foreign currencies when translated into Lao Kip for financial reporting purposes.



- **In contrast, operating and administrative expenses:** amounted to LAK 320,441 million, representing a decrease of 17.62% compared with 2024. The decrease was primarily attributable to the Company's continued implementation of effective cost-control measures, which contributed to enhancing the Company's earnings-generating capacity and strengthening its overall financial position.
- **Foreign Exchange:** Foreign exchange losses amounted to LAK 1,437,388 million, representing a decrease of approximately 40% compared with 2024. The decrease was primarily attributable to the gain recognized from the transfer of the Company's 15% equity interest in Nam Theun 1 Co., Ltd. and the 60% equity interest held by EDL-Gen O&M Co., Ltd. in E&E Engineering and Services Co., Ltd. to Chaleun Sekong Energy Co., Ltd.

❖ Business Performance

The Company successfully turned around from a net loss in the previous year to a net profit of LAK 1,824,011 million, representing a net profit margin of approximately 26.66%. This significant improvement reflects the effectiveness of the Company's management and measures to enhance operational performance, which were key factors contributing to the overall improvement in the company's performance.

3. Analysis of the Cash Flows Statement Compared with 2024

- **Net Cashflow from Operating Activities:** amounted to LAK 1,550,103 million. The cash inflows were primarily supported by proceeds from the transfer of the Nam Theun 1 project and E&E Co., Ltd., as well as revenue generated by the O&M business from providing operation and maintenance services to IPP hydropower projects.
- **Net Cash Flows from Investing Activities:** amounted to LAK 2,649,773 million. The cashflow was primarily attributable to dividend receipts from the IPPs project, reflecting the quality and stable returns of the Company's investments in power generation projects. These dividend proceeds served as an important source of cash inflows and supporting the Company's overall liquidity position.

Net Cash Flows from Financing Activities: Net cash flows used in financing activities amounted to LAK (4,042,690) million. The cashflow was primarily attributable to the repayment of bonds and proceed from short term borrowings for refinancing, despite the Company obtaining additional financing in part to manage its liquidity requirements. The reduction in debt was in line with the Company's financial structure management and debt reduction policy, resulting in a decrease in total outstanding liabilities compared with the previous year.

As a result, the Company reported **cash and cash equivalents** of **LAK 805,734 million** as of **31 December 2025**, representing an increase of **24.24%** compared with 2024.



Key Financial Ratio Analysis

Based on the Consolidated Financial Statements for the year ended 2025, the Company's key financial ratios are summarized and analysed as follows:

Financial Ratio Analysis	Unit	2024	2025
Gross Profit Margin	%	46.21%	37.83%
EBITDA Margin (Earnings Before Interest, Taxes, Depreciation, and Amortization)	%	83.13%	88.85%
EBITDA to Total Assets	%	8.45%	15.12%
Net Profit Margin	%	-56.95%	26.66%
Return on assets (ROA)	%	-5.55%	5.23%
Return on Equity (ROE)	%	-17.86%	11.98%
Earnings per Share (EPS)	Kip/Shr	(1,013)	1,086
Current Ratio	Times	1.08	1.26
Debt to Equity (D/E)	Times	2.39	0.85
Interest-Bearing Debt-to-Equity Ratio (IBD/E)	Times	1.78	0.68
Net Interest-Bearing Debt-to-Equity Ratio (Net IBD/E)	Times	1.71	0.64

Note: *EBITDA excludes foreign exchange gains (losses).

Environmental and Social Activities

In addition to its commitment to generating and supplying reliable electricity to support the country's socio-economic development, the Company places strong emphasis on environmental protection, community development, and Corporate Social Responsibility (CSR) as integral components of its business operations. Over the years, the Company has actively contributed to and implemented various initiatives aimed at creating shared value for society and communities surrounding its hydropower projects. These initiatives reflect the Company's commitment to responsible business practices and sustainable development, while maintaining a balance between its business objectives and its environmental and social responsibilities. The Company has continued to implement community rehabilitation and development programs in areas surrounding its projects, focusing on livelihood enhancement, infrastructure development, and improving the quality of life of local communities. At the same time, the Company has implemented measures to protect the environment, responsibly manage natural resources, and promote greenhouse gas (GHG) emission reduction initiatives. Furthermore, the Company has strengthened community engagement and collaboration with government agencies and relevant stakeholders to advance sustainable development and create long-term value for shareholders.

Progress of the Business Reform Plan

To maintain financial stability and strengthen its long-term business sustainability, the Company developed a comprehensive Business Reform Plan, which was approved by the Board of Directors and publicly disclosed through the Lao Securities Exchange (LSX). To date, the Company has made significant progress in implementing its short-term initiatives and has successfully achieved a number of key milestones under the Business Improvement Plan. The major accomplishments are summarized as follows:



- The company successfully entered into a Memorandum of Understanding (MOU) with EDL on the electricity tariff, establishing the tariff structure for the remainder of the concession period.
 - The company signed a Memorandum of Understanding (MOU) for the development of a pumped-storage hydropower project and a Memorandum of Agreement (MOA) for the development of a 15 MW solar power project. Both projects are currently under feasibility study and coordination with relevant stakeholder.
 - The Company revised its dividend policy to base dividend distributions on available cash flows after statutory reserves and other required reserves (if any) have been appropriated. The revised dividend policy was approved by the Annual General Shareholders' Meeting for the year 2025 (AGM).
 - The company has continued to closely monitor foreign exchange movements in coordination with the Bank of the Lao PDR and commercial banks to manage foreign exchange and mitigate the potential impact of exchange rate fluctuations.
- In addition, the Company has continued to conduct studies and developed long-term business plans as follows:
- The Company is assessing the feasibility of restructuring or divesting certain non-performing assets and projects that are currently unable to generate positive cash flows. The initiative is currently at the stage of reviewing the relevant legal and regulatory requirements.
 - The Company has completed a feasibility study, in collaboration with Ernst & Young Lao, on the potential adoption of a foreign currency as the reporting currency for its financial statements. The study has been completed, and the findings are currently under internal review before being submitted to the relevant authorities for further consideration.
 - The Board of Directors has approved, in principle, the proposed transfer of hydropower projects wholly owned by the Company back to EDL. The Company has appointed both financial and legal advisors, and is currently undertaking detailed due diligence on the relevant legal and contractual documentation.

Investor Relations Contact Information

Address: Lao-Thai Friendship Road, P.O. Box 2392, Thongkang Village, Sisattanak District.
Vientiane Capital. Lao PDR

Email: ir@edlgen.com.la

IR Contact

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|-------------------------------|---|
| 1. Ms Silikone BOUDDAVONG | Manager of Investor Relations Division |
| 2. Ms Phet-a-loun PHANTHAVONG | Head of Investor Relations and Communication Unit |
| 3. Mr Vilakone SISOUTHAM | Investor Relations Division |