

**AC Energy Corporation**  
*(Formerly AC Energy Philippines, Inc.)*  
**and Subsidiaries**

Pro Forma Condensed Consolidated  
Financial Information  
As at December 31, 2020 and For the Years  
Ended December 31, 2020 and 2019

and

Independent Auditor's Report



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

The Stockholders and the Board of Directors  
AC Energy Corporation

We have completed our assurance engagement to report on the compilation of pro forma condensed consolidated financial information of AC Energy Corporation (formerly AC Energy Philippines, Inc.) (Parent Company) and subsidiaries (together with the Parent Company, the Group) prepared by the Parent Company's management. The pro forma consolidated financial information consists of the pro forma consolidated statement of financial position as at December 31, 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 years ended December 31, 2020 and 2019 and the related notes. The applicable criteria on the basis of which the 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 have been compiled by the Parent Company's management to illustrate the impact of the transaction set out in Note 2 on the Group's financial position as at December 31, 2020 as if the transaction had taken place as of this date, and the Group's financial performance and cash flows for the years ended December 31, 2020 and 2019 as if the transaction had taken place at January 1, the beginning of the years presented. As part of this process, information about the transferred companies' financial position, financial performance and cash flows have been extracted from the transferred companies' balances as at December 31, 2020 and for the years ended December 31, 2020 and 2019.

### ***Responsibility for the Pro Forma Condensed Consolidated Financial Information***

The Parent Company'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 as required by Section 9, Part II of the Revised Securities Regulation Code Rule 68 about whether the pro forma condensed consolidated financial information have been compiled, in all material respects, by the Parent Company'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 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 Board. This standard requires that the auditors comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Parent Company's management has compiled, in all material respects, the pro forma condensed consolidated financial information on the basis 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 a prospectus 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 December 31, 2020 or as at the beginning of the years presented, would have been as presented.

A reasonable assurance engagement to report on whether the pro forma condensed consolidated financial information have 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 have 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 have obtained is sufficient and appropriate to provide a basis for our opinion.



## Opinion

In our opinion, the pro forma condensed consolidated financial information 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.



Benjamin N. Villacorte

Partner

CPA Certificate No. 111562

SEC Accreditation No. 1539-AR-1 (Group A),  
March 26, 2019, valid until March 25, 2022

Tax Identification No. 242-917-987

BIR Accreditation No. 08-001998-120-2019,  
January 28, 2019, valid until January 27, 2022

PTR No. 8534383, January 4, 2021, Makati City

March 18, 2021



**AC ENERGY CORPORATION**  
**(Formerly AC Energy Philippines, Inc.)**  
**AND SUBSIDIARIES**

**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**December 31, 2020**

**(Amounts in Thousands)**

	<b>AC Energy Corporation and Subsidiaries (Audited)</b>	<b>Pro Forma Adjustments (Note 3.I) (Unaudited)</b>	<b>Pro Forma Balances (Unaudited)</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	₱5,135,474	₱22,941,697	₱28,077,171
Receivables	6,095,019	10,516,700	16,611,719
Fuel and spare parts	1,391,340	–	1,391,340
Financial assets at fair value through other comprehensive income (FVOCI)	–	12,620,756	12,620,756
Current portion of:			
Input value added tax (VAT)	430,139	8,599	438,738
Creditable withholding taxes	649,271	–	649,271
Other current assets	453,233	191	453,424
<b>Total Current Assets</b>	<b>14,154,476</b>	<b>46,087,943</b>	<b>60,242,419</b>
<b>Noncurrent Assets</b>			
Investments in:			
Financial asset at FVOCI	1,211	379,957	381,168
Associates and joint ventures	6,593,492	12,201,595	18,795,087
Other financial assets at amortized cost	–	15,297,105	15,297,105
Property, plant and equipment	31,837,939	11	31,837,950
Investment properties	341,549	–	341,549
Goodwill and other intangible assets	2,537,094	–	2,537,094
Right-of-use assets	2,343,404	–	2,343,404
Deferred income tax assets - net	416,353	–	416,353
Net of current portion:			
Input VAT	1,177,802	–	1,177,802
Creditable withholding taxes	601,840	–	601,840
Other noncurrent assets	3,570,160	4,273,888	7,844,048
<b>Total Noncurrent Assets</b>	<b>49,420,844</b>	<b>32,152,556</b>	<b>81,573,400</b>
<b>TOTAL ASSETS</b>	<b>₱63,575,320</b>	<b>₱78,240,499</b>	<b>₱141,815,819</b>

*(Forward)*



	AC Energy Corporation and Subsidiaries (Audited)	Pro Forma Adjustments (Note 3.I) (Unaudited)	Pro Forma Balances (Unaudited)
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Accounts payable and other current liabilities	₱6,539,227	(₱49,038)	₱6,490,189
Short-term loans	9,438,600	(4,803,600)	4,635,000
Current portion of long-term loans	707,782	-	707,782
Current portion of lease liability	285,001	-	285,001
Income and withholding taxes payable	129,072	216,209	345,281
Due to stockholders	18,272	-	18,272
<b>Total Current Liabilities</b>	<b>17,117,954</b>	<b>(4,636,429)</b>	<b>12,481,525</b>
<b>Noncurrent Liabilities</b>			
Long term loans - net of current portion	21,682,924	(136,551)	21,546,373
Lease liabilities - net of current portion	1,631,628	-	1,631,628
Pension and other employee benefits	50,929	-	50,929
Deferred income tax liabilities - net	127,693	3,288	130,981
Other noncurrent liabilities	1,609,123	85,925	1,695,048
<b>Total Noncurrent Liabilities</b>	<b>25,102,297</b>	<b>(47,338)</b>	<b>25,054,959</b>
<b>Total Liabilities</b>	<b>42,220,251</b>	<b>(4,683,767)</b>	<b>37,536,484</b>
<b>Equity</b>			
Capital stock	13,706,957	16,685,801	30,392,758
Additional paid-in capital	8,692,555	69,246,072	77,938,627
Other equity reserves	(7,541,223)	(52,076,178)	(59,617,401)
Unrealized fair value loss on equity instruments at FVOCI	(8,169)	-	(8,169)
Unrealized fair value gain on derivative instruments designated under hedging	57,409	-	57,409
Remeasurement loss on defined benefit plans	(6,999)	-	(6,999)
Accumulated share in other comprehensive loss of associates and joint ventures	(2,723)	-	(2,723)
Retained earnings	5,167,685	-	5,167,685
Treasury shares	(40,930)	-	(40,930)
Total equity attributable to equity holders of the Parent Company	20,024,562	33,855,695	53,880,257
Non-controlling interests	1,330,507	49,068,571	50,399,078
<b>Total Equity</b>	<b>21,355,069</b>	<b>82,924,266</b>	<b>104,279,335</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱63,575,320</b>	<b>₱78,240,499</b>	<b>₱141,815,819</b>

See accompanying Notes to the Pro Forma Condensed Consolidated Financial Information (Unaudited)



**AC ENERGY CORPORATION**  
**(Formerly AC Energy Philippines, Inc.)**  
**AND SUBSIDIARIES**

**PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**(Amounts in Thousands, Except Per Share Figures)**

	Year Ended December 31, 2020		
	AC Energy Corporation and Subsidiaries (Audited)	Pro Forma Adjustments (Note 3.II) (Unaudited)	Pro Forma Balances (Unaudited)
<b>REVENUES</b>			
Revenue from sale of electricity	₱20,283,303	₱–	₱20,283,303
Rental income	86,623	–	86,623
Dividend income	–	14,034	14,034
Other revenue	69,525	34,751	104,276
	<b>20,439,451</b>	<b>48,785</b>	<b>20,488,236</b>
<b>COSTS AND EXPENSES</b>			
Cost of sale of electricity	13,420,539	–	13,420,539
General and administrative expenses	2,585,290	432,374	3,017,664
	<b>16,005,829</b>	<b>432,374</b>	<b>16,438,203</b>
<b>INTEREST AND OTHER FINANCE CHARGES</b>	<b>(1,879,868)</b>	<b>(108,218)</b>	<b>(1,988,086)</b>
<b>EQUITY IN NET INCOME OF ASSOCIATES AND JOINT VENTURES</b>	<b>898,513</b>	<b>591,679</b>	<b>1,490,192</b>
<b>OTHER INCOME - NET</b>	<b>908,028</b>	<b>2,643,861</b>	<b>3,551,889</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>4,360,295</b>	<b>2,743,733</b>	<b>7,104,028</b>
<b>PROVISION FOR INCOME TAX</b>			
Current	197,666	206,387	404,053
Deferred	293,116	4,707	297,823
	<b>490,782</b>	<b>211,094</b>	<b>701,876</b>
<b>NET INCOME</b>	<b>₱3,869,513</b>	<b>₱2,532,639</b>	<b>₱6,402,152</b>
<b>Net Income Attributable to:</b>			
Equity holders of the Parent Company	₱3,753,813	₱534,289	₱4,288,102
Non-controlling interests	115,700	1,998,350	2,114,050
	<b>₱3,869,513</b>	<b>₱2,532,639</b>	<b>₱6,402,152</b>
<b>Basic/Diluted Earnings Per Share (Note 4)</b>	<b>₱0.35</b>		<b>₱0.16</b>
<b>NET INCOME</b>	<b>₱3,869,513</b>	<b>₱2,532,639</b>	<b>₱6,402,152</b>
<b>OTHER COMPREHENSIVE INCOME LOSS</b>			
<i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods</i>			
Cumulative translation adjustment	–	(5,980,035)	(5,980,035)
Unrealized fair value losses on derivative instrument designated under hedge accounting - net of tax	72,151	–	72,151
<i>Other comprehensive loss not to be reclassified to profit or loss in subsequent periods</i>			
Net changes in the fair value of equity instruments at FVOCI	(40)	81,757	81,717
Remeasurement gain on defined benefit plan - net of tax	35	–	35
	<b>72,146</b>	<b>(5,898,278)</b>	<b>(5,826,132)</b>
<b>SHARE IN OTHER COMPREHENSIVE INCOME OF ASSOCIATES AND JOINT VENTURES</b>			
<i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods</i>			
Unrealized fair value loss on derivative instruments designated as hedges - net of tax	–	(28,077)	(28,077)
<i>Other comprehensive loss not to be reclassified to profit or loss in subsequent periods</i>			
Remeasurement loss on defined benefit obligation - net of tax	(616)	(32,998)	(33,614)
<b>OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX</b>	<b>71,530</b>	<b>(5,959,353)</b>	<b>(5,887,823)</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>₱3,941,043</b>	<b>(₱3,426,714)</b>	<b>₱514,329</b>
<b>Total Comprehensive Income (Loss) Attributable to:</b>			
Equity holders of the Parent Company	₱3,825,343	(₱5,422,667)	(₱1,597,324)
Non-controlling interest	115,700	1,995,953	2,111,653
	<b>₱3,941,043</b>	<b>(₱3,426,714)</b>	<b>₱514,329</b>

See accompanying Notes to the Pro Forma Condensed Consolidated Financial Information (Unaudited)



	Year Ended December 31, 2019		
	AC Energy Corporation and Subsidiaries (Audited)	Pro Forma Adjustments (Note 3.II) (Unaudited)	Pro Forma Balances (Unaudited)
<b>REVENUES</b>			
Revenue from sale of electricity	P16,096,549	P-	P16,096,549
Dividend income	14,741	-	14,741
Rental income	3,115	-	3,115
Other revenue	-	135,606	135,606
	16,114,405	135,606	16,250,011
<b>COSTS AND EXPENSES</b>			
Cost of sale of electricity	15,302,530	-	15,302,530
General and administrative expenses	767,840	259,808	1,027,648
	16,070,370	259,808	16,330,178
<b>INTEREST AND OTHER FINANCE CHARGES</b>			
	(976,029)	(27,947)	(1,003,976)
<b>EQUITY IN NET INCOME OF ASSOCIATES AND JOINT VENTURES</b>			
	206,985	834,519	1,041,504
<b>OTHER INCOME - NET</b>			
	736,249	23,339,346	24,075,595
<b>INCOME BEFORE INCOME TAX</b>			
	11,240	24,021,716	24,032,956
<b>PROVISION FOR INCOME TAX</b>			
Current	99,250	67,808	167,058
Deferred	(220,883)	-	(220,883)
	(121,633)	67,808	(53,825)
<b>NET INCOME</b>			
	P132,873	P23,953,908	P24,086,781
<b>Net Income Attributable to:</b>			
Equity holders of the Parent Company	P57,654	P23,954,155	P24,011,809
Non-controlling interests	75,219	(247)	74,972
	P132,873	P23,953,908	P24,086,781
<b>Basic/Diluted Earnings Per Share (Note 4)</b>			
	P0.01		P1.05
<b>NET INCOME</b>			
	P132,873	P23,953,908	P24,086,781
<b>OTHER COMPREHENSIVE INCOME LOSS</b>			
<i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods</i>			
Cumulative translation adjustment	-	1,660,383	1,660,383
Unrealized fair value losses on derivative instrument designated under hedge accounting - net of tax	(14,742)	-	(14,742)
<i>Other comprehensive loss not to be reclassified to profit or loss in subsequent periods</i>			
Remeasurement gain on defined benefit plan - net of tax	(7,570)	-	(7,570)
Net changes in the fair value of equity instruments at FVOCI	(27,369)	(16)	(27,385)
	(49,681)	1,660,367	1,610,686
<b>SHARE IN OTHER COMPREHENSIVE INCOME OF ASSOCIATES AND JOINT VENTURES</b>			
<i>Other comprehensive loss not to be reclassified to profit or loss in subsequent periods</i>			
Remeasurement loss on defined benefit obligation - net of tax	86	-	86
<b>OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX</b>			
	(49,595)	1,660,367	1,610,772
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>			
	P83,278	P25,614,275	P25,697,553
<b>Total Comprehensive Income (Loss) Attributable to:</b>			
Equity holders of the Parent Company	P8,059	P25,614,522	P25,622,581
Non-controlling interest	75,219	(247)	74,972
	P83,278	P25,614,275	P25,697,553

See accompanying Notes to the Pro Forma Condensed Consolidated Financial Information (Unaudited)





**AC ENERGY CORPORATION**  
**(Formerly AC Energy Philippines, Inc.)**  
**AND SUBSIDIARIES**

**PRO FORMA CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(Amounts in Thousands)**

	Attributable to Equity Holders of the Parent Company											Non-controlling Interests	Total Equity
	Capital Stock	Additional Paid-in Capital	Other Equity Reserves	Unrealized Fair Value Gain (Loss) on Equity Instruments at FVOCI	Unrealized Fair Value Gain (Loss) on Derivative instruments designated under hedging	Remeasurement Gain (Loss) on Defined Benefit Plans	Accumulated Share in Other Comprehensive Gain (Loss) of Associates and Joint Ventures	Cumulative Translation Adjustment	Retained Earnings	Treasury Shares	Total		
<b>BALANCES AT JANUARY 1, 2020 (ACEN)</b>	<b>₱7,521,775</b>	<b>₱83,768</b>	<b>₱5,366,480</b>	<b>(₱96,584)</b>	<b>(₱14,742)</b>	<b>₱9,254</b>	<b>(₱2,107)</b>	<b>₱-</b>	<b>₱3,296,295</b>	<b>(₱27,704)</b>	<b>₱16,136,435</b>	<b>₱248,584</b>	<b>₱16,385,019</b>
Dividends declared and paid	-	-	-	-	-	-	-	-	(546,751)	-	(546,751)	(133,121)	(679,872)
Issuance of capital stock	6,185,182	8,473,700	-	-	-	-	-	-	-	-	14,658,882	-	14,658,882
Stock issuance costs	-	(94,782)	-	-	-	-	-	-	-	-	(94,782)	-	(94,782)
Acquisition of treasury shares	-	-	-	-	-	-	-	-	-	(28,657)	(28,657)	-	(28,657)
Reissuance of treasury shares	-	71,402	-	-	-	-	-	-	-	15,431	86,833	-	86,833
Non-controlling interest arising from business combination	-	-	-	-	-	-	-	-	-	-	-	1,099,344	1,099,344
Acquisition under common control	-	158,467	(12,907,703)	88,455	-	(16,288)	-	-	(1,335,672)	-	(14,012,741)	-	(14,012,741)
	6,185,182	8,608,787	(12,907,703)	88,455	-	(16,288)	-	-	(1,882,423)	(13,226)	62,784	966,223	1,029,007
Pro forma net income and other comprehensive income (loss) (Note 3.IV.A)	-	-	-	81,717	72,151	35	(61,691)	(5,977,638)	4,288,102	-	(1,597,324)	2,111,653	514,329
Pro forma adjustments (Note 3.IV.B)	16,685,801	69,246,072	(52,076,178)	-	-	-	-	-	-	-	33,855,695	49,068,571	82,924,266
Other pro forma adjustments (Note 3.IV.C)	-	-	-	(81,757)	-	-	61,075	5,977,638	(534,289)	-	5,422,667	(1,995,953)	3,426,714
	16,685,801	69,246,072	(52,076,178)	(81,757)	-	-	61,075	5,977,638	(534,289)	-	39,278,362	47,072,618	86,350,980
<b>PRO FORMA BALANCES AT DECEMBER 31, 2020 (Unaudited)</b>	<b>₱30,392,758</b>	<b>₱77,938,627</b>	<b>(₱59,617,401)</b>	<b>(₱8,169)</b>	<b>₱57,409</b>	<b>(₱6,999)</b>	<b>(₱2,723)</b>	<b>₱-</b>	<b>₱5,167,685</b>	<b>(₱40,930)</b>	<b>₱53,880,257</b>	<b>₱50,399,078</b>	<b>₱104,279,335</b>

See accompanying Notes to the Pro Forma Condensed Consolidated Financial Information (Unaudited)



Attributable to Equity Holders of the Parent Company

	Capital Stock	Additional Paid-in Capital	Other Equity Reserves	Unrealized Fair Value Gain (Loss) on Equity Instruments at FVOCI	Unrealized Fair Value Gain (Loss) on Derivative instruments designated under hedging	Remeasurement Gain (Loss) on Defined Benefit Plans	Accumulated Share in Other Comprehensive Gain (Loss) of Associates and Joint Ventures	Cumulative Translation Adjustment	Retained Earnings	Treasury Shares	Total	Non-controlling Interests	Total Equity
BALANCES AT JANUARY 1, 2019 (ACEN)	₱4,889,775	₱83,768	₱18,338	₱59,772	₱-	₱536	(₱2,193)	₱-	₱3,212,993	(₱27,706)	₱8,235,283	₱45,450	₱8,280,733
Disposal of financial assets at FVOCI	-	-	-	(40,532)	-	-	-	-	40,532	-	-	-	-
Issuance of shares of stock	2,632,000	-	-	-	-	-	-	-	-	2	2,632,002	-	2,632,002
Acquisition of non-controlling interests	-	-	(130,854)	-	-	-	-	-	-	-	(130,854)	(22,782)	(153,636)
Effects of common control business combination	-	-	5,478,996	(88,455)	-	16,288	-	-	(14,884)	-	5,391,945	150,697	5,542,642
	2,632,000	-	5,348,142	(128,987)	-	16,288	-	-	25,648	2	7,893,093	127,915	8,021,008
Pro forma net income and other comprehensive income (loss) (Note 3.V.A)	-	-	-	(27,385)	(14,742)	(7,570)	86	1,660,383	24,011,809	-	25,622,581	74,972	25,697,553
Pro forma adjustments (Note 3.V.B)	16,685,801	69,246,072	(48,886,887)	-	-	-	-	-	-	-	37,044,986	39,123,377	76,168,363
Other pro forma adjustments (Note 3.V.C)	-	-	-	16	-	-	-	(1,660,383)	(23,954,157)	-	(25,614,524)	247	(25,614,277)
	16,685,801	69,246,072	(48,886,887)	16	-	-	-	(1,660,383)	(23,954,157)	-	11,430,462	39,123,624	50,554,086
PRO FORMA BALANCES AT DECEMBER 31, 2019 (Unaudited)	₱24,207,576	₱69,329,840	(₱43,520,407)	(₱96,584)	(₱14,742)	₱9,254	(₱2,107)	₱-	₱3,296,293	(₱27,704)	53,181,419	39,371,961	92,553,380

See accompanying Notes to the Pro Forma Condensed Consolidated Financial Information (Unaudited)



**AC ENERGY CORPORATION**  
**(Formerly AC Energy Philippines, Inc.)**  
**AND SUBSIDIARIES**

**PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020 AND 20219**  
**(Amounts in Thousands)**

	Year Ended December 31, 2020		
	AC Energy Corporation and Subsidiaries (Audited)	Pro Forma Adjustments (Note 3.II) (Unaudited)	Pro Forma Balances (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income tax	₱4,360,295	₱2,743,733	₱7,104,028
Adjustments for:			
Interest and other finance charges	1,879,868	108,218	1,988,086
Depreciation and amortization	1,810,707	36	1,810,743
Equity in net income of associates and joint ventures	(898,513)	(591,679)	(1,490,192)
Foreign exchange (gain) loss - net	(361,260)	315,501	(45,759)
Interest and other financial income	(121,512)	(1,940,260)	(2,061,772)
Gain on bargain purchase	(49,970)	-	(49,970)
Pension and other employee benefits	(20,071)	-	(20,071)
Dividend income	-	(14,034)	(14,034)
Gains on disposal of investments	-	(867,067)	(867,067)
Provisions for (reversal of):			
Impairment loss on:			
Property, plant and equipment impairment	381,105	-	381,105
Investments in associates and joint venture	186,513	-	186,513
Advances to contractors	49,884	-	49,884
Credit losses	(32)	-	(32)
Loss (gain) on sale of:			
By-product	(15,354)	-	(15,354)
Property, plant and equipment	4,280	-	4,280
Derivatives	3,414	-	3,414
Operating income (loss) before working capital changes	7,209,354	(245,552)	6,963,802
Increase (decrease) in:			
Receivables	(1,399,141)	(2,449,674)	(3,848,815)
Fuel and spare parts	(426,969)	-	(426,969)
Other current assets	186,337	(4,311)	182,026
Other noncurrent assets	(1,238,150)	-	(1,238,150)
Decrease in accounts payable and other current liabilities	(324,695)	(28,993)	(353,688)
Cash generated from (used in) operations	4,006,736	(2,728,530)	1,278,206
Interest received	-	296,002	296,002
Income and withholding taxes paid	(192,586)	(52,331)	(244,917)
Net cash flows from (used in) operating activities	3,814,150	(2,484,859)	1,329,291
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to:			
Property, plant and equipment	(6,259,461)	-	(6,259,461)
Investments in subsidiaries, net of cash acquired	(4,026,861)	-	(4,026,861)
Investments in joint ventures	(2,573,300)	(280,412)	(2,853,712)
Right-of-use assets	(378,492)	-	(378,492)
Investment properties	(44,605)	-	(44,605)
Deferred exploration costs	(13,836)	-	(13,836)
Loans to related parties	-	(11,488,821)	(11,488,821)
Investments in convertible loans	-	(5,983,388)	(5,983,388)
Financial assets at fair value through profit or loss (FVTPL)	-	(5,474,708)	(5,474,708)
Investments in redeemable preferred shares	-	(4,987,051)	(4,987,051)

(Forward)



Year Ended December 31, 2020			
	AC Energy Corporation and Subsidiaries (Audited)	Pro Forma Adjustments (Note 3.II) (Unaudited)	Pro Forma Balances (Unaudited)
Cash dividends received	₱446,480	₱1,729,954	₱2,176,434
Interest received	140,450	1,368,165	1,508,615
Proceeds from:			
Termination of short-term investments	100,000	–	100,000
Insurance claim	35,282	–	35,282
Sale of property, plant and equipment	2,627	–	2,627
Redemptions of investments in financial assets at FVOCI	–	7,275,900	7,275,900
Sale of investments in financial assets at FVTPL	–	6,346,901	6,346,901
Collection of receivables	–	3,523,334	3,523,334
Increase in other noncurrent assets, non-current portion of input VAT and CWT	(1,766,094)	–	(1,766,094)
Net cash flows used in investing activities	(14,337,810)	(7,970,126)	(22,307,936)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from:			
Availment of short-term debt	10,506,500	3,677,775	14,184,275
Availment of long-term debt	3,807,614	–	3,807,614
Reissuance of treasury shares	86,833	–	86,833
Issuance of redeemable preferred shares	–	8,975,317	8,975,317
Capital infusion from non-controlling interest in a subsidiary	–	768,131	768,131
Payments of:			
Long-term loans	(4,602,920)	–	(4,602,920)
Interest on short-term, long-term loans	(1,505,299)	(176,802)	(1,682,101)
Short-term loans	(1,148,944)	(8,481,375)	(9,630,319)
Cash dividends	(679,872)	–	(679,872)
Interest on lease liabilities	(171,097)	–	(171,097)
Stock issuance costs	(94,782)	–	(94,782)
Lease liabilities	(68,670)	–	(68,670)
Treasury shares	(28,657)	–	(28,657)
Debt issuance cost	(28,500)	–	(28,500)
Increase in due to stockholders	1,678	–	1,678
Increase in other noncurrent liabilities	27,263	–	27,263
Net cash flows from financing activities	6,101,147	4,763,046	10,864,193
<b>EFFECT OF FOREIGN EXCHANGE RATE</b>			
<b>CHANGES ON CASH AND CASH EQUIVALENTS</b>	(35,261)	(1,403,412)	(1,438,673)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>			
	(4,457,774)	(7,095,351)	(11,553,125)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>			
	9,593,248	30,037,048	39,630,296
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>			
	₱5,135,474	₱22,941,697	₱28,077,171

See accompanying Notes to the Pro Forma Condensed Consolidated Financial Information (Unaudited)



Year Ended December 31, 2019

	AC Energy Corporation and Subsidiaries (Audited)	Pro Forma Adjustments (Note 3.VII)	Pro Forma Balances (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income tax	₱11,240	₱24,021,716	₱24,032,956
Adjustments for:			
Depreciation and amortization	1,037,725	–	1,037,725
Interest and other finance charges	976,029	27,947	1,003,976
Equity in net income of associates and joint ventures	(206,985)	(834,519)	(1,041,504)
Interest and other financial income	(116,569)	(1,275,414)	(1,391,983)
Pension and other employee benefits	35,439	–	35,439
Dividend income	(14,741)	–	(14,741)
Foreign exchange (gain) loss - net	(13,793)	30,479	16,686
Provisions for (reversal of):			
Probable losses on Deferred exploration cost	34,493	–	34,493
Credit losses	12,059	–	12,059
Inventory obsolescence	5,554	–	5,554
Loss (gain) on sale of:			
Property, plant and equipment	(294,725)	–	(294,725)
Assets held for sale	(14,289)	–	(14,289)
By-product	(13,226)	–	(13,226)
Derivatives	6,850	–	6,850
Investments	(1,375)	(22,223,693)	(22,225,068)
Inventories	461	–	461
Operating income (loss) before working capital changes	1,444,147	(253,484)	1,190,663
Increase (decrease) in:			
Receivables	263,401	265,026	528,427
Fuel and spare parts	(188,448)	–	(188,448)
Other current assets	504,819	(3,506)	501,313
Decrease in accounts payable and other current liabilities	(1,192,913)	52,870	(1,140,043)
Cash generated from operations	831,006	60,906	891,912
Income and withholding taxes paid	(227,577)	(44,447)	(272,024)
Net cash flows from operating activities	603,429	16,459	619,888
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to:			
Investments in subsidiaries, net of cash acquired	2,203,455	(15,905,969)	(13,702,514)
Property, plant and equipment	(496,471)	–	(496,471)
Short term investments	(100,000)	–	(100,000)
Deferred exploration costs	(19,426)	–	(19,426)
Financial assets at FVOCI	–	(20,926,157)	(20,926,157)
Investments in amortized cost	–	(1,564,343)	(1,564,343)
Proceeds from:			
Termination of short-term investments	35,326	–	35,326
Insurance claim	222,789	–	222,789
Sale of property, plant and equipment	337,961	–	337,961
Redemptions of investments in financial assets at FVOCI	255,772	–	255,772
Investments in joint ventures	218,348	31,853,450	32,071,798
Sale of investments in financial assets at FVTPL	779,853	–	779,853
Assets held for sale	45,071	–	45,071
Redemptions of RPS	–	609,204	609,204
Interest received	71,232	1,132,352	1,203,584
Cash dividends received	39,742	–	39,742
Increase in other noncurrent assets, non-current portion of input VAT and CWT	(405,315)	(551,131)	(956,446)
Net cash flows from (used in) investing activities	3,188,337	(5,352,594)	(2,164,257)

(Forward)



Year Ended December 31, 2019

	AC Energy Corporation and Subsidiaries (As restated)	Pro Forma Adjustments (Note 3.VII)	Pro Forma Balances (Unaudited)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from:			
Availment of long-term debt	₱5,000,000	₱-	₱5,000,000
Issuance of capital stock	2,632,000	69,322,116	71,954,116
Reissuance of treasury shares	3	-	3
Payments of:			
Long-term loans	(1,494,900)	(4,365,962)	(5,860,862)
Interest on short-term, long-term loans	(958,249)	-	(958,249)
Short-term loans	(400,000)	-	(400,000)
Cash dividends	-	(8,134,909)	(8,134,909)
Acquisition of non-controlling	(153,636)	-	(153,636)
Interest on lease liabilities	(69,284)	-	(69,284)
Redemption of shares	-	(17,530,779)	(17,530,779)
Lease liabilities	(49,522)	-	(49,522)
Debt issuance cost	(43,003)	(34,163)	(77,166)
Increase in due to stockholders	(5,405)	-	(5,405)
Increase in other noncurrent liabilities	334,009	(5,476,055)	(5,142,046)
Net cash flows from financing activities	4,792,013	33,780,248	38,572,261
<b>EFFECT OF FOREIGN EXCHANGE RATE</b>			
<b>CHANGES ON CASH AND CASH EQUIVALENTS</b>	(12,897)	(13,955)	(26,852)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	8,570,882	28,430,158	37,001,040
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	1,022,366	1,606,890	2,629,256
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	₱9,593,248	₱30,037,048	₱39,630,296

See accompanying Notes to the Pro Forma Condensed Consolidated Financial Information (Unaudited)



**AC ENERGY CORPORATION**  
**(Formerly AC Energy Philippines, Inc.)**  
**AND SUBSIDIARIES**

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**NOTES TO THE PRO FORMA CONDENSED CONSOLIDATED**  
**FINANCIAL INFORMATION (UNAUDITED)**

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**1. Corporate Information and Status of Operations**

AC Energy Corporation, formerly AC Energy Philippines, Inc. (“ACEN” or “the Parent Company”), incorporated on September 8, 1969, and registered with the Philippine Securities and Exchange Commission (“SEC”), is engaged in power generation and trading, oil and mineral exploration, development and production. The Parent Company is a licensed Retail Electricity Supplier (“RES”). As a RES, the Parent Company is allowed to supply electricity to the contestable market pursuant to the Electric Power Industry Reform Act (“EPIRA”). Other activities of the Parent Company include investing in various operating companies and financial instruments.

On February 7, 2019, Philippine Investment Management (“PHINMA”), Inc., PHINMA Corporation and AC Energy and Infrastructure Corporation (“ACEIC”, formerly AC Energy, Inc.) signed an investment agreement for ACEIC’s acquisition of PHINMA, Inc.’s and PHINMA Corporation’s combined 51.476% stake in ACEN via a secondary share sale through the Philippine Stock Exchange (“PSE”).

On April 15, 2019, the Philippine Competition Commission (“PCC”) approved the sale of the combined stake of PHINMA, Inc. and PHINMA Corporation in ACEN to ACEIC. ACEIC made a tender offer to the other shareholders of the Company on May 20, 2019 to June 19, 2019, with a total of 156,476 public shares of ACEN tendered during the tender offer period.

On June 24, 2019, the PSE confirmed the special block sale of ACEN shares to ACEIC. On the same day, ACEIC subscribed to 2.63 billion shares of ACEN. On June 22, 2020, the SEC approved the increase in ACEN’s authorized capital stock and the issuance of the new shares to ACEIC equivalent to 6.19 billion common shares at ₱2.37 per share in exchange for ACEIC’s interest in various Philippine companies.

As at December 31, 2020, ACEIC directly owns 81.62% of the ACEN’s total outstanding shares of stock.

The direct parent company (or intermediate parent company) of ACEN is ACEIC, a wholly owned subsidiary of Ayala Corporation (“AC”), a publicly-listed company which is 47.3% owned by Mermac, Inc. (ultimate parent company). ACEN is managed by ACEIC under an existing management agreement, which was assigned by PHINMA, Inc. to ACEIC on June 24, 2019 and which assignment was approved by the stockholders on September 17, 2019. ACEN, ACEIC and Mermac, Inc. are all incorporated and domiciled in the Philippines. ACEN and its subsidiaries are collectively referred to as “the Group”.

During the regular meeting held on March 18, 2020, the BOD of ACEN approved the consolidation of ACEIC’s international business and assets into ACEN via a tax free exchange, whereby ACEIC will transfer its shares of stock in AC Energy International, Inc. (formerly Presage Corporation; “ACE International”, ACEIC’s subsidiary, a holding company that owns ACEIC’s international business and investments) to ACEN in exchange for the issuance to ACEIC of additional primary shares in ACEN (assets-for-shares swap), on terms to be determined by ACEN Executive Committee.



On April 1, 2020, ACEN's Executive Committee, acting on the authority delegated by the Board, approved the terms of the exchange at 16,685,800,533 additional primary shares of ACEN to ACEIC at an issue price of ₱2.97 per share in exchange for property consisting of 100% of ACEIC's shares in ACE International.

On November 11, 2020, the BOD of ACEN approved, among others, the following matters:

- i) The terms of the Parent Company's SRO for the issuance of 2,267,580,434 shares at an offer price of ₱2.37 per share, and at an entitlement ratio of 1.11 shares:1 offer share, subject to applicable SEC and other regulatory approvals of the offer, including the offer price and
- ii) The offer of an affiliate of GIC Private Limited ("GIC"), Arran Investment Pte Ltd ("Arran"), to invest into ACEN and acquire a 17.5% ownership stake, subject to definitive documentation and satisfaction of agreed conditions. The proposed 17.5% ownership stake is on the basis that ACEN's SRO and follow-on-offering, and the infusion of ACEIC's international business into the Group, have been completed.

On December 11, 2020, ACEN received the confirmation letter from the SEC that the SRO is exempt from registration requirements under Section 8 of the Securities Regulation Code (the "Code") pursuant to Section 10.1 thereof. On December 16, 2020, the PSE approved the application of the Parent Company for the listing of additional shares of up to 2,267,580,434 common shares covering its SRO to all stockholders as of the proposed record date of January 13, 2021.

On December 30, 2020, ACEN and ACEIC signed an Investment Agreement with Arran for the latter's investment into ACEN subject to agreed conditions precedent.

On March 18, 2021, BOD of ACEN approved the re-confirmation of the issuance of 16,685,800,533 additional primary shares of ACEN to ACEIC at an updated issue price of Php5.15 per share in exchange for property consisting of 100% of ACEIC's shares in ACE International, subject to applicable regulatory and shareholders' approvals.

The registered office address of ACEN is 4th Floor, 6750 Ayala Avenue Office Tower, Makati City.

The accompanying unaudited pro forma condensed consolidated financial information includes the consolidated accounts of ACEN and its subsidiaries, the pro forma adjustments for the acquisition of ACEIC's offshore companies through share swap transaction which will occur subsequent to December 31, 2020.

#### Authorization for Issuance of the Pro Forma Condensed Consolidated Financial Information

The unaudited pro forma condensed consolidated financial information were approved and authorized for issue by the Parent Company's BOD on March 18, 2021.

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## **2. Basis of Preparing Pro Forma Consolidated Financial Information**

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

The pro forma condensed consolidated financial information have been prepared solely for the inclusion in the prospectus prepared by AC Energy Corporation and Subsidiaries in connection with its planned follow-on offering and for no other purpose. The unaudited pro forma condensed consolidated financial information should be read in conjunction with the audited consolidated financial statements as at and for the year ended December 31, 2020.





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

All values are rounded to the nearest thousands ('000), except par values, per share amounts, number of shares and when otherwise indicated.

### Significant Transaction

The significant transaction below is expected to occur subsequent to December 31, 2020.

#### *Acquisition of ACEIC's offshore companies through share swap*

ACEN will acquire the entities listed below through the share swap transaction with ACEIC. ACEN will account for the transaction as a business combination involving entities under common control using the pooling-of-interests method as a policy choice that have been applied with similar transaction in the past in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*. Shares involve common, founders and preferred shares.

Name of Entities to be Transferred	Ownership of AC Energy and Infrastructure Corporation		ACEN's interest after share swap
	Direct	Indirect	
AC Energy International, Inc. (formerly Presage Corporation, "ACE International")	100.00	-	100.00
AC Energy Cayman (ACEC) (a)	-	100.00	100.00
AC Investments HK. Ltd.	-	100.00	100.00
AC Renewables Int'l. PTE. Ltd (ACRI)	-	100.00	100.00
ACEHI Netherlands B.V.	-	100.00	100.00
Star Energy Geothermal Salak-Darajat BV <sup>(b)</sup>	-	19.80	19.80
Star Energy Geothermal Salak Ltd(b)	-	19.80	19.80
Star Energy Geothermal Salak Pratama Ltd(b)	-	19.80	19.80
Star Energy Geothermal Darajat I Ltd(b)	-	19.80	19.80
Star Energy Geothermal Darajat II Ltd(b)	-	19.80	19.80
PT Star Energy Geothermal Suoh Sekincau(b)	-	18.81	18.81
PT Darajat Geothermal(b)	-	18.81	18.81
UPC Renewables Asia III Limited (b) (c)	-	51.00	51.00
UPC Sidrap Bayu Energi <sup>(b)(c)</sup>	-	36.72	36.72
UPC Sidrap (HK) Limited. (b)	-	11.00	11.00
UPC Sidrap Bayu Energi <sup>(b)(c)</sup>	-	2.31	2.31
AC Energy Vietnam Investments Pte Ltd.	-	100.00	100.00
BIM Wind Power Joint Stock Company(b)	-	30.00	30.00
AC Energy Vietnam Investments 2 Pte Ltd.	-	100.00	100.00
BIM Energy Joint Stock Company(b)(c)	-	30.00	30.00
BIM Renewable Energy Joint Stock Company(b) (c)	-	30.00	30.00
AMI AC Renewables Corp. (b) (c)	-	50.00	50.00
AMI Energy Khanh Hoa Joint Stock Company(b)	-	50.00	50.00
BMT Energy Renewable Joint Stock Company(b)	-	50.00	50.00
B&T Windfarm Joint Stock Company(b)	-	50.00	50.00
BT1 Windfarm Joint Stock Company	-	50.00	50.00
BT2 Windfarm Joint Stock Company	-	50.00	50.00
AC Energy Vietnam Investments 2 Pte Ltd.	-	100.00	100.00
Asian Wind Power 1 HK Ltd <sup>(b)</sup>	-	50.00	50.00
Dai Phong JSC(b)	-	50.00	50.00



Name of Entities to be Transferred	Ownership of AC Energy and Infrastructure Corporation		ACEN's interest after share swap
	Direct	Indirect	
Asian Wind Power 2 HK Ltd(b)	–	50.00	50.00
Hong Phong 1(b)	–	50.00	50.00
Vietnam Wind Energy Limited(b)	–	50.00	50.00
SME Energy Joint Stock Company(b)	–	47.37	47.37
Wind Power Lac Hoa Co. Ltd.(b)	–	47.37	47.37
Wind Power Hoa Dong Co. Ltd.(b)	–	47.37	47.37
The Blue Circle(b)	–	25.00	25.00
Asian Wind Power 1 HK Ltd(b)	–	12.50	12.50
Dai Phong JSC(b)	–	12.50	12.50
Asian Wind Power 2 HK Ltd(b)	–	12.50	12.50
Hong Phong 1(b)	–	12.50	12.50
UPC-AC Energy Australia (HK) Ltd(b)	–	50.00	50.00
UPC Australia (HK) Limited(b)	–	48.50	48.50
UPC-AC Renewables Australia Pty Ltd.(b)	–	48.50	48.50
UPC North East Tasmania Pty Ltd.(b)	–	48.50	48.50
UPC Axedale Solar Farm Pty Ltd. (b)	–	48.50	48.50
UPC Robbins Island Pty Ltd.(b)	–	38.80	38.80
UPC New England Solar Farm Hold Co. Pty Ltd.(b)	–	48.50	48.50
NESF Pty Ltd.(b)	–	48.50	48.50
New England Solar Project Trust(b)	–	48.50	48.50
NESF Finco Pty Ltd.(b)	–	48.50	48.50
UPC Stubbo Solar Farm Pty Ltd. (b)	–	48.50	48.50
UPC Valley of the Winds Pty(b)	–	48.50	48.50
UPC South Australia Pty Ltd. (b)	–	48.50	48.50
Rise Renewables Pty Ltd(b)	–	24.74	24.74
Baroota Hydro Project Pty Ltd(b)	–	24.74	24.74
AC Energy Australia Pte. Ltd.	–	100.00	100.00
UAC Energy Holdings Pty. Ltd.	–	100.00	100.00
UAC Energy Subco Pty Ltd.	–	100.00	100.00
Arlington Mariveles Netherlands Holdings Cooperatie UA.	–	100.00	100.00
Arlington Mariveles Netherlands Holding B.V.	–	100.00	100.00
UPC AC Energy Solar Ltd. (b)	–	50.00	50.00
UPC AC Energy Solar Asia Ltd.(b)	–	50.00	50.00
UPC Solar India (HK) II Limited(b)	–	50.00	50.00
Paryapt Solar HoldCo Ltd(a)	–	50.00	50.00
Paryapt Solar Energy Pvt. Ltd.(b)	–	24.50	24.50
Sitara Solar HoldCo Ltd.(a)	–	50.00	50.00
Sitara Solar Energy Pvt. Ltd.(b)	–	24.50	24.50
UPC Solar India Pvt Ltd.	–	50.00	50.00
Calpine Subisco Solar Energy Pvt Ltd	–	50.00	50.00
Calpine Solar HoldCo Ltd	–	50.00	50.00
Calpine Solar Energy Pvt Ltd	–	50.00	50.00
Masaya Solar HoldCo Ltd.	–	51.00	51.00
Masaya Solar Energy Pvt. Ltd.(b)	–	24.50	24.50
AC Energy HK Ltd.	–	100.00	100.00
Masaya Solar Energy Pvt. Ltd.(b)	–	51.00	51.00
UPC-AC Energy Solar Pte. Ltd.	–	50.00	50.00
UPC-AC Energy Solar Asia Pte. Ltd.	–	50.00	50.00
UPC-AC Energy Solar India Pte. Ltd.	–	50.00	50.00
Calpine Solar HoldCo Pte. Ltd.	–	50.00	50.00
Calpine Subisco Solar Energy Pvt Ltd	–	50.00	50.00

a. 100% common shares held by ACRI while redeemable preferred shares are 100% owned by AC Energy Finance International Limited ("ACEFIL"), recognized as non-controlling interest.

b. These companies are accounted for as joint venture and associates by ACEIC.

c. Difference between voting interests and economic interests in these companies pertain to redeemable preference shares which are accounted for as a liability.



*Accounting under pooling-of-interests method*

In accounting for the business combinations above, the pro forma condensed consolidated financial information reflects the following:

- The consolidated assets and liabilities of ACEN and its subsidiaries are recognized and measured at carrying amounts and the assets and liabilities of the transferred companies are recognized and measured at the carrying amounts as presented in their separate books prior to acquisition. Investments in joint ventures and associates are recognized and measured at the carrying amount presented in the consolidated books of ACRI.
- The equity will solely reflect the equity transactions of ACEN.

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### 3. Pro Forma Adjustments

The unaudited pro forma condensed consolidated financial information are based on the historical information of ACEN as shown in the audited consolidated financial statements as at and for the year ended December 31, 2020, after giving effect to certain assumptions and pro forma adjustments described in the succeeding paragraphs. The pro forma adjustments are based upon available information and certain assumptions that ACEN believes are reasonable under the circumstances.

The unaudited pro forma condensed consolidated financial information do not purport to represent what the results of operations and financial position of the Group would have been had the significant transactions discussed in the succeeding paragraphs occurred as at January 1 of the period presented, nor do they purport to project the results of operations of the Group for any future period or date.

#### I. Pro forma adjustments in the pro forma consolidated statement of financial position as at December 31, 2020

For the purpose of the pro forma consolidated statement of financial position as at December 31, 2020, the significant transactions are assumed to have occurred on December 31, 2020.

The following pro forma adjustments have been made:

1. Issuance of capital stock by ACEN to ACEIC

An entry was taken to reflect the issuance of capital stock by ACEN to ACEI for its offshore companies amounting to ₱85,931.88 million, composed of 16,685.80 million common shares at ₱5.15 per share. As a result, the capital stock and additional paid-in capital will increase by ₱16,685.80 million and ₱69,246.07 million, respectively.

2. Consolidation of net assets at book value of transferred offshore companies

Pro forma adjustments have been made to include the unaudited net assets at book value of the transferred offshore companies and ACEN's indirect subsidiaries as a result of share swap as at December 31, 2020 into the pro forma consolidated statement of financial position.

3. Recognition of negative other equity reserves resulting from the business combination amounting to ₱52,076.18 million.

4. Recognition of non-controlling interests (NCI) amounting to ₱48,142.95 million attributable to redeemable preferred shares issued by AC Cayman. The NCI is held by AC Energy Finance International Limited, an entity under common control of ACEIC.



5. Recognition of NCI for ACRI on its partially owned subsidiary, UAC Energy Holdings Pty Ltd. amounting to ₱925.63 million.
6. Eliminating entries and other pro forma adjustments
  - a. Elimination of ACEN's \$100 million or ₱5,121.50 million short-term loan payables to ACRI, availed on March 20, 2020, with a carrying amount of ₱4,803.60 million as at December 31, 2020.
  - b. Elimination of Bayog Wind Power Corp.'s (BWPC) long-term loan payable to ACE International amounting to ₱136.55 million.
  - c. Elimination under investment in subsidiaries and capital stock of intra group ownership investment through redeemable preferred shares with ACRI held by AC Cayman and ACE International amounting to ₱47,908.96 million and ₱16,937.60 million, respectively.
  - d. Elimination of ACE International's redemption receivable from Gigasol 2, Inc. amounting to ₱95.00 million under receivables and accounts payable and other current liabilities accounts.

## **II. Pro forma adjustments in the pro forma consolidated statement of comprehensive income for the year ended December 31, 2020**

For the purpose of the pro forma consolidated statement of comprehensive income for the year ended December 31, 2020, the transactions are assumed to have occurred on January 1, 2020, which is the beginning of the period presented.

The following pro forma adjustments have been made:

1. Pro forma adjustments have been made to include the unaudited individual statements of comprehensive income of transferred offshore companies and ACEN's indirect subsidiaries as a result of share swap for the year ended December 31, 2020 into the pro forma consolidated statement of comprehensive income except for those entities accounted for as investments in joint ventures and associates for which the equity accounting was applied.
2. Equity in net income from investments in joint ventures and associates were recorded amounting to ₱591.68 million.
3. Eliminating entries and other pro forma adjustments
  - a. Pro forma adjustments were made to eliminate the intercompany interest income and expense for loans extended between ACEN and ACRI, and BWPC and ACE International amounting to ₱66.64 million and ₱24.61 million, respectively.
  - b. Elimination of unrealized foreign exchange gains and losses arising from U.S. Dollar (USD)-denominated short-term loan of ACEN with ACRI amounting to ₱317.90 million under the other income - net line item.
  - c. Elimination of ₱1,828.02 million dividend income of AC Cayman from ACRI.



### **III. Pro forma adjustments in the pro forma consolidated statement of comprehensive income for the year ended December 31, 2019**

For the purpose of the pro forma consolidated statement of comprehensive income for the year ended December 31, 2019, the transactions are assumed to have occurred on January 1, 2019, which is the beginning of the period presented.

The following pro forma adjustments have been made:

1. Pro forma adjustments have been made to include the audited individual statement of comprehensive income of transferred offshore companies and ACEN's indirect subsidiaries as a result of share swap for the year ended December 31, 2019 into the pro forma consolidated statement of comprehensive income, except for those entities accounted for as investments in joint ventures and associates for which the equity accounting was applied.
2. Equity in net income from investments in joint ventures and associates were recorded amounting to ₱834.52 million.
3. Elimination of cash dividends received and dividend income from ACRI's investments in UPC Sidrap (HK) Ltd amounting to ₱307.27 million.

### **IV. Pro forma adjustments in the pro forma consolidated statement of changes in equity for the year ended December 31, 2020**

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

The following pro forma adjustments have been made:

#### **A. Pro forma net income and other comprehensive income**

Pro forma adjustments have been made to include the pro forma net income and other comprehensive income of the transferred companies and ACEN's indirect subsidiaries as reflected in the pro forma consolidated statement of comprehensive income for the year ended December 31, 2020, as discussed in the preceding section.

#### **B. Accounting for business combination through share swap transaction between ACEN and ACEIC**

1. Issuance of capital stock by ACEN to ACEIC amounting to ₱85,931.88 million composed of 16,685.80 million common shares at ₱5.15 per share. As a result, the capital stock and additional paid-in capital will increase by ₱16,685.80 million and ₱69,246.07 million, respectively.
2. Recognition of negative other equity reserves resulting from the business combination amounting to ₱52,076.18 million.



3. Recognition of non-controlling interests (NCI) amounting to ₱48,142.95 million attributable to redeemable preferred shares issued by AC Cayman. The NCI is held by AC Energy Finance International Limited, an entity under common control of ACEIC.
4. Recognition of NCI for ACRI on its partially owned subsidiary, UAC Energy Holdings Pty Ltd. amounting to ₱925.63 million.

C. Other pro forma adjustments

In order to tie-up the ending balances of equity in the pro forma consolidated statement of changes in equity to the amounts reflected in the pro forma consolidated statement of financial position as at December 31, 2020, adjustments are made and presented as “Other pro forma adjustments” in the pro forma consolidated statements of changes in equity. Unrealized fair value gain (loss) on equity instruments at FVOCI, retained earnings and non-controlling interests were reduced by ₱81.76 million, ₱534.29 million, and ₱1,995.95 million, respectively, while accumulated share in other comprehensive gain (loss) of associates and joint ventures and cumulative translation adjustment were increased by ₱61.08 million and ₱5,977.64 million, respectively, for the year ended December 31, 2020.

**V. Pro forma adjustments in the pro forma consolidated statement of changes in equity for the year ended December 31, 2019**

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

The following pro forma adjustments have been made:

A. Pro forma net income and other comprehensive income

Pro forma adjustments have been made to include the pro forma net income and other comprehensive income of the transferred companies and ACEN’s indirect subsidiaries as reflected in the pro forma consolidated statement of comprehensive income for the year ended December 31, 2019, as discussed in the preceding section.

B. Accounting for business combination through share swap transaction between ACEN and ACEI

1. Issuance of capital stock by ACEN to ACEI amounting to ₱85,931.88 million composed of 16,685.80 million common shares at ₱5.15 per share. As a result, the capital stock and additional paid-in capital will increase by ₱16,685.80 million and ₱69,246.07 million, respectively.
2. Recognition of negative other equity reserves resulting from the business combination amounting to ₱48,886.89 million.
3. Recognition of NCI amounting to ₱39,123.62 million attributable to redeemable preferred shares issued by AC Cayman. The NCI is held by AC Energy Finance International Limited, an entity under common control of ACEI.



C. Other pro forma adjustments

In order to tie-up the ending balances of equity in the pro forma consolidated statement of changes in equity to the amounts reflected in the pro forma consolidated statement of financial position, adjustments are made and presented as “Other pro forma adjustments” in the pro forma consolidated statements of changes in equity. Retained earnings and cumulative translation adjustment were reduced by ₱23,954.16 million and ₱1,660.38 million respectively, while unrealized fair value losses on equity instruments at FVOCI was increased by ₱0.16 million for the year ended December 31, 2019.

**VI. Pro forma adjustments in the pro forma consolidated statement of cash flows for the year ended December 31, 2020**

For the purpose of the pro forma consolidated statement of cash flows for the year ended December 31, 2020, the transactions are assumed to have occurred on January 1, 2020, which is the beginning of the period presented.

The following pro forma adjustments have been made:

1. Pro forma adjustments have been made to include the individual statements of cash flows of the transferred offshore companies and ACEN’s indirect subsidiaries as a result of share swap for the year ended December 31, 2020 into the pro forma consolidated statement of cash flows, except for those entities accounted for as investments in joint ventures and associates.
2. We considered the effect of the following adjustments to the cash flows of ACEN and the transferred offshore companies which are non-cash transactions:
  - a. Elimination of unrealized foreign exchange gain arising from USD-denominated short-term loan with ACRI amounting to ₱317.90 million.
  - b. Pro forma adjustments were made to eliminate the intercompany interest income and expense for loans extended between ACEN and ACRI, BWPC and ACE International amounting to ₱66.64 million and ₱24.61 million, respectively.
  - c. Elimination of intra group ownership investment through redeemable preferred shares with ACRI held by AC Cayman and ACE International amounting to ₱47,908.96 million and ₱16,937.60 million, respectively.
  - d. Elimination of ₱1,828.02 million dividend income of AC Cayman from ACRI.
  - e. Elimination of ACEN’s \$100 million or ₱5,121.50 million short-term loan payables to ACRI, availed on March 20, 2020, with a carrying amount of ₱4,803.60 million as at December 31, 2020.
  - f. Elimination of BWPC long-term loan payable to ACE International amounting to ₱136.55 million.
  - g. Elimination of ACE International’s redemption receivable from Gigasol 2, Inc. amounting to ₱95.00 million under receivables and accounts payable and other current liabilities accounts.



## VII. Pro forma adjustments in the pro forma consolidated statement of cash flows for the year ended December 31, 2019

For the purpose of the pro forma consolidated statement of cash flows for the year ended December 31, 2019, the transactions are assumed to have occurred on January 1, 2019, which is the beginning of the period presented.

The following pro forma adjustments have been made:

1. Pro forma adjustments have been made to include the individual statement of cash flows of the transferred offshore companies and ACEN's indirect subsidiaries as a result of share swap for the year ended December 31, 2019 into the pro forma consolidated statement of cash flows, except for those entities accounted for as investments in joint ventures and associates.
2. We considered the effect of the following adjustments to the cash flows of ACEN and the transferred offshore companies which are non-cash transactions:
  - a. Elimination of cash dividends received and dividend income from its investments in UPC Sidrap (HK) Ltd amounting to ₱307.27 million.
  - b. Pro forma adjustments to eliminate the proceeds from and payment of issuance of stocks and deposits from future stock subscriptions involving the transferred offshore companies.

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### 4. Basic/Diluted Earnings Per Share Computation

Basic earnings per share (EPS) is computed based on the weighted average number of issued and outstanding common shares during each year. Diluted EPS is computed as if the potential common share or instrument that may entitle the holder to common share were exercised as of the beginning of the year. When there are no potential common shares or other instruments that may entitle the holder to common shares, diluted EPS is the same as the basic EPS.

For the purpose of the pro forma basic/diluted earnings per share computation as at December 31, 2020 and 2019, the significant transactions are assumed to have occurred on January 1, 2020 and 2019, respectively.

There are no dilutive financial instruments as at December 31, 2020 and 2019, hence, diluted EPS is the same as the basic EPS.

Pro forma basic/diluted EPS of ACEN is computed as follows:

	<b>2020</b>	2019
	<b>(Unaudited)</b>	(Unaudited)
	(In Thousands, Except for Number of Shares and Per Share Amounts)	
(a) Pro forma net income attributable to equity holders of the Parent Company	<b>₱4,288,102</b>	₱24,011,809
Common shares outstanding at beginning of year	<b>7,521,774,922</b>	4,889,774,922
<i>(Forward)</i>		





	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	(In Thousands, Except for Number of Shares and Per Share Amounts)	
Weighted average of 16,685,800,533 common shares assumed for the share swap issued at beginning of year	<b>₱16,685,800,533</b>	₱16,685,800,533
Weighted average number of:		
Shares issued during the year	<b>3,244,685,790</b>	1,316,000,000
Shares buyback during the year	<b>(10,428,664)</b>	-
(b) Weighted average number of shares outstanding for the year	<b>27,441,832,581</b>	22,891,575,455
Basic/Diluted Earnings Per Share (a/b)	<b>₱0.16</b>	₱1.05

Historical basic /diluted EPS of ACEN is computed as follows:

	<b>2020</b>	<b>2019</b>
	<b>(Audited)</b>	<b>(Audited)</b>
	(In Thousands, Except for Number of Shares and Per Share Amounts)	
(a) Net income attributable to equity holders of the Parent Company	<b>₱3,753,813</b>	₱57,654
Common shares outstanding at beginning of year	<b>7,521,774,922</b>	4,889,774,922
Weighted average number of:		
Shares issued during the year	<b>3,244,685,790</b>	1,316,000,000
Shares buyback during the year	<b>(10,428,664)</b>	-
(b) Weighted average number of shares outstanding for the year	<b>10,756,032,048</b>	6,205,774,922
Basic/Diluted Earnings/(Loss) Per Share (a/b)	<b>₱0.35</b>	₱0.01

