

AC Energy, Inc. and Subsidiaries

Pro Forma Condensed Consolidated
Financial Information
As at September 30, 2020
and for the Nine-Month Period Ended
September 30, 2020 and the Year Ended
December 31, 2019

and

Report on the Compilation of
Pro Forma Condensed Consolidated
Financial Information Included in a
Prospectus



INDEPENDENT AUDITOR'S ASSURANCE REPORT ON THE COMPILATION OF THE PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION INCLUDED IN A PROSPECTUS

The Stockholders and the Board of Directors
AC Energy, Inc. and Subsidiaries

We have completed our assurance engagement to report on the compilation of the pro forma condensed consolidated financial information of AC Energy, Inc. and Subsidiaries (the Group) by the Group's management. The pro forma condensed consolidated financial information consists of the pro forma consolidated statement of financial position as at September 30, 2020, the pro forma consolidated statements of comprehensive income, pro forma consolidated statements of changes in equity, and pro forma consolidated statements of cash flows for the nine-month period ended September 30, 2020 and the year ended December 31, 2019, and related notes. The applicable criteria on the basis of which the Group's management has compiled the pro forma condensed consolidated financial information are described in Note 2 to the pro forma condensed consolidated financial information.

The pro forma condensed consolidated financial information has been compiled by the Group's management to illustrate the impact of the transaction set out in Note 3 on the Group's financial position as at September 30, 2020 as if the transaction had taken place on September 30, 2020, which is the end of the period presented, and its financial performance and cash flows for the nine-month period ended September 30, 2020 and the year ended December 31, 2019 as if the transaction had taken place at January 1, which is the beginning of the periods presented. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the Group's management from the Group's audited consolidated financial statements as at and for the year ended December 31, 2019, on which an audit report has been issued on March 25, 2020 and interim condensed consolidated financial statements as at and for the nine-month period ended September 30, 2020, on which a review report has been issued on November 17, 2020.

Responsibility for the Pro Forma Condensed Consolidated Financial Information

The Group's management is responsible for compiling the pro forma condensed consolidated financial information on the basis of the applicable criteria set out in Note 2 to the pro forma condensed consolidated financial information.

Auditor's Responsibilities

Our responsibility is to express an opinion about whether the pro forma condensed consolidated financial information has been compiled, in all material respects, by the Group's management on the basis of the applicable criteria set out in Note 2 to the pro forma condensed consolidated financial information.



We conducted our engagement in accordance with the Philippine Standard on Assurance Engagements (PSAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Philippine Auditing and Assurance Standards Council. This standard requires that the auditors comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Group's management has compiled, in all material respects, the pro forma condensed consolidated financial information on the basis of the applicable criteria set out in Note 2 to the pro forma condensed consolidated financial information.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma condensed consolidated financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma condensed consolidated financial information.

The purpose of pro forma condensed consolidated financial information included in an offering circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at September 30, 2020, or at the beginning of each period presented, would have been as presented.

As reasonable assurance engagement to report on whether the pro forma condensed consolidated financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Group's management in the compilation of the pro forma condensed consolidated financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma condensed consolidated financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the auditor's judgment, having regard to the auditor's understanding of the nature of the Group, the event or transaction in respect of which the pro forma condensed consolidated financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma condensed consolidated financial information.

We believe that the evidence we obtained is sufficient and appropriate to provide a basis for our opinion.



Opinion

In our opinion, the pro forma condensed consolidated financial information of AC Energy, Inc. and Subsidiaries as at September 30, 2020 and for the nine-month period ended September 30, 2020 and the year ended December 31, 2019 has been compiled, in all material respects, on the basis of the applicable criteria set out in Note 2 to the pro forma condensed consolidated financial information.

SYCIP GORRES VELAYO & CO.



Lucy L. Chan

Partner

CPA Certificate No. 88118

SEC Accreditation No. 0114-AR-5 (Group A),

November 16, 2018, valid until November 15, 2021

Tax Identification No. 152-884-511

BIR Accreditation No. 08-001998-46-2018,

February 26, 2018, valid until February 25, 2021

PTR No. 8125221, January 7, 2020, Makati City

November 17, 2020



AC ENERGY, INC. AND SUBSIDIARIES
PRO FORMA CONSOLIDATED
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2020

	AC Energy, Inc and Subsidiaries (Unaudited)	Pro Forma Adjustments (Note 3, I)	Pro Forma Balances (Unaudited)
ASSETS			
Current Assets			
Cash and cash equivalents	₱39,785,229,355	₱—	₱39,785,229,355
Restricted cash	1,247,925,178	—	1,247,925,178
Current portion of receivables	13,526,482,561	—	13,526,482,561
Input value-added taxes	686,483,684	—	686,483,684
Creditable withholding tax	376,294,418	—	376,294,418
Other current assets	1,871,075,147	—	1,871,075,147
	57,493,490,343	—	57,493,490,343
Assets held for sale (Note 3, I.2)	58,347,901,163	(58,347,901,163)	—
Total Current Assets	115,841,391,506	(58,347,901,163)	57,493,490,343
Noncurrent Assets			
Investments in:			
Financial assets at fair value through other comprehensive income (FVOCI)	13,061,236,972	—	13,061,236,972
Associates and joint ventures	25,559,134,336	—	25,559,134,336
Other financial assets carried at amortized cost	14,310,808,989	—	14,310,808,989
Property, plant and equipment	36,176,733,119	—	36,176,733,119
Right-of-use assets	2,792,271,614	—	2,792,271,614
Investment property	228,951,862	—	228,951,862
Receivables - net of current portion (Note 3, I.1)	5,250,095,601	19,128,084,044	24,378,179,645
Input value-added tax - net of current portion	1,026,025,802	—	1,026,025,802
Creditable withholding tax - net of current portion	824,886,059	—	824,886,059
Intangible assets:			
Goodwill	1,767,785,677	—	1,767,785,677
Intangible assets other than goodwill	2,373,729,244	—	2,373,729,244
Deferred tax assets - net	550,257,884	—	550,257,884
Other noncurrent assets	1,141,121,145	—	1,141,121,145
Total Noncurrent Assets	105,063,038,304	19,128,084,044	124,191,122,348
TOTAL ASSETS	₱220,904,429,810	(₱39,219,817,119)	₱181,684,612,691

LIABILITIES AND EQUITY

Current Liabilities			
Accounts and other payables	₱9,277,866,451	₱—	₱9,277,866,451
Short-term loans	10,694,183,512	—	10,694,183,512
Current portion of loans payable	749,474,498	—	749,474,498
Current portion of lease liabilities	215,526,362	—	215,526,362
Other current liabilities	383,300,403	—	383,300,403
	21,320,351,226	—	21,320,351,226
Liabilities held for sale (Note 3, I.2)	37,406,544,298	(37,406,544,298)	—
Total Current Liabilities	58,726,895,524	(37,406,544,298)	21,320,351,226

(Forward)



	AC Energy, Inc. and Subsidiaries (Unaudited)	Pro Forma Adjustments (Note 3, I)	Pro Forma Balances (Unaudited)
Noncurrent Liabilities			
Notes payable	₱42,035,120,256	₱—	₱42,035,120,256
Loans payable - net of current portion	24,457,228,758	—	24,457,228,758
Lease liabilities - net of current portion	1,800,581,164	—	1,800,581,164
Deferred tax liabilities - net	741,787,675	—	741,787,675
Other noncurrent liabilities	2,066,869,357	—	2,066,869,357
Total Noncurrent Liabilities	71,101,587,210	—	71,101,587,210
Total Liabilities	129,828,482,734	(37,406,544,298)	92,421,938,436
Equity			
Attributable to equity holders of the Parent Company:			
Paid-in capital	33,537,220,900	—	33,537,220,900
Cumulative translation adjustments (Note 3, I.4)	(1,194,535,367)	563,927,703	(630,607,664)
Unrealized fair value loss on derivative instruments designated as hedges	(146,121,500)	—	(146,121,500)
Accumulated share in other comprehensive loss of investments in associates and joint ventures	(89,691,591)	—	(89,691,591)
Unrealized fair value loss on equity instruments at FVOCI	(87,620,768)	—	(87,620,768)
Remeasurement loss on defined benefit obligation - net of tax	(11,814,661)	—	(11,814,661)
Equity reserves	(2,570,392)	—	(2,570,392)
Retained earnings (Note 3, I.5)	38,721,116,182	3,031,703,089	41,752,819,271
	70,725,982,803	3,595,630,792	74,321,613,595
Non-controlling interests (Note 3, I.3)	20,349,964,273	(5,408,903,613)	14,941,060,660
Total Equity	91,075,947,076	(1,813,272,821)	89,262,674,255
TOTAL LIABILITIES AND EQUITY	₱220,904,429,810	(₱39,219,817,119)	₱181,684,612,691

See accompanying Notes to Pro Forma Condensed Consolidated Financial Information.



AC ENERGY, INC AND SUBSIDIARIES**PRO FORMA CONSOLIDATED****STATEMENT OF COMPREHENSIVE INCOME****FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020**

	AC Energy, Inc. and Subsidiaries (Unaudited)	Pro Forma Adjustments (Note 3, II)	Pro Forma Balances (Unaudited)
REVENUE (Note 3, II.1)			
Rendering of services	₱21,324,823,041	(₱3,801,302,945)	₱17,523,520,096
Equity in net income of associates and joint ventures	1,473,269,949	–	1,473,269,949
Rental income	71,662,766	–	71,662,766
Other revenues	509,040,000	(509,040,000)	–
	23,378,795,756	(4,310,342,945)	19,068,452,811
OTHER INCOME			
Interest income (Note 3, II.2)	1,436,899,167	1,431,686,773	2,868,585,940
Gains on acquisition and disposal of investments	917,004,150	–	917,004,150
Mark-to-market gains (Note 3, II.3)	848,988,682	(610,578,026)	238,410,656
Other income	260,963,054	(16,653,259)	244,309,795
	3,463,855,053	804,455,488	4,268,310,541
COST AND EXPENSES (Note 3, II.4)			
Cost of power operations	12,264,170,877	(10,860,605)	12,253,310,272
Salaries, wages and employee benefits	874,093,429	(239,356,254)	634,737,175
Taxes and licenses	855,695,463	(127,123,382)	728,572,081
Depreciation and amortization	460,614,161	(60,397,146)	400,217,015
Professional fees	405,099,735	(40,807,151)	364,292,584
Management fee	189,689,243	(32,200,517)	157,488,726
Repairs and maintenance	104,302,009	(70,047,241)	34,254,768
Insurance	99,752,704	(92,042,428)	7,710,276
Supplies	46,913,073	(42,500,800)	4,412,273
Transportation and travel	21,021,739	(13,144,596)	7,877,143
Retirement expense	19,989,456	–	19,989,456
Postal and communication	13,652,422	(6,304,503)	7,347,919
Entertainment, amusement and recreation	1,651,131	(995,710)	655,421
Provisions for impairment loss	464,000	–	464,000
Miscellaneous	232,037,047	(19,518,141)	212,518,906
	15,589,146,489	(755,298,474)	14,833,848,015
OTHER EXPENSES (Note 3, II.5)			
Interest expense	3,305,447,688	(24,732,597)	3,280,715,091
Foreign exchange loss - net	109,596,454	11,172,853	120,769,307
	3,415,044,142	(13,559,744)	3,401,484,398
INCOME BEFORE INCOME TAX	7,838,460,178	(2,737,029,239)	5,101,430,939
PROVISION FOR INCOME TAX (Note 3, II.6)	870,717,387	47,923,639	918,641,026
NET INCOME	6,967,742,791	(2,784,952,878)	4,182,789,913

(Forward)

	AC Energy, Inc. and Subsidiaries (Unaudited)	Pro Forma Adjustments (Note 3, II)	Pro Forma Balances (Unaudited)
OTHER COMPREHENSIVE LOSS			
<i>Other comprehensive loss to be reclassified to profit or loss in subsequent periods:</i>			
Cumulative translation adjustments (Note 3, II.7)	(3,712,976,916)	887,994,055	(2,824,982,861)
Unrealized fair value loss on derivative instruments designated as hedges - net of tax	(146,121,500)	—	(146,121,500)
<i>Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:</i>			
Net changes in the fair market value of financial assets at FVOCI	(157,658,479)	—	(157,658,479)
Remeasurement loss on defined benefit obligation - net of tax	(19,275,108)	—	(19,275,108)
	(4,036,032,003)	887,994,055	(3,148,037,948)
SHARE IN OTHER COMPREHENSIVE LOSS OF AN ASSOCIATE			
<i>Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:</i>			
Share in other comprehensive loss of an associate	(89,691,591)	—	(89,691,591)
TOTAL OTHER COMPREHENSIVE LOSS	(4,125,723,594)	887,994,055	(3,237,729,539)
TOTAL COMPREHENSIVE INCOME	₱2,842,019,197	(₱1,896,958,823)	₱945,060,374
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company	₱5,604,504,882	(₱2,067,627,817)	₱3,536,877,065
Non-controlling interests	1,363,237,909	(717,325,061)	645,912,848
	₱6,967,742,791	(₱2,784,952,878)	₱4,182,789,913
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:			
Equity holders of the Parent Company	₱1,328,292,423	(₱1,330,592,751)	(₱2,300,328)
Non-controlling interests	1,513,726,774	(566,366,072)	947,360,702
	₱2,842,019,197	(₱1,896,958,823)	₱945,060,374

See accompanying Notes to Pro Forma Condensed Consolidated Financial Information.



AC ENERGY, INC AND SUBSIDIARIES**PRO FORMA CONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2019**

	AC Energy, Inc. and Subsidiaries (Audited)	Pro Forma Adjustments (Note 3, II)	Pro Forma Balances (Unaudited)
REVENUE (Note 3, II.1)			
Rendering of services	₱13,005,761,709	(₱1,186,633,705)	₱11,819,128,004
Equity in net income of associates and joint ventures	1,129,831,596	—	1,129,831,596
Rental income	178,378,422	—	178,378,422
Others	1,473,848,856	(1,191,832,119)	282,016,737
	15,787,820,583	(2,378,465,824)	13,409,354,759
OTHER INCOME			
Gains on acquisition and disposal of investments	25,325,287,438	—	25,325,287,438
Interest income (Note 3, II.2)	1,563,843,480	1,910,216,768	3,474,060,248
Mark-to-market gains (losses) (Note 3, II.3)	287,315,613	(294,165,962)	(6,850,349)
Other income	716,519,000	—	716,519,000
	27,892,965,531	1,616,050,806	29,509,016,337
COST AND EXPENSES (Note 3, II.4)			
Cost of power operations	11,412,294,327	—	11,412,294,327
Salaries, wages and employee benefits	1,495,507,599	(250,493,216)	1,245,014,383
Professional fees	871,607,093	(89,383,037)	782,224,056
Taxes and licenses	388,047,119	(39,250,055)	348,797,064
Depreciation and amortization	253,524,103	(54,523,574)	199,000,529
Management fee	252,061,282	—	252,061,282
Contracted services	194,807,481	—	194,807,481
Transportation and travel	77,997,027	(23,484,471)	54,512,556
Repairs and maintenance	45,717,453	—	45,717,453
Supplies	39,793,536	(26,522,359)	13,271,177
Provision for impairment losses	25,983,265	—	25,983,265
Retirement expense	20,329,523	(7,465,344)	12,864,179
Postal and communication	17,138,878	—	17,138,878
Entertainment, amusement and recreation	12,188,676	(1,074,980)	11,113,696
Miscellaneous	55,294,315	(53,413,646)	1,880,669
	15,162,291,677	(545,610,682)	14,616,680,995
OTHER EXPENSES (Note 3, II.5)			
Interest expense	2,280,018,234	(79,931,921)	2,200,086,313
Mark-to-market losses	222,710,656	—	222,710,656
Foreign exchange loss - net	65,419,662	(40,034,996)	25,384,666
	2,568,148,552	(119,966,917)	2,448,181,635
INCOME BEFORE INCOME TAX	25,950,345,885	(96,837,419)	25,853,508,466
PROVISION FOR INCOME TAX (Note 3, II.6)	565,636,852	(276,197,018)	289,439,834
NET INCOME	25,384,709,033	179,359,599	25,564,068,632

(Forward)



	AC Energy, Inc. and Subsidiaries (Audited)	Pro Forma Adjustments (Note 3, II)	Pro Forma Balances (Unaudited)
OTHER COMPREHENSIVE INCOME			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Cumulative translation adjustments (Note 3, II.7)	1,522,870,308	625,915,686	2,148,785,994
<i>Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:</i>			
Net changes in the fair market value of financial assets at FVOCI	(321,372,919)	—	(321,372,919)
Remeasurement loss on defined benefit obligation - net of tax	(7,569,098)	—	(7,569,098)
TOTAL OTHER COMPREHENSIVE INCOME	1,193,928,291	625,915,686	1,819,843,977
TOTAL COMPREHENSIVE INCOME	₱26,578,637,324	₱805,275,285	₱27,383,912,609
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company	₱24,966,211,759	₱474,045,896	₱25,440,257,655
Non-controlling interests	418,497,274	(294,686,297)	123,810,977
	₱25,384,709,033	₱179,359,599	₱25,564,068,632
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company	₱26,171,082,261	₱993,555,915	₱27,164,638,176
Non-controlling interests	407,555,063	(188,280,630)	219,274,433
	₱26,578,637,324	₱805,275,285	₱27,383,912,609

See accompanying Notes to Pro Forma Condensed Consolidated Financial Information.



AC ENERGY, INC. AND SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020 AND THE YEAR ENDED DECEMBER 31, 2019

	Paid-in Capital					Remeasurement Loss on Defined Benefit Obligation	Net unrealized gain on equity instruments at FVOCI	Unrealized FV Gains (Losses) on Derivative Instruments	Cummulative Translation Adjustments (Note 3, III.2)	Retained Earnings (Note 3, III.3)	Total	Non-controlling Interests (Note 3, III.3)	Total Equity
	Capital Stock	Subscription Receivable	Redeemable Common Stock	Redeemable Preferred Stock	Equity Reserves								
BALANCES AT JANUARY 1, 2020	P15,986,599,300	P-	P-	P17,550,621,600	P62,062,526	P7,460,447	(P299,696,789)	P-	P3,004,144,198	P34,486,345,800	P70,797,537,082	P16,849,500,850	P87,647,037,932
Pro forma net income (Note 3.III.1)	-	-	-	-	-	-	-	-	-	3,536,877,065	3,536,877,065	645,912,848	4,182,789,913
Pro forma other comprehensive income (loss) (Note 3.III.1)	-	-	-	-	-	(19,275,108)	(157,658,479)	(146,121,500)	(3,126,430,715)	-	(3,449,485,802)	301,447,854	(3,148,037,948)
Share in other comprehensive loss of an associate	-	-	-	-	-	-	(89,691,591)	-	-	-	(89,691,591)	-	(89,691,591)
Total pro forma comprehensive income	-	-	-	-	-	(19,275,108)	(247,350,070)	(146,121,500)	(3,126,430,715)	3,536,877,065	(2,300,328)	947,360,702	945,060,374
Reclassifications	-	-	-	-	-	-	369,734,500	-	-	(369,734,500)	-	-	-
Adjustments	-	-	-	-	-	-	-	-	(335,213,784)	-	(335,213,784)	335,213,784	-
Dividends	-	-	-	-	-	-	-	-	(1,000,000,000)	(1,000,000,000)	(201,451,536)	(1,201,451,536)	-
Movements in equity reserves	-	-	-	-	(64,632,918)	-	-	-	-	-	(64,632,918)	-	(64,632,918)
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	(14,500,000)	(14,500,000)
Business combinations and additional infusions	-	-	-	-	-	-	-	-	-	-	-	1,867,474,401	1,867,474,401
Pro forma adjustments (Note 3, III.2 and III.3)	-	-	-	-	-	-	-	-	(173,107,363)	5,099,330,906	4,926,223,543	(4,842,537,541)	83,686,002
PRO FORMA BALANCES AT SEPTEMBER 30, 2020 (UNAUDITED)	P15,986,599,300	P-	P-	P17,550,621,600	(P2,570,392)	(P11,814,661)	(P177,312,359)	(P146,121,500)	(P630,607,664)	P41,752,819,271	P74,321,613,595	P14,941,060,660	P89,262,674,255
BALANCES AT JANUARY 1, 2019	P15,986,599,300	(P1,687,500,000)	P8,388,121,600	P-	P30,786,116	P4,087,334	P21,676,130	P-	P1,481,273,890	P11,557,438,020	P35,782,482,390	P19,035,073,564	P54,817,555,954
Effect of adoption of PFRS 16	-	-	-	-	-	-	-	-	-	(37,303,979)	(37,303,979)	-	(37,303,979)
BALANCES AT JANUARY 1, 2019, AS ADJUSTED	15,986,599,300	(1,687,500,000)	8,388,121,600	-	30,786,116	4,087,334	21,676,130	-	1,481,273,890	11,520,134,041	35,745,178,411	19,035,073,564	54,780,251,975
Pro forma net income (Note 3.III.1)	-	-	-	-	-	-	-	-	-	25,440,257,655	25,440,257,655	123,810,977	25,564,068,632
Pro forma other comprehensive income (loss) (Note 3.III.1)	-	-	-	-	-	3,373,113	(321,372,919)	-	2,042,380,327	-	1,724,380,521	95,463,456	1,819,843,977
Total pro forma comprehensive income (loss)	-	-	-	-	-	3,373,113	(321,372,919)	-	2,042,380,327	25,440,257,655	27,164,638,176	219,274,433	27,383,912,609
Collection of subscription receivable	-	1,687,500,000	-	-	-	-	-	-	-	-	1,687,500,000	-	1,687,500,000
Movements in equity reserves	-	-	-	-	31,276,410	-	-	-	-	-	31,276,410	-	31,276,410
Dividends	-	-	-	-	-	-	-	-	-	(2,000,000,000)	(2,000,000,000)	(6,619,588,856)	(8,619,588,856)
Issuance of shares	-	-	-	9,162,500,000	-	-	-	-	-	-	9,162,500,000	-	9,162,500,000
Reclassifications	-	-	(8,388,121,600)	8,388,121,600	-	-	-	-	-	-	-	-	-
Acquisition through business combination	-	-	-	-	-	-	-	-	-	-	-	3,046,316,419	3,046,316,419
Additional infusions	-	-	-	-	-	-	-	-	-	-	-	980,144,660	980,144,660
Pro forma adjustments (Note 3, III.2 and III.3)	-	-	-	-	-	-	-	-	(692,617,382)	2,557,657,193	1,865,039,811	(4,654,256,911)	(2,789,217,100)
PRO FORMA BALANCES AT DECEMBER 31, 2019 (UNAUDITED)	P15,986,599,300	P-	P-	P17,550,621,600	P62,062,526	P7,460,447	(P299,696,789)	P-	P2,831,036,835	P37,518,048,889	P73,656,132,808	P12,006,963,309	P85,663,096,117

See accompanying Notes to Pro Forma Condensed Consolidated Financial Information.



AC ENERGY, INC. AND SUBSIDIARIES**PRO FORMA CONSOLIDATED
STATEMENT OF CASH FLOWS****FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020**

	AC Energy, Inc. and Subsidiaries (Unaudited)	Pro Forma Adjustments (Note 3, IV)	Pro Forma Balances (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱7,838,460,178	(₱2,737,029,239)	₱5,101,430,939
Adjustment for:			
Interest expense	3,305,447,688	(24,732,597)	3,280,715,091
Depreciation and amortization	1,732,478,985	(60,397,146)	1,672,081,839
Retirement expense	19,989,456	—	19,989,456
Provision for inventory obsolescence	10,860,605	—	10,860,605
Unrealized foreign exchange loss - net	10,650,838	4,778,587	15,429,425
Loss on sale of property, plant and equipment	3,468,374	(85,564)	3,382,810
Provision for impairment of receivables	464,000	—	464,000
Equity in net income of associates and joint ventures	(1,473,269,949)	—	(1,473,269,949)
Interest income (Note 3, IV.1 and IV.2)	(1,436,899,167)	(1,431,686,773)	(2,868,585,940)
Gains on acquisition and disposal of investments	(867,066,898)	—	(867,066,898)
Mark-to-market gains (Note 3, IV.2)	(848,988,682)	610,578,026	(238,410,656)
Gain on bargain purchase	(49,970,069)	—	(49,970,069)
Operating income before working capital changes	8,245,625,359	(3,638,574,706)	4,607,050,653
Decrease (increase) in:			
Receivables (Note 3, IV.2)	(1,752,933,209)	(757,262,172)	(2,510,195,381)
Input value-added taxes (Note 3, IV.2)	(258,607,772)	(598,707,069)	(857,314,841)
Other assets (Note 3, IV.2)	232,931,152	255,450,207	488,381,359
Increase (decrease) in:			
Accounts and other payables (Note 3, IV.2)	1,147,756,566	(1,744,504,993)	(596,748,427)
Other liabilities	(112,537,516)	(14,600,000)	(127,137,516)
Cash (used in) provided by operating activities	7,502,234,580	(6,498,198,733)	1,004,035,847
Interest received	414,988,468	(2,915,547)	412,072,921
Income tax paid	(419,387,136)	—	(419,387,136)
Net cash (used in) provided by operating activities	7,497,835,912	(6,501,114,280)	996,721,632
CASH FLOWS FROM INVESTING ACTIVITIES			
Deductions from (additions) to:			
Receivables	(7,286,474,308)	—	(7,286,474,308)
Issuance of convertible loans	(6,654,613,076)	—	(6,654,613,076)
Financial assets at FVTPL	(5,474,708,293)	—	(5,474,708,293)
Property, plant and equipment (Note 3, IV.2)	(4,134,130,730)	487,933,572	(3,646,197,158)
Investments in associates and joint ventures	(3,227,234,630)	—	(3,227,234,630)
Investments in redeemable preferred shares	(3,145,494,048)	—	(3,145,494,048)
Cash released from restriction	(1,247,925,178)	—	(1,247,925,178)
Right-of-use assets	(261,731,593)	—	(261,731,593)
Deferred exploration cost	(13,570,753)	—	(13,570,753)
Cash paid for business combinations - net of cash acquired	(4,026,861,465)	—	(4,026,861,465)

(Forward)

	AC Energy, Inc. and Subsidiaries (Unaudited)	Pro Forma Adjustments (Note 3, IV)	Pro Forma Balances (Unaudited)
Proceeds from:			
Redemption of financial assets at FVOCI	₱7,275,900,000	₱–	₱7,275,900,000
Sale of financial assets at FVTPL	6,346,900,631	–	6,346,900,631
Collection of receivables	3,192,279,846	–	3,192,279,846
Sale of property, plant and equipment	24,856,115	(33,012)	24,823,103
Interest received	659,542,545	–	659,542,545
Dividends received from investments in associates and joint ventures	270,512,339	–	270,512,339
Net cash used in investing activities	(17,702,752,598)	487,900,560	(17,214,852,038)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Availment of short-term loans	11,048,475,000	–	11,048,475,000
Availment of loans payable	3,800,000,000	–	3,800,000,000
Issuance of notes	3,034,960,464	–	3,034,960,464
Capital infusion of non-controlling interests in a subsidiary	768,130,624	–	768,130,624
Payments of:			
Loans payable (Note 3, IV.2)	(7,663,413,860)	2,947,201,055	(4,716,212,805)
Interest expense (Note 3, IV.2)	(6,329,080,628)	3,717,445,069	(2,611,635,559)
Dividends	(1,196,351,536)	–	(1,196,351,536)
Short-term loans	(750,000,000)	–	(750,000,000)
Lease liabilities	(269,370,446)	26,357,597	(243,012,849)
Treasury shares	(14,500,000)	–	(14,500,000)
Decrease in other noncurrent liabilities	(1,546,083,699)	–	(1,546,083,699)
Net cash provided by financing activities	882,765,919	6,691,003,721	7,573,769,640
EFFECTS OF CHANGES IN FOREIGN CURRENCY EXCHANGE RATE ON CASH AND CASH EQUIVALENTS	(7,369,693)	184,454,437	177,084,744
NET DECREASE IN CASH AND CASH EQUIVALENTS	(9,329,520,460)	862,244,438	(8,467,276,022)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	53,242,614,090*	(4,990,108,713)**	48,252,505,377
CASH AND CASH EQUIVALENTS AT END OF PERIOD	₱43,913,093,630*	(₱4,127,864,275)**	₱39,785,229,355

*Includes cash and cash equivalents presented as part of assets held for sale under PFRS 5.

**Cash and cash equivalents of GNPK presented as part of assets held for sale under PFRS 5.

See accompanying Notes to Pro Forma Condensed Consolidated Financial Information.



AC ENERGY, INC. AND SUBSIDIARIES

PRO FORMA CONSOLIDATED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

	AC Energy, Inc. and Subsidiaries (Audited)	Pro Forma Adjustments (Note 3, IV)	Pro Forma Balances (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱25,950,345,885	(₱96,837,419)	₱25,853,508,466
Adjustment for:			
Gains on acquisition and disposal of investments	(25,325,287,438)	—	(25,325,287,438)
Interest expense	2,280,018,234	(79,931,921)	2,200,086,313
Depreciation and amortization	1,126,421,204	(54,523,574)	1,071,897,630
Mark-to-market losses	222,710,656	—	222,710,656
Unrealized foreign exchange loss (gain) - net	65,419,662	(85,786,406)	(20,366,744)
Provision for impairment losses	25,983,265	—	25,983,265
Retirement expense	20,329,523	(7,465,344)	12,864,179
Interest income (Note 3, IV.1 and IV.2)	(1,563,843,480)	(1,910,216,768)	(3,474,060,248)
Equity in net income of associates and joint ventures	(1,129,831,596)	—	(1,129,831,596)
Gain on sale of property, plant and equipment	(292,194,105)	(1,230,338)	(293,424,443)
Mark-to-market gains (Note 3, IV.2)	(287,315,613)	294,165,962	6,850,349
Dividend income	(32,485,497)	—	(32,485,497)
Operating income before working capital changes	1,060,270,700	(1,941,825,808)	(881,555,108)
Decrease (increase) in:			
Receivables (Note 3, IV.2)	(4,291,707,798)	(37,976,200)	(4,329,683,998)
Input value-added taxes (Note 3, IV.2)	(87,400,518)	111,102,209	23,701,691
Other assets (Note 3, IV.2)	924,744,355	2,196,693,522	3,121,437,877
Increase in:			
Accounts and other payables (Note 3, IV.2)	1,651,921,105	(854,273,486)	797,647,619
Other liabilities	5,566,017	—	5,566,017
Cash used in operating activities	(736,606,139)	(526,279,763)	(1,262,885,902)
Interest received	1,479,878,371	(2,538,096)	1,477,340,275
Income tax paid	(790,101,159)	498,247,442	(291,853,717)
Net cash used in operating activities	(46,828,927)	(30,570,417)	(77,399,344)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from:			
Sale of subsidiary	30,167,158,003	—	30,167,158,003
Redemption of investments in redeemable preference shares	449,370,579	—	449,370,579
Sale of property, plant and equipment	335,430,105	—	335,430,105
Deductions (additions) to:			
Investments in financial assets at FVOCI	(21,186,000,000)	—	(21,186,000,000)
Receivables	(3,889,649,897)	—	(3,889,649,897)
Property, plant and equipment (Note 3, IV.2)	(3,628,163,677)	1,880,147,856	(1,748,015,821)
Investments in associates and joint ventures	(2,602,514,515)	—	(2,602,514,515)
Investments in redeemable preferred shares	(403,418,229)	—	(403,418,229)
Other noncurrent assets	—	27,650,907	27,650,907
Cash paid for business combinations - net of cash acquired	(1,231,073,857)	—	(1,231,073,857)

(Forward)



	AC Energy, Inc. and Subsidiaries (Audited)	Pro Forma Adjustments (Note 3, IV)	Pro Forma Balances (Unaudited)
Dividends received from:			
Investments in associates and joint ventures	₱711,603,800	₱—	₱711,603,800
Equity instruments at FVOCI	32,485,497	—	32,485,497
Net cash used in investing activities	(1,244,772,191)	1,907,798,763	663,026,572
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Issuance of notes	40,996,222,503	—	40,996,222,503
Issuance of stocks	9,162,500,000	—	9,162,500,000
Availment of loans payable (Note 3, IV.2)	8,579,394,996	(3,579,240,707)	5,000,154,289
Collection of subscription receivables	1,687,500,000	—	1,687,500,000
Capital infusion of non-controlling interests in subsidiaries (Note 3, IV.2)	980,144,660	(725,632,721)	254,511,939
Payments of:			
Dividends	(8,619,588,856)	—	(8,619,588,856)
Loans payable	(6,569,256,976)	—	(6,569,256,976)
Interest including capitalized borrowing cost (Note 3, IV.2)	(2,839,125,695)	1,077,380,158	(1,761,745,537)
Lease liabilities	(47,319,453)	50,948,137	3,628,684
Net cash provided by financing activities	43,330,471,179	(3,176,545,133)	40,153,926,046
EFFECTS OF CHANGES IN FOREIGN CURRENCY EXCHANGE RATE ON CASH AND CASH EQUIVALENTS	(65,419,662)	43,516,919	(21,902,743)
CAPITAL INFUSION INTO GNPK (Note 3, IV.3)	—	(2,450,858,469)	(2,450,858,469)
NET INCREASE IN CASH AND CASH EQUIVALENTS	41,973,450,399	(3,706,658,337)	38,266,792,062
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	11,269,163,691*	(1,283,450,376)**	9,985,713,315
CASH AND CASH EQUIVALENTS AT END OF YEAR	₱53,242,614,090*	(₱4,990,108,713)**	₱48,252,505,377

*Includes cash and cash equivalents presented as part of assets held for sale under PFRS 5.

**Cash and cash equivalents of GNPK presented as part of assets held for sale under PFRS 5.

See accompanying Notes to Pro Forma Condensed Consolidated Financial Information.



AC ENERGY, INC. AND SUBSIDIARIES

NOTES TO PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. General Information

Corporate Information

AC Energy, Inc. (the Parent Company or ACEI) was incorporated on December 13, 2005 and is domiciled in the Philippines. The Parent Company and its subsidiaries (collectively, the Group) were organized primarily to purchase, exchange, hold, own, use investments, capital stock or other securities and exercise all the rights, powers, and privileges of ownership to the extent permitted by law, as well as to engage in the purchase, retail, supply and delivery of electricity and in such other activities related thereto.

The Parent Company is a wholly owned subsidiary of Ayala Corporation (AC), a publicly-listed company which is 47.33% owned by Mermac, Inc. (ultimate parent company), and the rest by the public. AC is a listed entity incorporated in the Philippines.

The Parent Company's registered office address is 4th Floor 6750 Ayala Avenue Office Tower, Makati City.

The accompanying pro forma condensed consolidated financial information includes the consolidated balances of the Group and the pro forma adjustments relating to the sale of the Group's interest in GN Power Kauswagan Ltd. Co. (GNPK, a subsidiary), which is to occur subsequent to September 30, 2020.

Authorization for Issuance of the Pro Forma Condensed Consolidated Financial Information

The pro forma condensed consolidated financial information as at September 30, 2020 and for the nine-month period ended September 30, 2020 and the year ended December 31, 2019 were authorized for issuance by the Board of Directors (BOD) on November 17, 2020.

2. Basis of Preparing Pro Forma Condensed Consolidated Financial Information

The pro forma condensed consolidated financial information has been prepared in accordance with Section 9, Part II of the Revised Securities Regulation Code 68 (SRC Rule 68).

The pro forma condensed consolidated financial information has been prepared solely for inclusion in the Offering Circular prepared by the Group in connection with its planned capital-raising activity and for no other purpose. The pro forma condensed consolidated financial information should be read in conjunction with the unaudited interim condensed consolidated financial statements as at and for the nine-month period ended September 30, 2020 and the audited consolidated financial statements as at and for the year ended December 31, 2019.

The objective of this pro forma condensed consolidated financial information is to show the effects of the transaction described below on the historical financial information of the Group had it occurred at an earlier date. However, the pro forma condensed consolidated financial information is not necessarily indicative of the results of operations or related effects on the consolidated financial statements that would have been attained had the transaction described below actually occurred at an earlier date. The pro forma condensed consolidated financial information is not intended to be considered in isolation from, or as a substitute for, financial position or results of operations prepared in accordance with Philippine Financial Reporting Standards (PFRSs).



The pro forma condensed consolidated financial information has not been prepared in accordance with the requirements of Article 11 of the Recognition S-X under the U.S. Exchange Act.

Significant Transaction

The significant transaction described below is the basis of the proforma condensed consolidated financial information. This transaction is expected to occur subsequent to September 30, 2020.

Sale of Interest in GNPK

On July 1, 2019, the Group and Power Partners Ltd Co. (PPLC) and its affiliated companies executed a term sheet for the acquisition in tranches by PPLC of the Group's indirect partnership interest in GNPK. The completion of the first tranche of the transaction will result in PPLC gaining control over GNPK's coal plant project and is estimated to take place in 2021. The closing of the sale transaction is subject to certain conditions precedent (including the approval by the Philippine Competition Commission (PCC) that was obtained on September 30, 2019), some of which have not yet been satisfied as of the date of authorization for issuance of the pro forma condensed consolidated financial information. The pro forma adjustment on the sale of interest in GNPK is based on the assumptions that the conditions precedent for the full divestment of the investment in GNPK will be satisfactorily complied with, and that the full divestment of the investment in GNPK will happen within a relatively short period of time from the sale of the first tranche.

Events or circumstances may extend the period to complete the sale beyond one year. The Group remains committed to its plan to sell the subsidiary and has taken action steps on a timely basis geared towards addressing the requirements to obtain the lenders' consent for the Group's full divestment from the project.

After the completion of the sale of all tranches, the Group will completely divest its investment in GNPK, a subsidiary as at September 30, 2020. The final transfer price for the sale of the investment in GNPK is still to be determined at a later date after taking into account adjustments under conditions indicated in the executed term sheet. Estimated proceeds are collectible over a period of time which timing is based on certain assumptions by the management on the buyer's cash position. The proceeds in US Dollars are converted to Philippine Peso (₱) using a foreign currency exchange rate of ₱49. The proforma adjustment on receivables (see Note 3) for the full divestment is based on an assumed and reasonably determinable selling price on an assumed earliest sale date of February 2021 under the executed term sheet, and on management's assumed interest rates and collection period arising from the ongoing discussions with the buyer on the proposed revisions to the executed term sheet.

3. Pro Forma Adjustments

The pro forma condensed consolidated financial information is based on the historical information of the Group as shown in the consolidated financial statements of the Group as at and for the nine-month period ended September 30, 2020 and the year ended December 31, 2019 and after giving effect to certain assumptions and pro forma adjustments described in the succeeding paragraphs. The pro forma adjustments are based on available information and certain assumptions that the Group believes are reasonable under the circumstances.

The pro forma condensed consolidated financial information does not purport to represent what the results of operations and financial position of the Group would have been had the significant transaction discussed in the succeeding paragraphs occurred as at September 30, 2020 or as at January 1 of each of the periods presented or as the case may be, nor does it purport to project the results of operations of the Group for any future period or date, since the closing and completion of



the significant transaction is still subject to the satisfaction of certain conditions precedent. This has been prepared for illustration purposes only and on the assumption that all relevant conditions precedent has been satisfied.

For the purpose of the pro forma consolidated statements of comprehensive income, changes in equity and cash flows, the transaction is assumed to have occurred on January 1, which is the beginning of the periods presented. For the purpose of the pro forma consolidated statement of financial position as at September 30, 2020, the transaction is assumed to have occurred on September 30, 2020, the end of the period presented.

Prior to the preparation of the pro forma condensed consolidated financial information, the Group has already reclassified the assets and liabilities of GNPK into “Assets held for sale” and “Liabilities held for sale”, respectively, on July 1, 2019. The statement of comprehensive income balances of GNPK remain consolidated with the Group as transfer of control over GNPK has not yet occurred as of September 30, 2020 in spite of the imminence of the sale and meeting of the requirements of PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*. Also, the sale of GNPK did not qualify as a discontinued operation as of September 30, 2020.

I. Pro forma adjustments in the pro forma consolidated statement of financial position as of September 30, 2020

For the purpose of the pro forma consolidated statement of financial position as at September 30, 2020, the significant transaction is assumed to have occurred on September 30, 2020.

The following pro forma adjustments have been made in relation to the recognition of receivable arising from the sale of 100% interest in GNPK, and the derecognition of assets and liabilities held for sale:

1. Recognition of receivable from the sale discounted using 10% at ₱19,128.08 million.
2. Derecognition of assets held for sale and liabilities held for sale amounting to ₱58,347.90 million and ₱37,406.54 million, respectively.
3. Derecognition of non-controlling interest on investment in GNPK amounting to ₱5,408.90 million.
4. Derecognition of cumulative translation adjustments relating to GNPK amounting to ₱563.93 million.
5. As indicated in Note 2, the pro forma adjustment to retained earnings of ₱3,031.70 million is based on an assumed selling price in accordance with the terms and conditions contemplated and being negotiated by both parties currently. Furthermore, the assumed selling price is subject to a price adjustment; the effect of which is still to be finalized since this is sensitive to the timing of the sale. The net book value of the investment to be disposed as of September 30, 2020 is likewise to be finalized at a later date after taking into account the operations of GNPK at the time of the sale. The effect on taxes is assumed to be not material since the sale will be done offshore.

II. Pro forma adjustments in the pro forma consolidated statements of comprehensive income for the nine-month period ended September 30, 2020 and the year ended December 31, 2019

For the purpose of the pro forma consolidated statements of comprehensive income for the nine-month period ended September 30, 2020 and the year ended December 31, 2019, the transactions are assumed to have occurred on January 1, which is the beginning of each of the periods presented. The pro forma consolidated statements of comprehensive income do not include non-recurring charges or credits and related tax effects which result directly from the significant transaction.



Pro forma adjustments have been made to derecognize the statement of comprehensive income accounts of GNPK that are otherwise included in the consolidated statements of comprehensive income referred to above.

1. Derecognition of operating and other revenues related to GNPK amounting to ₱4,310.34 million and ₱2,378.47 million, respectively, for the nine-month period ended September 30, 2020 and the year ended December 31, 2019.
2. Recognition of interest income using the effective interest rate method on the outstanding receivable from the sale of GNPK amounting to ₱1,434.61 million and ₱1,912.81 million, respectively, for the nine-month period ended September 30, 2020 and the year ended December 31, 2019. Derecognition of interest income of GNPK amounting to ₱2.92 million and ₱2.59 million, respectively, for the nine-month period ended September 30, 2020 and the year ended December 31, 2019.
3. Derecognition of mark-to-market gains relating to GNPK amounting to ₱610.58 million and ₱294.17 million, respectively, for the nine-month period ended September 30, 2020 and the year ended December 31, 2019.
4. Derecognition of the following cost and expenses of GNPK for the nine-month period ended September 30, 2020 and the year ended December 31, 2019:

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Cost of power operations	₱10,860,605	₱—
Salaries, wages and employee benefits	239,356,254	250,493,216
Taxes and licenses	127,123,382	39,250,055
Depreciation and amortization	60,397,146	54,523,574
Professional fees	40,807,151	89,383,037
Management fee	32,200,517	—
Repairs and maintenance	70,047,241	—
Insurance	92,042,428	—
Supplies	42,500,800	26,522,359
Transportation and travel	13,144,596	23,484,471
Postal and communication	6,304,503	—
Entertainment, amusement and recreation	995,710	1,074,980
Retirement expense	—	7,465,344
Miscellaneous	19,518,141	53,413,646
	₱755,298,474	₱545,610,682

5. Derecognition of interest expense and foreign exchange loss - net of GNPK with an aggregate amount of ₱13.56 million and ₱119.97 million, respectively, for the nine-month period ended September 30, 2020 and the year ended December 31, 2019.
6. Derecognition of benefit from income tax of GNPK amounting to ₱47.92 million for the nine-month period ended September 30, 2020 and provision for income tax of GNPK amounting to ₱276.20 million for the year ended December 31, 2019
7. Derecognition of cumulative translation adjustments arising from GNPK consolidation amounting to ₱887.99 million and ₱625.92 million, respectively, for the nine-month period ended September 30, 2020 and the year ended December 31, 2019.

The difference between the assumed selling price based on the term sheet, that is still to be finalized at a later date after taking into account the agreed adjustments, and the net book value of the assets to be disposed as of September 30, 2020 is ₱3,031.70 million.



III. Pro forma adjustments in the pro forma consolidated statements of changes in equity for the nine-month period ended September 30, 2020 and the year ended December 31, 2019

For the purpose of the pro forma consolidated statement of changes in equity for the nine-month period ended September 30, 2020 and the year ended December 31, 2019, the transactions are assumed to have occurred on January 1, which is the beginning of each period presented.

The following are the pro forma adjustments made:

1. Pro forma adjustments have been made to present the effect on equity of the pro forma adjustments to the consolidated net income and comprehensive income of the Group as reflected in the pro forma consolidated statements of comprehensive income for the nine-month period ended September 30, 2020 and the year ended December 31, 2019, as discussed in the preceding section.
2. Pro forma adjustments have been made to present the effect on equity of the pro forma adjustments to the consolidated statements of changes in equity to derecognize the cumulative translation adjustments relating to GNPK. For the nine-month period ended September 30, 2020 and the year ended December 31, 2019, cumulative translation adjustment was reduced by ₱173.11 million and ₱692.62 million, respectively.
3. In order to tie-up the ending balance of equity in the pro forma consolidated statements of changes in equity to the amounts reflected in the pro forma consolidated statement of financial position, adjustments are made and presented as “pro forma adjustments” in the pro forma consolidated statements of changes in equity. Retained earnings and non-controlling interest were increased and reduced by ₱5,099.33 million and ₱4,842.54 million, respectively, for the nine-month period ended September 30, 2020. Retained earnings and non-controlling interest were increased and reduced by ₱2,557.66 million and ₱4,654.26 million, respectively, for the year ended December 31, 2019.

IV. Pro forma adjustments in the pro forma consolidated statements of cash flows for the nine-month period ended September 30, 2020 and the year ended December 31, 2019

For the purpose of the pro forma consolidated statements of cash flows for the nine-month period ended September 30, 2020 and the year ended December 31, 2019, the sale of GNPK, which is a non-cash transaction, is assumed to have occurred on January 1, which is the beginning of each period presented. The pro forma consolidated statements of cash flows do not include non-recurring charges or credits and related tax effects which result directly from the significant transaction.



Pro forma adjustments have been made to reflect the deconsolidation of GNPK's cash flows from the Group's pro forma consolidated statements of cash flows for the nine-month period ended September 30, 2020 and the year ended December 31, 2019. The following is the summary of the adjustments made (in millions):

	Nine-month period ended September 30, 2020	One year ended December 31, 2019
Operating cash flows	(₱6,501.11)	(₱30.57)
Investing cash flows	487.90	1,907.80
Financing cash flows	6,691.00	(3,176.55)
Capital infusion into GNPK	—	(2,450.86)

Below are the specific significant pro forma adjustments made for the nine-month period ended September 30, 2020 and the year ended December 31, 2019:

1. Accretion of interest income amounting to ₱1,434.61 million and ₱1,912.81 million, respectively, for the nine-month period ended September 30, 2020 and the year ended December 31, 2019.
2. Derecognition of GNPK's contribution to the consolidated cash flows for the nine-month period ended September 30, 2020 and the year ended December 31, 2019.
3. Capital infusion of Parent Company and non-controlling interests into GNPK amounting to ₱2,450.86 million and ₱725.63 million, respectively, for the year ended December 31, 2019, which were eliminated in the audited consolidated statement of cash flows for the year then ended.

