

# ***Citicore Energy REIT Corp.***

(Formerly Enfinity Philippines  
Renewable Resources Inc.)

(A wholly-owned subsidiary of  
Citicore Renewable Energy  
Corporation)

**Pro Forma Condensed Financial Information**

**As at September 30, 2021, December 31, 2020, 2019, 2018 and  
2017 and for the nine months ended September 30, 2021 and  
2020 and for the years ended December 31, 2020, 2019, 2018  
and 2017**



**Independent Auditor's Report on the Compilation of  
Pro Forma Condensed Financial Information Included in a Prospectus**

To the Board of Directors and Shareholder of  
**Citicore Energy REIT Corp.**  
(Formerly Enfinity Philippines Renewable Resources Inc.)  
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)  
Prince Balagtas Avenue Extension  
Clark Freeport Zone, Pampanga

We have completed our assurance engagement to report on the compilation of pro forma condensed financial information of Citicore Energy REIT Corp. (formerly Enfinity Philippines Renewable Resources Inc.) (the "Company") prepared by the Company's management. The pro forma condensed financial information consists of the pro forma condensed statements of financial position as at September 30, 2021, December 31, 2020, 2019, 2018 and 2017, the pro forma condensed statements of total comprehensive income, pro forma condensed statements of changes in equity, and pro forma condensed statements of cash flows for the nine months ended September 30, 2021 and 2020 and for the years ended December 31, 2020, 2019, 2018 and 2017 and the related notes. The applicable criteria on the basis of which the management has compiled the pro forma condensed financial information are described in Note 2 to the pro forma condensed financial information.

The pro forma condensed financial information has been compiled by the Company's management to illustrate the impact of the transactions set out in Note 2 on the Company's financial position as at September 30, 2021, December 31, 2020, 2019, 2018 and 2017 as if the transactions had taken place on January 1, 2016 or at a later date whichever is applicable, and the Company's financial performance and cash flows for the nine months ended September 30, 2021 and 2020 and for the years ended December 31, 2020, 2019, 2018 and 2017 as if the transactions had taken place at January 1, 2016 or at a later date whichever is applicable. As part of this process, information about the Company's financial position, financial performance and cash flows have been extracted from the Company's balances as at September 30, 2021, December 31, 2020, 2019, 2018 and 2017 and for the nine months ended September 30, 2021 and 2020 and for the years ended December 31, 2020, 2019, 2018 and 2017 on which an audit report has been published.

***The Company's Responsibility for the Pro Forma Condensed Financial Information***

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

***Our Independence and Quality Control***

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants in the Philippines promulgated by the Philippine Board of Accountancy and approved by Philippine Professional Regulation Commission, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Philippine Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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Independent Auditor's Report on the Compilation of  
Pro Forma Condensed Financial Information Included in a Prospectus

To the Board of Directors and Shareholder of  
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***Auditor's Responsibilities***

Our responsibility is to express an opinion as required by Section 9, Part II of Rule 68 of the Revised Securities Regulation Code about whether the pro forma condensed financial information has been compiled, in all material respects, by the Company's management on the basis of the applicable criteria set out in Note 2 to the pro forma condensed 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 Council. This standard requires that the auditors plan and perform procedures to obtain reasonable assurance about whether the Company's management has compiled, in all material respects, the pro forma condensed financial information on the basis set out in Note 2 to the pro forma condensed 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 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 financial information.

The purpose of pro forma condensed financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Company 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 as at September 30, 2021, December 31, 2020, 2019, 2018 and 2017 or for the nine months ended September 30, 2021 and 2020 and for the years ended December 31, 2020, 2019, 2018 and 2017, would have been as presented.

A reasonable assurance engagement to report on whether the pro forma condensed 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 Company's management in the compilation of the pro forma condensed 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 financial information reflects the proper application of those adjustments to the unadjusted financial information.



Isla Lipana & Co.

Independent Auditor's Report on the Compilation of  
Pro Forma Condensed Financial Information Included in a Prospectus

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

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

**Isla Lipana & Co.**

A handwritten signature in black ink, appearing to read 'Pocholo C. Domondon', written in a cursive style.

Pocholo C. Domondon  
Partner

CPA Cert. No. 108839

P.T.R. No. 0011401; issued on January 5, 2021 at Makati City

SEC A.N. (individual) as general auditors 1567-AR-1, Category A; effective until May 27, 2022

SEC A.N. (firm) as general auditors 0142-SEC, Category A;

valid to audit 2020 to 2024 financial statements

T.I.N. 213-227-235

BIR A.N. 08-000745-128-2019; issued on January 14, 2019; effective until January 13, 2022

BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City  
November 17, 2021

**Citicore Energy REIT Corp.**  
(Formerly Enfinity Philippines Renewable Resources Inc.)  
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)

Pro Forma Condensed Statements of Financial Position  
As at September 30, 2021, December 31, 2020, 2019, 2018 and 2017  
(All amounts in Philippine Peso)

	September 30, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
<b><u>ASSETS</u></b>					
<b>Current assets</b>					
Cash and cash equivalents	1,548,450,344	1,228,248,138	1,021,281,303	654,603,490	665,462,029
Trade and other receivables, net	1,567,936,051	1,533,011,450	1,324,242,832	1,243,315,310	890,692,906
Prepayments and other current assets	16,903,958	481,558	-	-	119,680,493
<b>Total current assets</b>	<b>3,133,290,353</b>	<b>2,761,741,146</b>	<b>2,345,524,135</b>	<b>1,897,918,800</b>	<b>1,675,835,428</b>
<b>Non-current assets</b>					
Property, plant and equipment, net	1,345,970,176	1,390,337,430	1,449,496,776	1,508,465,997	1,732,250,279
Investment properties, net	234,545,502	234,545,502	234,545,502	234,545,502	234,545,502
Right-of-use assets, net	178,540,042	185,697,927	195,241,771	204,785,615	214,329,459
Other non-current assets	1,779,310	1,779,310	1,779,310	1,779,310	614,250
<b>Total non-current assets</b>	<b>1,760,835,030</b>	<b>1,812,360,169</b>	<b>1,881,063,359</b>	<b>1,949,576,424</b>	<b>2,181,739,490</b>
<b>Total assets</b>	<b>4,894,125,383</b>	<b>4,574,101,315</b>	<b>4,226,587,494</b>	<b>3,847,495,224</b>	<b>3,857,574,918</b>
<b><u>LIABILITIES AND EQUITY</u></b>					
<b>Current liabilities</b>					
Trade payables and other liabilities	1,154,212	33,970,165	4,661,925	5,940,077	87,598,403
Due to a related party	94,053,389	-	-	-	-
Loans payable	-	56,297,154	115,297,213	120,749,301	120,191,845
Loans payable to a shareholder	-	-	-	-	278,620,827
Lease liabilities	8,503,846	824,350	6,750,015	269,403	5,985,440
Income tax payable	148,268,667	159,294,691	229,593,209	133,738,640	112,296,250
<b>Total current liabilities</b>	<b>251,980,114</b>	<b>250,386,360</b>	<b>356,302,362</b>	<b>260,697,421</b>	<b>604,692,765</b>
<b>Non-current liabilities</b>					
Loans payable, net of current portion	-	-	-	115,306,474	236,906,432
Lease liabilities, net of current portion	219,821,223	224,713,594	226,401,490	226,934,488	227,550,931
Due to a related party, net of current portion	68,521,747	160,584,651	287,131,742	388,368,538	517,138,376
Deferred income tax liabilities, net	376,640,176	401,538,123	369,904,863	356,789,874	252,780,448
Other non-current liabilities	-	-	1,056,902	10,505,540	8,630,113
<b>Total non-current liabilities</b>	<b>664,983,146</b>	<b>786,836,368</b>	<b>884,494,997</b>	<b>1,097,904,914</b>	<b>1,243,006,300</b>
<b>Total liabilities</b>	<b>916,963,260</b>	<b>1,037,222,728</b>	<b>1,240,797,359</b>	<b>1,358,602,335</b>	<b>1,847,699,065</b>
<b>Equity</b>					
Share capital	1,374,545,501	1,374,545,501	1,374,545,501	1,374,545,501	1,374,545,501
Additional paid-in capital	2,465,066	2,465,066	2,465,066	2,465,066	2,465,066
Retained earnings	2,600,151,556	2,159,868,020	1,608,779,568	1,111,882,322	632,865,286
<b>Total equity</b>	<b>3,977,162,123</b>	<b>3,536,878,587</b>	<b>2,985,790,135</b>	<b>2,488,892,889</b>	<b>2,009,875,853</b>
<b>Total liabilities and equity</b>	<b>4,894,125,383</b>	<b>4,574,101,315</b>	<b>4,226,587,494</b>	<b>3,847,495,224</b>	<b>3,857,574,918</b>

The notes on pages 1 to 37 are integral part of these pro forma condensed financial information.

**Citicore Energy REIT Corp.**  
(Formerly Enfinity Philippines Renewable Resources Inc.)  
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Pro Forma Condensed Statements of Total Comprehensive Income  
For the nine months ended September 30, 2021 and 2020 and  
For the years ended December 31, 2020, 2019, 2018 and 2017  
(All amounts in Philippine Peso)

	Nine months ended September 30		Years ended December 31			
	2021	2020	2020	2019	2018	2017
<b>Rental income</b>	670,437,329	670,437,329	893,916,438	893,916,438	893,916,438	893,916,438
Cost of services	(51,494,813)	(51,497,097)	(68,662,758)	(68,662,757)	(87,164,387)	(84,569,183)
<b>Gross profit</b>	618,942,516	618,940,232	825,253,680	825,253,681	806,752,051	809,347,255
Operating expenses	(17,302,302)	(7,159,433)	(7,898,626)	(5,117,407)	(4,176,540)	(2,423,701)
<b>Income from operations</b>	601,640,214	611,780,799	817,355,054	820,136,274	802,575,511	806,923,554
Finance costs	(38,086,973)	(47,670,642)	(77,111,672)	(82,683,870)	(104,811,710)	(124,333,909)
Other income, net	101,015	1,666,441	1,773,020	2,153,040	19,001,300	1,790,777
<b>Income before income tax</b>	563,654,256	565,776,598	742,016,402	739,605,444	716,765,101	684,380,422
Income tax expense	(123,370,720)	(174,044,788)	(190,927,950)	(242,708,198)	(237,748,065)	(239,004,371)
<b>Net income for the period/year</b>	440,283,536	391,731,810	551,088,452	496,897,246	479,017,036	445,376,051
<b>Other comprehensive income</b>	-	-	-	-	-	-
<b>Total comprehensive income for the period/year</b>	440,283,536	391,731,810	551,088,452	496,897,246	479,017,036	445,376,051
<b>Earnings per share</b>						
Basic and diluted	0.08	0.07	0.10	0.09	0.09	0.08

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**Citicore Energy REIT Corp.**  
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Pro Forma Condensed Statements of Changes in Equity  
For the nine months ended September 30, 2021 and 2020 and  
For the years ended December 31, 2020, 2019, 2018 and 2017  
(All amounts in Philippine Peso)

	Share capital	Additional paid-in capital	Retained earnings (Deficit)	Total
<b>Balances at January 1, 2017, as audited</b>	539,999,999	-	(168,932,444)	371,067,555
Pro forma adjustments (Note 3.3)	834,545,502	2,465,066	356,421,679	1,193,432,247
<b>Pro forma balances at January 1, 2017</b>	1,374,545,501	2,465,066	187,489,235	1,564,499,802
<b>Comprehensive income</b>				
Net income for the year	-	-	445,376,051	445,376,051
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	445,376,051	445,376,051
<b>Pro forma balances at December 31, 2017</b>	1,374,545,501	2,465,066	632,865,286	2,009,875,853
<b>Comprehensive income</b>				
Net income for the year	-	-	479,017,036	479,017,036
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	479,017,036	479,017,036
<b>Pro forma balances at December 31, 2018</b>	1,374,545,501	2,465,066	1,111,882,322	2,488,892,889
<b>Comprehensive income</b>				
Net income for the year	-	-	496,897,246	496,897,246
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	496,897,246	496,897,246
<b>Pro forma balances at December 31, 2019</b>	1,374,545,501	2,465,066	1,608,779,568	2,985,790,135
<b>Comprehensive income</b>				
Net income for the year	-	-	551,088,452	551,088,452
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	551,088,452	551,088,452
<b>Pro forma balances at December 31, 2020</b>	1,374,545,501	2,465,066	2,159,868,020	3,536,878,587

The notes on pages 1 to 37 are integral part of these pro forma condensed financial information.

**Citicore Energy REIT Corp.**  
(Formerly Enfinity Philippines Renewable Resources Inc.)  
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)

Pro Forma Condensed Statements of Changes in Equity  
For the nine months ended September 30, 2021 and 2020 and  
For the years ended December 31, 2020, 2019, 2018 and 2017  
(All amounts in Philippine Peso)

	Share capital	Additional paid-in capital	Retained earnings	Total
<b>Pro forma balances at January 1, 2020</b>	1,374,545,501	2,465,066	1,608,779,568	2,985,790,135
<b>Comprehensive income</b>				
Net income for the period	-	-	391,731,810	391,731,810
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	391,731,810	391,731,810
<b>Pro forma balances at September 30, 2020</b>	1,374,545,501	2,465,066	2,000,511,378	3,377,521,945
<b>Pro forma balances at January 1, 2021</b>	1,374,545,501	2,465,066	2,159,868,020	3,536,878,587
<b>Comprehensive income</b>				
Net income for the period	-	-	440,283,536	440,283,536
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	440,283,536	440,283,536
<b>Pro forma balances at September 30, 2021</b>	1,374,545,501	2,465,066	2,600,151,556	3,977,162,123

The notes on pages 1 to 37 are integral part of these pro forma condensed financial information.



**Citicore Energy REIT Corp.**  
(Formerly Enfinity Philippines Renewable Resources Inc.)  
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Pro forma Condensed Statements of Cash Flows  
For the nine months ended September 30, 2021 and 2020 and  
For the years ended December 31, 2020, 2019, 2018 and 2017  
(All amounts in Philippine Peso)

	Nine months ended September 30			Years ended December 31		
	2021	2020	2020	2019	2018	2017
<b>Cash flows from operating activities</b>						
Income before income tax	563,654,256	565,776,598	742,016,402	739,605,444	716,765,101	684,380,422
Adjustments for:						
Depreciation and amortization	51,525,138	51,527,422	68,703,190	68,688,565	81,423,909	83,188,478
Finance costs	38,086,974	47,670,642	77,111,672	82,683,870	104,811,710	124,333,909
Unrealized foreign exchange losses (gains), net	61,982	(48,742)	(58,083)	(42,581)	(3,847,993)	4,193,852
Reversal of provision for asset retirement obligation	-	(1,056,902)	(1,056,902)	-	-	(244,651)
Provision for doubtful account of other receivable	-	1,944,096	1,944,096	-	-	-
Loss on direct write-off of trade receivables	-	-	-	-	4,247,719	-
Reversal of assets written-off	-	-	-	-	(3,500,000)	-
Interest income	(163,171)	(560,797)	(662,181)	(2,110,459)	(11,653,307)	(6,579,882)
Operating income before working capital changes	653,165,179	665,252,317	887,998,194	888,824,839	888,247,139	889,272,128
Changes in working capital:						
Trade and other receivables	(77,569,698)	(192,734,295)	(337,259,806)	(171,289,392)	(352,519,903)	(446,834,080)
Prepayments and other current assets	(16,422,400)	(481,558)	(481,558)	(29,310)	117,386,053	3,560
Other non-current assets	-	-	-	(1,750,000)	5,415,481	27,000
Trade payables and other liabilities	(899,035)	1,525,031	1,082,128	(19,538,211)	(46,223,434)	(125,811,864)
Due to a related party	-	-	-	-	(227,040,419)	(26,009,869)
Other non-current liabilities	-	-	-	-	1,053,001	3,694,768
Net cash generated from operations	558,274,046	473,561,495	551,338,958	696,217,926	386,317,918	294,341,643
Interest received	163,171	560,797	662,181	2,110,459	8,615,864	1,463,031
Income taxes paid	(159,294,691)	(229,593,209)	(229,593,209)	(133,738,640)	(113,082,350)	(55,913,181)
Net cash provided by operating activities	399,142,526	244,529,083	322,407,930	564,589,745	281,851,432	239,891,493
<b>Cash flows from an investing activity</b>						
Additions to property, plant and equipment	-	-	-	(175,500)	(37,799)	(206,297)
<b>Cash flows from financing activities</b>						
Collection of subscription receivable	-	-	-	-	-	40,288,905
Interest payment on loan from a shareholder	-	-	-	-	(18,994,811)	(18,073,829)
Principal payment of loan from a shareholder	-	-	-	-	(58,863,289)	(256,220,803)
Principal payment of lease liabilities	(1,928,789)	(5,944,751)	(7,555,477)	(389,852)	(6,498,002)	(195,260)
Interest payment on lease liabilities	(8,459,131)	(16,520,614)	(17,083,494)	(11,263,607)	(17,082,926)	(11,077,138)
Interest payment on loans from a bank	(36,940,830)	(29,250,761)	(29,438,488)	(63,355,700)	(69,338,454)	(73,269,188)
Principal payment of loans from a bank	(31,611,570)	(61,363,636)	(61,363,636)	(122,727,273)	(122,727,273)	-
Net cash used in financing activities	(78,940,320)	(113,079,762)	(115,441,095)	(197,736,432)	(293,504,755)	(318,547,313)
<b>Net increase (decrease) in cash and cash equivalents</b>	320,202,206	131,449,321	206,966,835	366,677,813	(11,691,122)	(78,862,117)
Effects of exchange rate changes in cash and cash equivalents	-	-	-	-	832,583	616,845
Cash and cash equivalents, beginning	1,228,248,138	1,021,281,303	1,021,281,303	654,603,490	665,462,029	743,707,301
<b>Cash and cash equivalents, ending</b>	1,548,450,344	1,152,730,624	1,228,248,138	1,021,281,303	654,603,490	665,462,029

The notes on pages 1 to 37 are integral part of these pro forma condensed financial information.

**Citicore Energy REIT Corp.**

(Formerly Enfinity Philippines Renewable Resources Inc.)

(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)

Notes to the Pro Forma Condensed Financial Information

As at September 30, 2021, December 31, 2020, 2019, 2018, 2017 and

For the nine months ended September 30, 2021 and 2020 and years ended

December 31, 2020, 2019, 2018 and 2017

(All amounts are shown in Philippine Peso unless otherwise stated)

**Note 1 - General information***(a) Corporate information*

Citicore Energy REIT Corp. (formerly Enfinity Philippines Renewable Resources Inc.) (the “Company”) was registered with the Philippine Securities and Exchange Commission (SEC) on July 15, 2010. The Company’s primary objective is to explore, develop and utilize renewable resources with particular focus on solar and wind energy generation; to design, construct, erect, assemble, commission and operate power-generating plants and related facilities for the conversion of renewable energy into usable form fit for electricity generation and distribution; and to perform other ancillary and incidental activities as may be provided by and under contract with the Government of the Republic of the Philippines, or any subdivision, instrumentality or agency thereof, or any government-owned and controlled corporation, or other entity engaged in the development, supply and distribution of renewable energy.

The Company was registered with the Philippine Board of Investments (BOI) on October 16, 2015 as a renewable energy developer of solar energy resources under the “*Renewable Energy Act of 2008*”, Republic Act (RA) No. 9513.

The Company’s 22.33 megawatt (MW) Clark Solar Power Project in Clark, Freeport Zone, Pampanga was successfully commissioned on March 12, 2016 through the confirmation of the Department of Energy (DOE) covering its Solar Energy Service Contract (SESC) No. 2014-07-086 and Amended Certificate of Commerciality No. SCC-2015-03-014-B with validity of 25 years.

Prior to May 17, 2018, the Company is 66.25% owned by Mabalacat Solar Philippines, Inc., a company incorporated in the Philippines and 37.75% owned by Lumos Investment Pte. Limited (Lumos), a company incorporated in Singapore.

On May 17, 2018, the Company’s shareholders entered into a Sale and Purchase Agreement with Citicore Renewable Energy Corporation (the “Parent Company”), a company incorporated in the Philippines and is engaged in power generation under the Renewable Energy Law, with the latter acquiring 100% of the Company’s share capital making the Company a wholly owned subsidiary. The Certificate Authorizing Registration (CAR) for the transfer of shares of previous shareholders to the Parent Company was issued by the Bureau of Internal Revenue (BIR) on March 18, 2019 and June 2, 2020.

The Company’s ultimate parent company beginning May 17, 2018 is Citicore Holdings Investment, Inc., a company incorporated in the Philippines as a holding company engaged in buying and holding shares of other companies.

On May 25, 2021, the Company's Board of Directors (BOD) and shareholder approved, among others, the following amendments to the Company's Articles of Incorporation (AOI):

- Change of corporate name to Citicore Energy REIT Corp.;
- Amendment of the primary purpose to that of a real estate investment trust. The amended primary purpose of the Company is to engage in the business of owning income-generating real estate assets, including renewable energy generating real estate assets, under a real estate investment trust (REIT) by virtue of RA No. 9856, otherwise known as the "Real Estate Investment Trust Act of 2009" and its implementing rules and regulations;
- Provision of additional corporate powers in relation to the amended primary purpose;
- Change of principal office address from Prince Balagtas Avenue Extension, Clark Freeport Zone, Pampanga to 11F, Rockwell Santolan Town Plaza, 276 Col. Bonny Serrano Avenue, San Juan City, Metro Manila;
- Change of term of existence to have perpetual existence;
- Increase in the number of directors to eight (8);
- Increase of authorized share capital to P3.84 billion divided into 15.36 billion common shares with par value of P0.25 per share;
- Inclusion of express waiver of pre-emptive right to subscribe from the Company's unissued shares, increase in its authorized share capital or its treasury shares;
- Compliance with the lock-up requirements under the Listing Rules of the Philippine Stock Exchange, Inc. (PSE);
- Removal of the contractual restrictions on the disposition of the shares; and
- Inclusion of additional restriction on transfer of shares provided under RA No. 9856 and its implementing rules and regulations.

The Company's submission to the SEC for the foregoing amendments has been approved on October 12, 2021.

On November 4, 2021, the Company's BOD and shareholder approved, among others, to amend its AOI and delete one of the secondary purposes reflected in the amended AOI as approved by BOD on May 25, 2021 as follows: "to invest in or otherwise engage in the exploitation, development, and utilization of renewable energy resources with particular focus on solar and wind energy generation; to design, construct, erect, assemble, commission and operate power-generating plants and related facilities for the conversion of renewable energy into usable form fit for electricity generation and distribution; and to perform other ancillary and incidental activities as may be provided by and under contract with the Government of the Republic of the Philippines, or any subdivision, instrumentality or agency thereof, or any government-owned and controlled corporation, or other entity engaged in the development, supply and distribution of renewable energy". As at November 17, 2021, the Company's submission to the SEC for the foregoing amendment is pending approval.

As at November 17, 2021, the Company is in the process of completing and finalizing all statutory requirements in connection with the planned listing and offering of its shares to the public with the PSE.

*(b) Approval and authorization for issuance of the pro forma condensed financial information*

The pro forma condensed financial information has been approved and authorized for issuance on November 17, 2021 by Mr. Oliver Tan, President and Chief Executive Officer, as authorized by the Company's BOD.

## **Note 2 - Basis of preparing pro forma condensed financial information**

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

The pro forma condensed financial information has been prepared solely for the inclusion in the Real Estate Investment Trust (REIT) Plan prepared by the Company in connection with its planned capital-raising activity. The pro forma condensed financial information should be read in conjunction with the audited financial statements as at September 30, 2021 and December 31, 2020, 2019, 2018, and 2017 and for the nine months ended September 30, 2021 and 2020 and for the years ended December 31, 2020, 2019, 2018 and 2017.

The objective of the pro forma condensed financial information is to show the effects of certain transactions on the historical financial information of the Company had these occurred at an earlier date. However, the pro forma condensed financial information is not necessarily indicative of the results of operations or related effects on the financial statements that would have been attained, had certain transactions actually occurred at an earlier date. In addition, the pro forma condensed 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 (PFRS). These certain transactions are discussed in the succeeding section.

### **Significant transactions**

Details of the significant transactions that occurred and are expected to occur subsequent to December 31, 2020 and September 30, 2021, respectively, are as follows:

#### ***(a) Bank loan assignment***

On May 4, 2021, the Parent Company assumed the Company's outstanding loan from Development Bank of the Philippines (DBP) with principal balance amounting to P1.01 billion. The loan and the corresponding interest payable of P13.02 million were recognized under due to a related party account. These were subsequently derecognized. In addition, the Company and the Parent Company agreed that all related party receivables and payables will be offset and will be assumed by the Parent Company. Subsequently, the Parent Company used a portion of the amount reclassified as due to a related party amounting to P602.47 million to subscribe on the Company's common shares to be taken from the increase in authorized share capital.

The transaction was reflected in the condensed pro forma financial information as if the assignment was consummated as at January 1, 2016.

#### ***(b) Conversion of shares, increase in authorized share capital and shares subscription through conversion of advances from Parent Company and assignment of land properties***

On March 12, 2021, the Company's BOD and shareholder approved the conversion of all its previously issued and outstanding shares to one class common share and reduction of the par value of all previously issued shares to P0.25 per share. As a result, the Company's authorized share capital and issued and outstanding shares amounted to P539,999,999 divided into 2,159,999,994 shares at P0.25 par value per share. The related certificate of filing of amended AOI was approved by SEC on May 31, 2021.

On May 26, 2021, the Company's BOD and shareholder approved the increase in the authorized share capital of the Company from P539,999,999 (composed of 2,159,999,994 shares at P0.25 par value per share) to P3,840,000,000 (composed of 15,360,000,000 shares at P0.25 par value per share). Out of the subsequent increase in share capital, 2,400,000,000 shares amounting to P600,000,000 were subscribed by the Parent Company through conversion of advances amounting to P602,465,066 recognizing the excess of P2,465,066 as additional paid-in capital.

On May 26, 2021, the Parent Company entered into a subscription agreement with the Company to subscribe 19,461,142 common shares to be taken from the approved increase in authorized share capital for a total consideration of P4,865,286. The Parent Company assigned a parcel of land located in Brgy. Armenia, Tarlac in favor of the Company to fully pay the subscription price. On the same date, Citicore Solar Tarlac 1, Inc. (CST1) (formerly nv vogt Philippine Solar Energy Three, Inc.), an entity under common control, entered into a subscription agreement with the Company to subscribe 918,720,864 common shares to be taken from the approved increase in authorized share capital for a total consideration of P229,680,216. CST1 assigned several parcels of land located in Brgy. Armenia, Tarlac in favor of the Company to fully pay the subscription price. These parcels of land were recognized as investment properties based on the Company's future plans and intentions.

These transactions were reflected in the pro forma condensed financial information as if the transactions occurred on January 1, 2016 to show:

- the impact on the Company's earnings per share of the subsequent increase of the issued and outstanding shares for the nine months ended September 30, 2021 and 2020 and for the years ended December 31, 2020, 2019, 2018 and 2017;
- the derecognition of advances from Parent Company as at January 1, 2016; and
- the recognition of investment properties for the assets acquired from the subscription of shares as at January 1, 2016.

(c) *Assignment of Solar Energy Service Contract of the Clark Solar Plant and the subsequent lease of the plant to the Parent Company*

On October 13, 2021, the Company assigned SESC No. 2014-07-086 of the Clark Solar Plant to its Parent Company, thereby establishing the Parent Company as the operator of such plant. On the same date, the Company, as a lessor, and its Parent Company, as lessee, executed a lease contract for latter's use of the Clark Solar Plant in line with the assignment of SESC. The assignment is still subject to the approval of Department of Energy as of report date. The lease agreement is effective for almost 18 years commencing on November 1, 2021 and ending on September 3, 2039 with the Company's right to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the Parent Company vis-a-vis the three-year historical plant generation and market prices. In addition, subject also to the Company's right over the leasehold property, the Company and Parent Company can continue and may further extend the lease period in a way that is beneficial to both parties. The monthly lease payment is equivalent to the sum of fixed and variable lease rates.

These transactions were reflected in the pro forma condensed financial information as if the transactions occurred on January 1, 2016. The impacts of the transactions are as follows:

- derecognition of revenues and expenses including assets and liabilities related to the sale of electricity being the previous solar plant operator; and
- recognition of rental income from solar power plants on a straight-line basis over the lease term of the lease agreement between the Company and its Parent Company, which is classified as an operating lease. Rental income is assumed to be collected based on the terms of the lease agreement.

In accordance with the Company's accounting policies, the lease of the Clark Solar Plant did not result in any adjustment or reclassification from its current presentation as property, plant and equipment.

*(d) Assignment of lease contract, lease and sublease agreements with third parties and the subsequent subleases and lease contract with related parties*

The Company entered into various agreements to acquire leasehold land assets located in Cebu, Tarlac, and Negros Occidental; and a freehold land asset located in Tarlac. The leasehold land assets and freehold land asset are currently being leased by various lessees, which are all related parties to operate solar power plants. Leasehold rights were subsequently acquired by the Company through deed of assignment and through execution of new lease and sublease contracts. The Company will sublease the leasehold land assets back to the related parties and lease the freehold land to a related party.

(i) Land property in Brgy. Talavera, Toledo City, Cebu

On July 26, 2021, the Company entered into a deed of assignment with Citicore Solar Cebu, Inc. (CSCI) (formerly First Toledo Solar Energy Corp.) (assignor), an entity under common control, and a third-party lessor, to transfer, assign, and convey unto the Company (assignee) all of the assignor's rights and obligations under the contract of lease dated November 12, 2015 for the lease of parcel of land with total aggregated area of approximately 73 hectares located in Brgy. Talavera, Toledo City, Cebu. The third-party lessor consented to the assignment of the contract of lease in favor of the Company and the sublease of the leased area by the Company in favor of the assignor. CSCI operates a 60 MW installed capacity solar power plant in the leased area that was successfully commissioned on June 30, 2016.

On the same day, the Company entered into sublease agreement with CSCI (sublessee) related to the identified leased area. The agreement is effective for 19 years commencing on January 1, 2022 with the Company's right to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the sublessee vis-a-vis the three-year historical plant generation and market prices. In addition, subject also to the Company's right over the land or leasehold property, the Company and CSCI can continue and may further extend the lease period in a way that is beneficial to both parties. The monthly lease payment is equivalent to the sum of fixed and variable lease rates.

These transactions were reflected in the pro forma condensed financial information as if the transactions occurred on June 1, 2016, considering the reckoning date of the lease contract of CSCI, which in no case shall be later than May 31, 2016 and the commissioning of the solar power plant on June 30, 2016. The impact of the transactions are as follows:

- the recognition of right-of-use asset and lease liabilities from the assignment of the lease contract to the Company; and
- the recognition of rental income on a straight-line basis over the lease term of the sublease agreement between the Company and CSCI, which is classified as an operating lease. Rental income is assumed to be collected based on the terms of the lease agreement.

(ii) Land properties in Brgy. Dalayap, Tarlac City, Tarlac

On July 26, 2021, the Company entered into a contract of sublease with the owners of a parcel of land with a total aggregate area of approximately 4.8 hectares located in Brgy. Dalayap, Tarlac City, Tarlac. This land property is covered by an existing lease contract with an original term from November 1, 2015 to October 31, 2040 with Citicore Solar Tarlac 2, Inc. (CST2) (formerly nv vogt Philippines Solar Energy Four, Inc.), an entity under common control. The Company will sublease the land back to CST2. The agreement is effective for 19 years commencing on November 1, 2021 until October 31, 2040 which may be extended at the option of the Company for another 25 years upon the acceptance by and consent of the lessor.

On July 26, 2021, the Company entered into a contract of lease with owners of a parcel of land with a total aggregate area of approximately 5.6 hectares located in Brgy. Dalayap, Tarlac City, Tarlac. This land property is covered by an existing lease contract with an original term from November 1, 2015 to October 31, 2040 with CST2. The Company will sublease the land back to CST2. The agreement is effective for 19 years commencing on November 1, 2021 until October 31, 2040 which may be extended at the option of the Company for another 25 years upon the acceptance by and consent of the lessor.

CST2 operates a 7.55 MW installed capacity solar power plant in the leased area that was successfully commissioned on February 27, 2016.

On July 26, 2021, the Company entered into sublease agreement with CST2 (sublessee) related to the identified leased area. The agreement is effective for 19 years commencing on November 1, 2021 with the Company's right to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the sublessee vis-a-vis the three-year historical plant generation and market prices. In addition, subject also to the Company's right over the land or leasehold property, the Company and CST2 can continue and may further extend the lease period in a way that is beneficial to both parties. The monthly lease payment is equivalent to the sum of fixed and variable lease rates.

These transactions were reflected in the pro forma condensed financial information as if the transactions occurred on January 1, 2016. The impact of the transactions are as follows:

- the recognition of right-of-use asset and lease liabilities from the contract of sublease and the contract of lease with third parties; and
- the recognition of rental income on a straight-line basis over the lease term of the sublease agreement between the Company and CST2, which is classified as an operating lease. Rental income is assumed to be collected based on the terms of the lease agreement.

(iii) Land property in Brgy. Rizal, Silay City, Negros Occidental

On July 28, 2021, the Company entered into a lease agreement with an owner of several parcels of land located in Brgy. Rizal, Silay City, Negros Occidental. This land property is covered by an existing lease contract that commenced on June 1, 2016 as result of an assignment from previous lessee but with prior sublease agreement which commenced on November 1, 2015 with Citicore Solar Negros Occidental, Inc. (CSNO) (formerly Silay Solar Power, Inc.), an entity under common control. The Company will sublease the land back to CSNO. The new lease agreement shall commence on January 1, 2022 until October 31, 2040 which may be extended for additional five (5) years unless the parties agreed to terminate the lease agreement at the end of the initial term. CSNO operates a 25 MW installed capacity solar power plant in the leased area that was successfully commissioned on March 8, 2016.

On the same day, the Company entered into sublease agreement with CSNO (sublessee) to sublease the identified leased area. The agreement is effective for 19 years commencing on January 1, 2022 with the Company's right to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the sublessee vis-a-vis the three-year historical plant generation and market prices. In addition, subject also to the Company's right over the land or leasehold property, the Company and CSNO can continue and may further extend the lease period in a way that is beneficial to both parties. The monthly lease payment is equivalent to the sum of fixed and variable lease rates.

These transactions were reflected in the pro forma condensed financial information as if the transactions occurred on January 1, 2016. The impact of the transactions are as follows:

- the recognition of right-of-use asset and lease liabilities for the lease agreement; and
- the recognition of rental income on a straight-line basis over the lease term of the sublease agreement between the Company and CSNO, which is classified as an operating lease. Rental income is assumed to be collected based on the terms of the lease agreement.

(iv) Land property in Brgy. Armenia, Tarlac City, Tarlac

As a result of the asset for share exchange with CST1, the Company was able to acquire several parcels of land located in Brgy. Armenia, Tarlac City, Tarlac. CST1 operates an 8.8 MW installed capacity solar power plant located in the said property that was successfully commissioned on February 29, 2016.

On July 26, 2021, the Company, as a lessor, entered into a lease agreement with CST1 (lessee) for the latter's lease of said property with a total aggregate area of 138,164 sqm. The agreement is effective for 25 years commencing on November 1, 2021 until October 31, 2046. The monthly lease payment is equivalent to the sum of fixed and variable lease rates.

The transaction was reflected in the pro forma condensed financial information as if the transaction occurred on January 1, 2016 in conjunction with the asset for share exchange discussed in (b) above. The impact of the transaction is the recognition of rental income on a straight-line basis. The lease contract was classified as an operating lease. Rental income is assumed to be collected based on the terms of the lease agreement.

(e) *PFRS 16, "Leases" retrospective adoption*

To enhance comparability of the pro forma adjustments related to leases, the management assumed that the Company adopted PFRS 16 as at January 1, 2016. Historical financial information was adjusted to show the impact of the adoption of PFRS 16 related to the land lease agreement where the Clark Solar Power Project was constructed on January 1, 2016 rather than on the mandatory effective date at January 1, 2019. The impact of the adoption at January 1, 2016 are as follows:

- the recognition of right-of-use asset and lease liabilities including amortization expense, interest expense and foreign exchange gains or losses starting January 1, 2016;
- derecognition of rental expenses under cost of services, prepaid rent and accrued rent as at and for the years ended December 31, 2018 and 2017; and
- the recognition of additional right-of-use asset, lease liabilities, amortization expense, interest expense and foreign exchange gains or losses starting January 1, 2019.

**Note 3 - Pro forma adjustments and balances**

The pro forma condensed financial information is based on the historical financial information of the Company as shown in the audited financial statements as at September 30, 2021, December 31, 2020, 2019, 2018 and 2017 and for the nine months ended September 30, 2021 and 2020 and for the years ended December 31, 2020, 2019, 2018 and 2017 after certain assumptions and pro forma adjustments described in the succeeding sections were adjusted. The pro forma adjustments are based on available information and certain assumptions that the Company believes are reasonable under the circumstances.

The pro forma condensed financial information does not purport to represent what the results of operations and financial position of the Company would have been had the significant transactions discussed in the succeeding sections occurred earlier than the actual date of the transactions, nor does it purport to project the results of operations of the Company for any future period or date, since closing and completion of the significant transactions are 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 have been satisfied.



### 3.1 Pro forma condensed statements of financial position

The impact of the significant transactions described in Note 2 in the pro forma condensed statements of financial position are as follows:

September 30, 2021

	Audited balances	Pro forma adjustments	Pro forma balances
Current assets			
Cash and cash equivalents	76,764,373	1,471,685,971	1,548,450,344
Trade and other receivables, net	40,861,686	1,527,074,365	1,567,936,051
Prepayments and other current assets	27,907,178	(11,003,220)	16,903,958
Non-current assets			
Right-of-use assets, net	38,090,624	140,449,418	178,540,042
Other non-current assets	9,112,625	(7,333,315)	1,779,310
Current liabilities			
Trade payables and other liabilities	38,849,039	(37,694,827)	1,154,212
Lease liabilities	317,261	8,186,585	8,503,846
Income tax payable	-	148,268,667	148,268,667
Non-current liabilities			
Lease liabilities, net of current portion	50,521,743	169,299,480	219,821,223
Deferred income tax liabilities, net	-	376,640,176	376,640,176
Retirement benefit obligation	236,004	(236,004)	-
Equity			
Share capital	539,999,999	834,545,502	1,374,545,501
Additional paid-in capital	-	2,465,066	2,465,066
Deposits for future shares subscription	837,010,568	(837,010,568)	-
Remeasurement on retirement benefits	50,894	(50,894)	-
Retained earnings	143,691,520	2,456,460,036	2,600,151,556

The following pro forma adjustments were:

*(a) Bank loan assignment*

No pro forma adjustments were made as at September 30, 2021 since the transaction occurred on May 4, 2021. This transaction has been already reflected in the historical financial statements.

*(b) Conversion of shares, increase in authorized share capital and shares subscription through conversion of advances from Parent Company and assignment of land properties*

Pro forma adjustment was made for the deposits for future shares subscription related to the subscription of 2,400,000,000 shares with P0.25 par value amounting to P600,000,000 through conversion of advances from Parent Company amounting to P602,465,066 as share capital and the excess of the subscription price against the par value of shares amounting to P2,465,066 as additional paid-in capital.

A pro forma adjustment was also made to reflect the reclassification of the deposits for future shares subscription to share capital upon completion of the assignment of land properties. The transaction amounted to P234,545,502 consisting of 938,182,006 shares with par value of P0.25, of which 19,461,142 shares and 918,720,864 shares were subscribed by the Parent Company and CST1, respectively.

This is on the assumption that the Company had already obtained approval from the SEC on its application for the increase in authorized share capital as at January 1, 2016.

(c) *Assignment of Solar Energy Service Contract of the Clark Solar Plant and the subsequent lease of the plant to the Parent Company*

The following pro forma adjustments were made:

- Derecognition of the following assets and liabilities as at September 30, 2021 related to the operations of the Clark Solar Plant:

	Amount
Trade and other receivables	
Trade receivables	40,861,686
Prepayments and other current assets	
Input value-added tax (VAT)	9,772,305
Advances to employees	324,412
Prepaid taxes	856,900
Others	49,603
	11,003,220
Other non-current assets	
Electric utility deposits	6,580,541
Restricted cash	752,774
	7,333,315
Trade payables and other liabilities	
Trade payables	3,901,513
Due to government agencies	33,718,453
Accrued expenses	1,229,073
	38,849,039
Retirement benefit obligation	236,004

- The corresponding net balance of the derecognition of the assets and liabilities related to the solar plant operations was considered as cash transaction, hence, adjusted to cash and cash equivalents; and
- Recognition of lease receivables under trade and other receivables as at September 30, 2021 for the lease accounted as operating lease amounting to P367,812,776. Details are as follows:

	Note	Amount
Beginning		370,387,045
Rental income	3.2	187,294,006
Collections		(189,868,275)
Ending		367,812,776

(d) *Assignment of lease contract, lease and sublease agreements with third parties and the subsequent subleases and lease contract with related parties*

Assignment of lease contract, lease and sublease agreements between the Company and certain third parties resulted in the recognition of right-of-use assets and lease liabilities as at September 30, 2021. Details of right-of-use assets recognized are as follows:

Land property	Notes	Cost	Accumulated amortization	Net book value
Brgy. Talavera, Toledo City, Cebu	2(d)(i)	82,587,907	(18,995,218)	63,592,689
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(d)(ii)	28,804,447	(6,669,486)	22,134,961
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(d)(ii)	24,175,161	(5,597,604)	18,577,557
Brgy. Rizal, Silay City, Negros Occidental	2(d)(iii)	46,979,998	(11,255,625)	35,724,373
		182,547,513	(42,517,933)	140,029,580

Details of lease liabilities recognized are as follows:

Land property	Notes	Current	Non-current	Total
Brgy. Talavera, Toledo City, Cebu	2(d)(i)	7,234,756	73,122,432	80,357,188
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(d)(ii)	377,840	27,631,511	28,009,351
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(d)(ii)	317,115	23,190,733	23,507,848
Brgy. Rizal, Silay City, Negros Occidental	2(d)(iii)	267,688	44,850,663	45,118,351
		8,197,399	168,795,339	176,992,738

Subsequent lease and sublease agreements with related parties that were accounted as operating leases resulted in the recognition of lease receivables under trade and other receivables, net as at September 30, 2021 amounting P1,200,123,275. Details are as follows:

	Note	Amount
Beginning		1,162,624,405
Rental income	3.2	483,143,323
Collections		(445,644,453)
Ending		1,200,123,275

*(e) PFRS 16, "Leases" retrospective adoption*

The retrospective application of PFRS 16 resulted in the recognition of additional right-of-use asset and lease liabilities amounting to P419,838 and P493,327, respectively.

*(f) Other pro forma adjustments*

Other pro forma adjustments include:

- Accumulated assumed cash collections net of payments from January 1, 2016 to September 30, 2021 amounting to P1,471,685,971 related in the pro forma adjustments made (Note 3.4);
- Additional trade payables amounting to P1,154,212 for the assumed unpaid lease payment for the month of September 2021;
- Income tax payable amounting to P148,268,667 related to the tax impact of the pro forma adjustments to current taxable income for the nine months ended September 30, 2021 which is assumed to be unpaid and deferred income tax liabilities, net amounting to P376,640,176 arising from the impact of the straight-line recognition of rental income and the recognition of right-of-use assets, net and lease liabilities; and
- Derecognition of remeasurement on retirement benefits.

December 31, 2020

	Audited balances	Pro forma adjustments	Pro forma balances
<b>Current assets</b>			
Cash and cash equivalents	71,737,473	1,156,510,665	1,228,248,138
Trade and other receivables, net			
Trade and other receivables	41,996,272	1,491,015,178	1,533,011,450
Due from related parties	216,908,961	(216,908,961)	-
Prepayments and other current assets	11,601,430	(11,119,872)	481,558
<b>Non-current assets</b>			
Investment properties, net	-	234,545,502	234,545,502
Right-of-use assets, net	39,685,116	146,012,811	185,697,927
Other non-current assets	8,975,048	(7,195,738)	1,779,310
<b>Current liabilities</b>			
Trade payables and other liabilities	125,610,375	(91,640,210)	33,970,165
Loans payable	126,446,281	(70,149,127)	56,297,154
Lease liabilities	294,139	530,211	824,350
Income tax payable	-	159,294,691	159,294,691
<b>Non-current liabilities</b>			
Loans payable, net of current portion	909,809,551	(909,809,551)	-
Lease liabilities, net of current portion	51,060,996	173,652,598	224,713,594
Due to a related party	-	160,584,651	160,584,651
Deferred income tax liabilities, net	-	401,538,123	401,538,123
Retirement benefit obligation	2,915,664	(2,915,664)	-
<b>Equity</b>			
Share capital	539,999,999	834,545,502	1,374,545,501
Additional paid-in capital	-	2,465,066	2,465,066
Retained earnings	25,104,725	2,134,763,295	2,159,868,020

The following pro forma adjustments were made:

*(a) Bank loan assignment*

Pro forma adjustment amounting to P979,958,678 has been made to loans payable related to the assignment of loan from DBP to the Parent Company resulting in current loans payable amounting to P56,297,154. The resulting payable to the Parent Company was subsequently converted to equity as disclosed in (b) below. In addition, all the related party receivables amounting to P216,908,961 were treated as if the receivables were assumed by the Parent Company.

*(b) Conversion of shares, increase in authorized share capital and shares subscription through conversion of advances from Parent Company and assignment of land properties*

See September 30, 2021 - (b). The same adjustments were made as at December 31, 2020 related to the subscription of shares through conversion of advances from Parent Company.

A pro forma adjustment was also made to the investment properties and share capital amounting to P234,545,502 acquired through assignment of land properties for share subscription of the Parent Company and CST1.

This is on the assumption that the Company had already obtained approval from the SEC on its application for the increase in authorized share capital as at January 1, 2016.

(c) *Assignment of Solar Energy Service Contract of the Clark Solar Plant and the subsequent lease of the plant to the Parent Company*

The following pro forma adjustments were made:

- Derecognition of the following assets and liabilities as at December 31, 2020 related to the operations of the Clark Solar Plant:

	Amount
Trade and other receivables	
Trade receivables	41,996,272
Prepayments and other current assets	
Input VAT	9,435,619
Advances to employees	217,509
Prepaid taxes	1,430,404
Others	36,340
	11,119,872
Other non-current assets	
Electric utility deposits	6,580,541
Restricted cash	615,197
	7,195,738
Trade payables and other liabilities	
Trade payables	6,794,533
Due to government agencies	85,508,641
Accrued expenses	1,390,283
	93,693,457
Retirement benefit obligation	2,915,664

- The corresponding net balance of the derecognition of the assets and liabilities related to the solar plant operations was considered as cash transaction, hence, adjusted to cash and cash equivalents; and
- Recognition of lease receivables under trade and other receivables as at December 31, 2020 for the lease accounted as operating lease amounting to P370,387,045. Details are as follows:

	Note	Amount
Beginning		335,385,830
Rental income	3.2	249,725,341
Collections		(214,724,126)
Ending		370,387,045

(d) *Assignment of lease contract, lease and sublease agreements with third parties and the subsequent subleases and lease contract with related parties*

Assignment of lease contract, lease and sublease agreements between the Company and certain third parties resulted in the recognition of right-of-use assets and lease liabilities as at December 31, 2020. Details of right-of-use assets recognized are as follows:

Land property	Notes	Cost	Accumulated amortization	Net book value
Brgy. Talavera, Toledo City, Cebu	2(d)(i)	82,587,907	(16,517,581)	66,070,326
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(d)(ii)	28,804,447	(5,799,553)	23,004,894
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(d)(ii)	24,175,161	(4,867,482)	19,307,679
Brgy. Rizal, Silay City, Negros Occidental	2(d)(iii)	46,979,998	(9,787,500)	37,192,498
		182,547,513	(36,972,116)	145,575,397

Details of lease liabilities recognized are as follows:

Land property	Notes	Current	Non-current	Total
Brgy. Talavera, Toledo City, Cebu	2(d)(i)	-	75,703,254	75,703,254
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(d)(ii)	151,124	28,123,649	28,274,773
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(d)(ii)	126,836	23,603,777	23,730,613
Brgy. Rizal, Silay City, Negros Occidental	2(d)(iii)	262,419	46,084,612	46,347,031
		540,379	173,515,292	174,055,671

Subsequent lease and sublease agreements with related parties that were accounted as operating leases resulted in the recognition of lease receivables under trade and other receivables, net as at December 31, 2020 amounting P1,162,624,405. Details are as follows:

	Note	Amount
Beginning		986,912,906
Rental income	3.2	644,191,097
Collections		(468,479,598)
Ending		1,162,624,405

(e) *PFRS 16, "Leases" retrospective adoption*

The retrospective application of PFRS 16 resulted in the recognition of additional right-of-use asset and lease liabilities amounting to P437,414 and P127,138, respectively.

(f) *Other pro forma adjustments*

Other pro forma adjustments include:

- Accumulated assumed cash collections and payments from January 1, 2016 to December 31, 2020 amounting to P1,156,510,665 related in the pro forma adjustments made (Note 3.4);
- Additional trade payables amounting to P2,053,247 for the assumed unpaid lease payment for the month of December 2020; and
- Income tax payable amounting to P159,294,691 related to the tax impact of the pro forma adjustments to current taxable income for the year ended December 31, 2020 which is assumed to be unpaid and deferred income tax liabilities, net amounting to P401,538,123 arising from the impact of the straight-line recognition of rental income and the recognition of right-of-use assets, net and lease liabilities.

December 31, 2019

	Audited balances	Pro forma adjustments	Pro forma balances
<b>Current assets</b>			
Cash and cash equivalents	47,064,583	974,216,720	1,021,281,303
Trade and other receivables, net			
Trade and other receivables	38,268,236	1,285,974,596	1,324,242,832
Due from related parties	90,361,870	(90,361,870)	-
Prepayments and other current assets	11,443,248	(11,443,248)	-
<b>Non-current assets</b>			
Investment properties, net	-	234,545,502	234,545,502
Right-of-use assets, net	41,811,104	153,430,667	195,241,771
Other non-current assets	8,668,208	(6,888,898)	1,779,310
<b>Current liabilities</b>			
Trade payables and other liabilities	78,379,762	(73,717,837)	4,661,925
Loans payable	120,913,719	(5,616,506)	115,297,213
Lease liabilities	21,201	6,728,814	6,750,015
Income tax payable	-	229,593,209	229,593,209
<b>Non-current liabilities</b>			
Loans payable, net of current portion	974,342,172	(974,342,172)	-
Lease liabilities, net of current portion	51,410,357	174,991,133	226,401,490
Due to a related party	-	287,131,742	287,131,742
Deferred income tax liabilities, net	-	369,904,863	369,904,863
<b>Equity</b>			
Share capital	539,999,999	834,545,502	1,374,545,501
Additional paid-in capital	-	2,465,066	2,465,066
Retained earnings (Deficit)	(79,010,087)	1,687,789,655	1,608,779,568

The following pro forma adjustments were made:

*(a) Bank loan assignment*

Pro forma adjustment amounting to P979,958,678 has been made to loans payable related to the assignment of loan from DBP to the Parent Company resulting in current loans payable amounting to P115,297,213. The resulting payable to the Parent Company was subsequently converted to equity as disclosed in (b) below. In addition, all the related party receivables amounting to P90,361,870 were treated as if the receivables were assumed by the Parent Company.

*(b) Conversion of shares, increase in authorized share capital and shares subscription through conversion of advances from Parent Company and assignment of land properties*

See December 31, 2020 - (b). The same adjustments were made as at December 31, 2019.

(c) *Assignment of Solar Energy Service Contract of the Clark Solar Plant and the subsequent lease of the plant to the Parent Company*

The following pro forma adjustments were made:

- Derecognition of the following assets and liabilities as at December 31, 2019 related to the operations of the Clark Solar Plant:

	Amount
Trade and other receivables	
Trade receivables	36,324,140
Prepayments and other current assets	
Input VAT	9,403,280
Advances to employees	134,976
Prepaid taxes	1,854,350
Others	50,642
	11,443,248
Other non-current assets	
Electric utility deposits	6,580,541
Restricted cash	308,357
	6,888,898
Trade payables and other liabilities	
Trade payables	6,647,557
Due to government agencies	66,787,314
Accrued expenses	1,254,086
	74,688,957

- The corresponding net balance of the derecognition of the assets and liabilities related to the solar plant operations was considered as cash transaction, hence, adjusted to cash and cash equivalents; and
- Recognition of lease receivables under trade and other receivables as at December 31, 2019 for the lease accounted as operating lease amounting to P335,385,830. Details are as follows:

	Note	Amount
Beginning		278,649,340
Rental income	3.2	249,725,341
Collections		(192,988,851)
Ending		335,385,830

(d) *Assignment of lease contract, lease and sublease agreements with third parties and the subsequent subleases and lease contract with related parties*

Assignment of lease contract, lease and sublease agreements between the Company and certain third parties resulted in the recognition of right-of-use assets and lease liabilities as at December 31, 2019. Details of right-of-use assets recognized are as follows:

Land property	Notes	Cost	Accumulated amortization	Net book value
Brgy. Talavera, Toledo City, Cebu	2(d)(i)	82,587,907	(13,214,065)	69,373,842
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(d)(ii)	28,804,447	(4,639,642)	24,164,805
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(d)(ii)	24,175,161	(3,893,986)	20,281,175
Brgy. Rizal, Silay City, Negros Occidental	2(d)(iii)	46,979,998	(7,830,000)	39,149,998
		182,547,513	(29,577,693)	152,969,820



Details of lease liabilities recognized are as follows:

Land property	Notes	Current	Non-current	Total
Brgy. Talavera, Toledo City, Cebu	2(d)(i)	6,455,694	76,232,415	82,688,109
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(d)(ii)	105,491	28,320,405	28,425,896
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(d)(ii)	88,537	23,768,911	23,857,448
Brgy. Rizal, Silay City, Negros Occidental	2(d)(iii)	88,537	46,541,703	46,630,240
		6,738,259	174,863,434	181,601,693

Subsequent lease and sublease agreements with related parties that were accounted as operating leases resulted in the recognition of lease receivables under trade and other receivables, net as at December 31, 2019 amounting P986,912,906. Details are as follows:

	Note	Amount
Beginning		964,665,970
Rental income	3.2	644,191,097
Collections		(621,944,161)
Ending		986,912,906

*(e) PFRS 16, “Leases” retrospective adoption*

The retrospective application of PFRS 16 resulted in the recognition of additional right-of-use asset and lease liabilities amounting to P460,847 and P118,254, respectively.

*(f) Other pro forma adjustments*

Other pro forma adjustments include:

- Accumulated assumed cash collections and payments from January 1, 2016 to December 31, 2019 amounting to P974,216,720 related in the pro forma adjustments made (Note 3.4);
- Additional trade payables amounting to P971,120 for the assumed unpaid lease payment for the month of December 2019; and
- Income tax payable amounting to P229,593,209 related to the tax impact of the pro forma adjustments to current taxable income for the year ended December 31, 2019 which is assumed to be unpaid and deferred income tax liabilities, net amounting to P369,904,863 arising from the impact of the straight-line recognition of rental income and the recognition of right-of-use assets, net and lease liabilities.

December 31, 2018

	Audited balances	Pro forma adjustments	Pro forma balances
<b>Current assets</b>			
Cash and cash equivalents	86,794,440	567,809,050	654,603,490
Trade and other receivables, net	63,454,407	1,179,860,903	1,243,315,310
Prepayments and other current assets	12,598,606	(12,598,606)	-
<b>Non-current assets</b>			
Investment properties, net	-	234,545,502	234,545,502
Right-of-use assets, net	-	204,785,615	204,785,615
Other non-current assets	10,109,851	(8,330,541)	1,779,310
<b>Current liabilities</b>			
Trade payables and other liabilities	62,609,413	(56,669,336)	5,940,077
Loans payable	120,749,301	-	120,749,301
Lease liabilities	-	269,403	269,403
Income tax payable	-	133,738,640	133,738,640
<b>Non-current liabilities</b>			
Loans payable, net of current portion	1,095,265,152	(979,958,678)	115,306,474
Lease liabilities, net of current portion	-	226,934,488	226,934,488
Due to a related party	10,874,926	377,493,612	388,368,538
Deferred income tax liabilities, net	-	356,789,874	356,789,874
<b>Equity</b>			
Share capital	539,999,999	834,545,502	1,374,545,501
Additional paid-in capital	-	2,465,066	2,465,066
Retained earnings (Deficit)	(158,581,030)	1,270,463,352	1,111,882,322

The following pro forma adjustments were made:

*(a) Bank loan assignment*

Pro forma adjustment amounting to P979,958,678 has been made to loans payable related to the assignment of loan from DBP to the Parent Company resulting in loans payable amounting to P236,055,775, of which P120,749,301 is presented as current. The resulting payable to the Parent Company was subsequently converted to equity as disclosed in (b) below. In addition, all the related party payables amounting to P10,874,926 were treated as if the payables were assumed by the Parent Company.

*(b) Conversion of shares, increase in authorized share capital and shares subscription through conversion of advances from Parent and assignment of land properties*

See December 31, 2020 - (b). The same adjustments were made as at December 31, 2018.

(c) *Assignment of Solar Energy Service Contract of the Clark Solar Plant and the subsequent lease of the plant to the Parent Company*

The following pro forma adjustments were made:

- Derecognition of the following assets and liabilities as at December 31, 2018 related to the operations of the Clark Solar Plant:

	Amount
Trade and other receivables	
Trade receivables	63,454,407
Prepayments and other current assets	
Input VAT	9,337,242
Prepaid expenses	1,983,906
Prepaid taxes	786,101
Others	491,357
	12,598,606
Other non-current assets	
Electric utility deposits	8,330,541
Trade payables and other liabilities	
Trade payables	3,877,615
Due to government agencies	48,067,310
Accrued expenses	6,689,488
	58,634,413

- The corresponding net balance of the derecognition of the assets and liabilities related to the solar plant operations was considered as cash transaction, hence, adjusted to cash and cash equivalents; and
- Recognition of lease receivables under trade and other receivables as at December 31, 2018 for the lease accounted as operating lease amounting to P278,649,340. Details are as follows:

	Note	Amount
Beginning		178,499,636
Rental income	3.2	249,725,341
Collections		(149,575,637)
Ending		278,649,340

(d) *Assignment of lease contract, lease and sublease agreements with third parties and the subsequent subleases and lease contract with related parties*

Assignment of lease contract, lease and sublease agreements between the Company and certain third parties resulted in the recognition of right-of-use assets and lease liabilities as at December 31, 2018. Details of right-of-use assets recognized are as follows:

Land property	Notes	Cost	Accumulated amortization	Net book value
Brgy. Talavera, Toledo City, Cebu	2(d)(i)	82,587,907	(9,910,549)	72,677,358
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(d)(ii)	28,804,447	(3,479,732)	25,324,715
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(d)(ii)	24,175,161	(2,920,489)	21,254,672
Brgy. Rizal, Silay City, Negros Occidental	2(d)(iii)	46,979,998	(5,872,500)	41,107,498
		182,547,513	(22,183,270)	160,364,243

Details of lease liabilities recognized are as follows:

Land property	Notes	Current	Non-current	Total
Brgy. Talavera, Toledo City, Cebu	2(d)(i)	-	76,423,802	76,423,802
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(d)(ii)	97,898	28,433,490	28,531,388
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(d)(ii)	82,164	23,863,822	23,945,986
Brgy. Rizal, Silay City, Negros Occidental	2(d)(iii)	82,164	46,738,231	46,820,395
		262,226	175,459,345	175,721,571

Subsequent lease and sublease agreements with related parties that were accounted as operating leases resulted in the recognition of lease receivables under trade and other receivables, net as at December 31, 2018 amounting P964,665,970. Details are as follows:

	Note	Amount
Beginning		712,193,270
Rental income	3.2	644,191,097
Collections		(391,718,397)
Ending		964,665,970

*(e) PFRS 16, "Leases" retrospective adoption*

The retrospective application of PFRS 16 resulted in the recognition of additional right-of-use asset and lease liabilities amounting to P44,421,373 and P51,482,320, respectively.

*(f) Other pro forma adjustments*

Other pro forma adjustments include:

- Accumulated assumed cash collections and payments from January 1, 2016 to December 31, 2018 amounting to P567,809,050 related in the pro forma adjustments made (Note 3.4);
- Additional trade payables amounting to P1,965,077 for the assumed unpaid lease payment for the month of December 2018; and
- Income tax payable amounting to P133,738,640 related to the tax impact of the pro forma adjustments to current taxable income for the year ended December 31, 2018 which is assumed to be unpaid and deferred income tax liabilities, net amounting to P356,789,874 arising from the impact of the straight-line recognition of rental income and the recognition of right-of-use assets, net and lease liabilities.

December 31, 2017

	Audited balances	Pro forma adjustments	Pro forma balances
Current assets			
Cash and cash equivalents	185,648,375	479,813,654	665,462,029
Trade and other receivables, net			
Trade and other receivables	239,802,061	650,890,845	890,692,906
Due from related parties	1,312,776	(1,312,776)	-
Prepayments and other current assets	136,690,110	(17,009,617)	119,680,493
Non-current assets			
Investment properties, net	-	234,545,502	234,545,502
Right-of-use assets, net	-	214,329,459	214,329,459
Current liabilities			
Trade payables and other liabilities	162,977,685	(75,379,282)	87,598,403
Loans payable	120,191,845	-	120,191,845
Lease liabilities	-	5,985,440	5,985,440
Income tax payable	72,250	112,224,000	112,296,250
Non-current liabilities			
Loans payable, net of current portion	1,216,865,110	(979,958,678)	236,906,432
Lease liabilities, net of current portion	-	227,550,931	227,550,931
Due to a related party	140,957,540	376,180,836	517,138,376
Deferred income tax liabilities, net	-	252,780,448	252,780,448
Equity			
Share capital	539,999,999	834,545,502	1,374,545,501
Additional paid-in capital	-	2,465,066	2,465,066
Retained earnings (Deficit)	(171,997,518)	804,862,804	632,865,286

The following pro forma adjustments were made:

*(a) Bank loan assignment*

Pro forma adjustment amounting to P979,958,678 has been made to loans payable related to the assignment of loan from DBP to the Parent Company resulting in non-current loans payable amounting to P236,906,432. The resulting payable to the Parent Company was subsequently converted to equity as disclosed in (b) below. In addition, all the related party receivables and payables amounting to P1,312,776 and P140,957,540, respectively, were offset and treated as if the receivables and payables were assumed by the Parent Company.

*(b) Conversion of shares, increase in authorized share capital and shares subscription through advances from Parent Company to share conversion and assignment of land properties*

See December 31, 2020 - (b). The same adjustments were made as at December 31, 2017.

(c) *Assignment of Solar Energy Service Contract of the Clark Solar Plant and the subsequent lease of the plant to the Parent Company*

The following pro forma adjustments were made:

- Derecognition of the following assets and liabilities as at December 31, 2017 related to the operations of the Clark Solar Plant:

	Amount
Trade and other receivables	
Trade receivables	239,802,061
Prepayments and other current assets	
Input VAT	8,444,494
Prepaid expenses	1,709,852
Refundable deposits	6,609,851
Others	245,420
	17,009,617
Trade payables and other liabilities	
Trade payables	15,258,774
Due to government agencies	31,016,360
Accrued expenses	29,918,754
	76,193,888

- The corresponding net balance of the derecognition of the assets and liabilities related to the solar plant operations was considered as cash transaction, hence, adjusted to cash and cash equivalents; and
- Recognition of lease receivables under trade and other receivables as at December 31, 2017 for the lease accounted as operating lease amounting to P178,499,636. Details are as follows:

	Note	Amount
Beginning		96,310,028
Rental income	3.2	249,725,341
Collections		(167,535,733)
Ending		178,499,636

(d) *Assignment of lease contract, lease and sublease agreements with third parties and the subsequent subleases and lease contract with related parties*

Assignment of lease contract, lease and sublease agreements between the Company and certain third parties resulted in the recognition of right-of-use assets and lease liabilities as at December 31, 2017. Details of right-of-use assets recognized are as follows:

Land property	Notes	Cost	Accumulated amortization	Net book value
Brgy. Talavera, Toledo City, Cebu	2(d)(i)	82,587,907	(6,607,033)	75,980,874
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(d)(ii)	28,804,447	(2,319,821)	26,484,626
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(d)(ii)	24,175,161	(1,946,993)	22,228,168
Brgy. Rizal, Silay City, Negros Occidental	2(d)(iii)	46,979,998	(3,915,000)	43,064,998
		182,547,513	(14,788,847)	167,758,666

Details of lease liabilities recognized are as follows:

Land property	Notes	Current	Non-current	Total
Brgy. Talavera, Toledo City, Cebu	2(d)(i)	5,739,788	76,894,281	82,634,069
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(d)(ii)	90,850	28,538,435	28,629,285
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(d)(ii)	76,250	23,951,900	24,028,150
Brgy. Rizal, Silay City, Negros Occidental	2(d)(iv)	76,250	46,849,496	46,925,746
		5,983,138	176,234,112	182,217,250

Subsequent lease and sublease agreements with related parties that were accounted as operating leases resulted in the recognition of lease receivables under trade and other receivables, net as at December 31, 2017 amounting P712,193,270. Details are as follows:

	Note	Amount
Beginning		332,822,275
Rental income	3.2	644,191,097
Collections		(264,820,102)
Ending		712,193,270

*(e) PFRS 16, "Leases" retrospective adoption*

The retrospective application of PFRS 16 resulted in the recognition of additional right-of-use asset and lease liabilities amounting to P46,570,794 and P51,319,121, respectively, and derecognition of accrued rent amounting to P124,760.

*(f) Other pro forma adjustments*

Other pro forma adjustments include:

- Accumulated assumed cash collections and payments from January 1, 2016 to December 31, 2017 amounting to P479,813,654 related in the pro forma adjustments made (Note 3.4);
- Additional trade payables amounting to P939,366 for the assumed unpaid lease payment for the month of December 2017; and
- Income tax payable amounting to P112,224,000 related to the tax impact of the pro forma adjustments to current taxable income for the year ended December 31, 2017 which is assumed to be unpaid and deferred income tax liabilities, net amounting to P252,780,448 arising from the impact of the straight-line recognition of rental income and the recognition of right-of-use assets, net and lease liabilities.

**3.2 Pro forma condensed statements of total comprehensive income**

The impact of the significant transactions described in Note 2 in the pro forma condensed statements of total comprehensive income are as follows:

September 30, 2021

	Audited balances	Pro forma adjustments	Pro forma balances
Revenues			
Sale of electricity	190,675,205	(190,675,205)	-
Rental income	-	670,437,329	670,437,329
Cost of services	(51,764,414)	269,601	(51,494,813)
Operating expenses	(17,699,784)	397,482	(17,302,302)
Finance costs	(27,984,031)	(10,102,942)	(38,086,973)
Other income, net	25,359,819	(25,258,804)	101,015
Income tax expense	-	(123,370,720)	(123,370,720)

The following pro forma adjustments were made:

*(a) Assignment of Solar Energy Service Contract of the Clark Solar Plant and the subsequent lease of the plant to the Parent Company*

The assignment of SESC by the Company to its Parent Company resulted in the derecognition of the following revenue and expenses for the nine months ended September 30, 2021 related to the sale of electricity as a solar plant operator:

	Amount
Revenues	
Sale of electricity	190,675,205
Cost of services	5,832,993
Operating expenses	6,546,945
Other income, net	25,200,913

The subsequent lease agreement of the solar plant by the Company to its Parent Company that was accounted as operating leases resulted in the recognition of rental income for the nine months ended September 30, 2021 amounting to P187,294,006.

*(b) Assignment of lease contract, lease and sublease agreements with third parties and the subsequent subleases and lease contract with related parties*

Assignment of lease contract, lease and sublease agreements between the Company and certain third parties resulted in the recognition of amortization expense under cost of services and finance costs for the nine months ended September 30, 2021 as follows:

Land property	Notes	Amortization	Finance costs
Brgy. Talavera, Toledo City, Cebu	2(d)(i)	2,477,637	4,653,933
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(d)(ii)	869,933	1,582,579
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(d)(ii)	730,122	1,328,236
Brgy. Rizal, Silay City, Negros Occidental	2(d)(iii)	1,468,125	2,530,460
		5,545,817	10,095,208

Subsequent lease and sublease agreements with related parties that were accounted as operating leases resulted in the recognition of rental income for the nine months ended September 30, 2021 as follows:

Land property	Notes	Amount
Leasehold land assets		
Brgy. Talavera, Toledo City, Cebu	2(d)(i)	240,700,383
Brgy. Dalayap, Tarlac City, Tarlac	2(d)(ii)	31,093,771
Brgy. Rizal, Silay City, Negros Occidental	2(d)(iii)	170,922,712
		442,716,866
Freehold land asset		
Brgy. Armenia, Tarlac City, Tarlac	2(d)(iv)	40,426,457
		483,143,323

*(c) PFRS 16, "Leases" retrospective adoption*

The retrospective application of PFRS 16 resulted in the recognition of additional amortization expense, interest expense and foreign exchanges losses amounting to P17,575, P7,734 and P57,891, respectively.



(d) Other pro forma adjustments

Other pro forma adjustments include:

- Recognition of assumed local business taxes amounting to P6,149,463 as part of operating expenses based on the results of operations; and
- Recognition of income tax expense amounting to P123,370,720 related to the pro forma adjustments based on the prevailing tax rate.

September 30, 2020

	Audited balances	Pro forma adjustments	Pro forma balances
Revenues			
Sale of electricity	207,640,751	(207,640,751)	-
Rental income	-	670,437,329	670,437,329
Cost of services	(74,325,430)	22,828,333	(51,497,097)
Operating expenses	(6,923,039)	(236,394)	(7,159,433)
Finance costs	(37,875,977)	(9,794,665)	(47,670,642)
Other income, net	1,596,906	69,535	1,666,441
Income tax expense	-	(174,044,788)	(174,044,788)

The following pro forma adjustments were made:

(a) Assignment of Solar Energy Service Contract of the Clark Solar Plant and the subsequent lease of the plant to the Parent Company

The assignment of SESC by the Company to its Parent Company resulted in the derecognition of the following revenue and expenses for the nine months ended September 30, 2020 related to the sale of electricity as a solar plant operator:

	Amount
Revenues	
Sale of electricity	207,640,751
Cost of services	28,391,725
Operating expenses	6,923,039

The subsequent lease agreement of the solar plant by the Company to its Parent Company that was accounted as operating leases resulted in the recognition of rental income for the nine months ended September 30, 2020. Since the straight-line recognition was applied for the rental income, the same adjustment was made to the statements of total comprehensive income for the nine months ended September 30, 2020 and 2021. Refer to the details of adjustments made for the nine months ended September 30, 2021 (a).

(b) Assignment of lease contract, lease and sublease agreements with third parties and the subsequent subleases and lease contract with related parties

Assignment of lease contract, lease and sublease agreements between the Company and certain third parties resulted in the recognition of amortization expense under cost of services and finance costs for the nine months ended September 30, 2020 as follows:

Land property	Notes	Amortization	Finance costs
Brgy. Talavera, Toledo City, Cebu	2(d)(i)	2,477,637	4,301,359
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(d)(ii)	869,933	1,595,546
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(d)(ii)	730,122	1,339,119
Brgy. Rizal, Silay City, Negros Occidental	2(d)(iii)	1,468,125	2,551,667
		5,545,817	9,787,691

Subsequent lease and sublease agreements with related parties that were accounted as operating leases resulted in the recognition of rental income for the nine months ended September 30, 2020. Since the straight-line recognition was applied for the rental income, the same adjustments were made to the statements of total comprehensive income for the nine months ended September 30, 2020 and 2021. Refer to the details of adjustments made for the nine months ended September 30, 2021 (b).

(c) *PFRS 16, “Leases” retrospective adoption*

The retrospective application of PFRS 16 resulted in the recognition of additional amortization expense, interest expense and foreign exchanges gains amounting to P17,575, P6,974 and P69,535, respectively.

(d) *Other pro forma adjustments*

Other pro forma adjustments include:

- Recognition of assumed local business taxes amounting to P7,159,433 as part of operating expenses based on the results of operations; and
- Recognition of income tax expense amounting to P174,044,788 related to the pro forma adjustments based on the prevailing tax rate.

December 31, 2020

	Audited balances	Pro forma adjustments	Pro forma balances
Revenues			
Sale of electricity	269,076,808	(269,076,808)	-
Rental income	-	893,916,438	893,916,438
Cost of services	(94,623,573)	25,960,815	(68,662,758)
Operating expenses	(7,987,959)	89,333	(7,898,626)
Finance costs	(64,054,226)	(13,057,446)	(77,111,672)
Other income, net	1,703,762	69,258	1,773,020
Income tax expense	-	(190,927,950)	(190,927,950)

The following pro forma adjustments have made:

(a) *Assignment of Solar Energy Service Contract of the Clark Solar Plant and the subsequent lease of the plant to the Parent Company*

The assignment of SESC by the Company to its Parent Company resulted in the derecognition of the following revenue and expenses for the year ended December 31, 2020 related to the sale of electricity as a solar plant operator:

	Amount
Revenues	
Sale of electricity	269,076,808
Cost of services	33,378,672
Operating expenses	7,987,959

The subsequent lease agreement of the solar plant by the Company to its Parent Company that was accounted as operating leases resulted in the recognition of rental income for the year ended December 31, 2020 amounting to P249,725,341.

*(b) Assignment of lease contract, lease and sublease agreements with third parties and the subsequent subleases and lease contract with related parties*

Assignment of lease contract, lease and sublease agreements between the Company and certain third parties resulted in the recognition of amortization expense under cost of services and finance costs for the year ended December 31, 2020 as follows:

Land property	Notes	Amortization	Finance costs
Brgy. Talavera, Toledo City, Cebu	2(d)(i)	3,303,516	5,735,146
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(d)(ii)	1,159,911	2,126,210
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(d)(ii)	973,496	1,784,497
Brgy. Rizal, Silay City, Negros Occidental	2(d)(iii)	1,957,501	3,402,224
		7,394,424	13,048,077

Subsequent lease and sublease agreements with related parties that were accounted as operating leases resulted in the recognition of rental income for the year ended December 31, 2020 as follows:

Land property	Notes	Rental income
Leasehold land assets		
Brgy. Talavera, Toledo City, Cebu	2(d)(i)	320,933,843
Brgy. Dalayap, Tarlac City, Tarlac	2(d)(ii)	41,458,362
Brgy. Rizal, Silay City, Negros Occidental	2(d)(iii)	227,896,949
		590,289,154
Freehold land asset		
Brgy. Armenia, Tarlac City, Tarlac	2(d)(iv)	53,901,943
		644,191,097

*(c) PFRS 16, "Leases" retrospective adoption*

The retrospective application of PFRS 16 resulted in the recognition of additional amortization expense, interest expense and foreign exchanges gains amounting to P23,433, P9,369 and P69,258, respectively.

*(d) Other pro forma adjustments*

Other pro forma adjustments include:

- Recognition of assumed local business taxes amounting to P7,898,626 as part of operating expenses based on the results of operations; and
- Recognition of income tax expense amounting to P190,927,950 related to the pro forma adjustments based on the prevailing tax rate.

December 31, 2019

	Audited balances	Pro forma adjustments	Pro forma balances
Revenues			
Sale of electricity	248,010,727	(248,010,727)	-
Rental income	-	893,916,438	893,916,438
Cost of services	(98,375,976)	29,713,219	(68,662,757)
Operating expenses	(3,386,831)	(1,730,576)	(5,117,407)
Finance costs	(68,727,061)	(13,956,809)	(82,683,870)
Other income, net	2,050,084	102,956	2,153,040
Income tax expense	-	(242,708,198)	(242,708,198)

The following pro forma adjustments were made:

*(a) Assignment of Solar Energy Service Contract of the Clark Solar Plant and the subsequent lease of the plant to the Parent Company*

The assignment of SESC by the Company to its Parent Company resulted in the derecognition of the following revenue and expenses for the years ended December 31, 2019 related to the sale of electricity as a solar plant operator:

	Amount
Revenues	
Sale of electricity	248,010,727
Cost of services	37,131,075
Operating expenses	3,386,831

The subsequent lease agreement of the solar plant by the Company to its Parent Company that was accounted as operating leases resulted in the recognition of rental income for the year ended December 31, 2019. Since the straight-line recognition was applied for the rental income, the same adjustment was made to the statements of total comprehensive income for the years ended December 31, 2019 and 2020. Refer to the details of adjustments made for the year ended December 31, 2020 (a).

*(b) Assignment of lease contract, lease and sublease agreements with third parties and the subsequent subleases and lease contract with related parties*

Assignment of lease contract, lease and sublease agreements between the Company and certain third parties resulted in the recognition of amortization expense under cost of services and finance costs for the year ended December 31, 2019 as follows:

Land property	Notes	Amortization	Finance costs
Brgy. Talavera, Toledo City, Cebu	2(d)(i)	3,303,516	6,264,306
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(d)(ii)	1,159,911	2,134,509
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(d)(ii)	973,496	1,791,463
Brgy. Rizal, Silay City, Negros Occidental	2(d)(iii)	1,957,500	3,423,012
		7,394,423	13,613,290

Subsequent lease and sublease agreements to related parties that were accounted as operating leases resulted in the recognition of rental income for the year ended December 31, 2019. Since the straight-line recognition was applied for the rental income, the same adjustments were made to the statements of total comprehensive income for the years ended December 31, 2019 and 2020. Refer to the details of adjustments made for the year ended December 31, 2020 (b).

*(c) PFRS 16, "Leases" retrospective adoption*

The retrospective application of PFRS 16 resulted in the recognition of additional amortization expense, interest expense and foreign exchanges gains amounting to P23,433, P343,519 and P102,956, respectively.

*(d) Other pro forma adjustments*

Other pro forma adjustments include:

- Recognition of assumed local business taxes amounting to P5,117,407 as part of operating expenses based on the results of operations; and
- Recognition of income tax expense amounting to P242,708,198 related to the pro forma adjustments based on the prevailing tax rate.

December 31, 2018

	Audited balances	Pro forma adjustments	Pro forma balances
Revenues			
Sale of electricity	260,381,466	(260,381,466)	-
Rental income	-	893,916,438	893,916,438
Cost of services	(139,352,363)	52,187,976	(87,164,387)
Operating expenses	(47,121,074)	42,944,534	(4,176,540)
Finance costs	(87,621,767)	(17,189,943)	(104,811,710)
Other income, net	27,130,226	(8,128,926)	19,001,300
Income tax expense	-	(237,748,065)	(237,748,065)

The following pro forma adjustments have made:

*(a) Assignment of Solar Energy Service Contract of the Clark Solar Plant and the subsequent lease of the plant to the Parent Company*

The assignment of SESC by the Company to its Parent Company resulted in the derecognition of the following revenue and expenses for the year ended December 31, 2018 related to the sale of electricity as a solar plant operator:

	Amount
Revenues	
Sale of electricity	260,381,466
Cost of services	57,927,526
Operating expenses	47,121,074
Other income, net	8,070,421

The subsequent lease agreement of the solar plant by the Company to its Parent Company that was accounted as operating leases resulted in the recognition of rental income for the year ended December 31, 2018. Since the straight-line recognition was applied for the rental income, the same adjustment was made to the statements of total comprehensive income for the years ended December 31, 2018 and 2020. Refer to the details of adjustments made for the year ended December 31, 2020 (a).

*(b) Assignment of lease contract, lease and sublease agreements with third parties and the subsequent subleases and lease contract with related parties*

Assignment of lease contract, lease and sublease agreements between the Company and certain third parties resulted in the recognition of amortization expense under cost of services and finance costs for the year ended December 31, 2018 as follows:

Land property	Notes	Amortization	Finance costs
Brgy. Talavera, Toledo City, Cebu	2(d)(i)	3,303,516	5,789,733
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(d)(ii)	1,159,911	2,142,102
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(d)(ii)	973,496	1,797,836
Brgy. Rizal, Silay City, Negros Occidental	2(d)(iii)	1,957,500	3,436,971
		7,394,423	13,166,642

Subsequent lease and sublease agreements to related parties that were accounted as operating leases resulted in the recognition of rental income for the year ended December 31, 2018. Since the straight-line recognition was applied for the rental income, the same adjustments were made to the statements of total comprehensive income for the years ended December 31, 2018 and 2020. Refer to the details of adjustments made for the year ended December 31, 2020 (b).

(c) PFRS 16, "Leases" retrospective adoption

The retrospective application of PFRS 16 resulted in the recognition of additional amortization expense, interest expense and foreign exchanges losses amounting to P2,149,421, P4,023,301 and P58,505, respectively, and derecognition of rental expense under cost of services amounting to P3,804,294.

(d) Other pro forma adjustments

Other pro forma adjustments include:

- Recognition of assumed local business taxes amounting to P4,176,540 as part of operating expenses based on the results of operations; and
- Recognition of income tax expense amounting to P237,748,065 related to the pro forma adjustments based on the prevailing tax rate.

December 31, 2017

	Audited balances	Pro forma adjustments	Pro forma balances
Revenues			
Sale of electricity	270,771,513	(270,771,513)	-
Rental income	-	893,916,438	893,916,438
Cost of services	(116,230,851)	31,661,668	(84,569,183)
Operating expenses	(52,655,343)	50,231,642	(2,423,701)
Finance costs	(106,670,547)	(17,663,362)	(124,333,909)
Other income, net	1,792,437	(1,660)	1,790,777
Income tax expense	(72,283)	(238,932,088)	(239,004,371)

The following pro forma adjustments have made:

(a) Assignment of Solar Energy Service Contract of the Clark Solar Plant and the subsequent lease of the plant to the Parent Company

The assignment of SESC by the Company to its Parent Company resulted in the derecognition of the following revenue and expenses for the year ended December 31, 2017 related to the sale of electricity as a solar plant operator:

	Amount
Revenues	
Sale of electricity	270,771,513
Cost of services	37,401,218
Operating expenses	52,655,343

The subsequent lease agreement of the solar plant by the Company to its Parent Company that was accounted as operating leases resulted in the recognition of rental income for the year ended December 31, 2017. Since the straight-line recognition was applied for the rental income, the same adjustment was made to the statements of total comprehensive income for the years ended December 31, 2017 and 2020. Refer to the details of adjustments made for the year ended December 31, 2020 (a).

*(b) Assignment of lease contract, lease and sublease agreements with third parties and the subsequent subleases and lease contract with related parties*

Assignment of lease contract, lease and sublease agreements between the Company and certain third parties resulted in the recognition of amortization expense under cost of services and finance costs for the year ended December 31, 2017 as follows:

Land property	Notes	Amortization	Finance costs
Brgy. Talavera, Toledo City, Cebu	2(d)(i)	3,303,516	6,260,212
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(d)(ii)	1,159,911	2,149,149
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(d)(ii)	973,496	1,803,750
Brgy. Rizal, Silay City, Negros Occidental	2(d)(iii)	1,957,500	3,444,705
		7,394,423	13,657,816

Subsequent lease and sublease agreements to related parties that were accounted as operating leases resulted in the recognition of rental income for the year ended December 31, 2017. Since the straight-line recognition was applied for the rental income, the same adjustments were made to the statements of total comprehensive income for the years ended December 31, 2017 and 2020. Refer to the details of adjustments made for the year ended December 31, 2020 (b).

*(c) PFRS 16, "Leases" retrospective adoption*

The retrospective application of PFRS 16 resulted in the recognition of additional amortization expense, interest expense and foreign exchanges losses amounting to P2,149,421, P4,005,546 and P1,660, respectively, and derecognition of rental expense under cost of services amounting to P3,804,294.

*(d) Other pro forma adjustments*

Other pro forma adjustments include:

- Recognition of assumed local business taxes amounting to P2,423,701 as part of operating expenses based on the results of operations; and
- Recognition of income tax expense amounting to P238,932,088 related to the pro forma adjustments based on the prevailing tax rate.

### **3.3 Pro forma condensed statements of changes in equity**

The impact of the significant transactions described in Note 2 in the pro forma condensed statements of changes in equity are as follows:

January 1, 2017

The impact of the pro forma adjustments in equity as at January 1, 2017 follows:

	Audited balances	Pro forma adjustments	Pro forma balances
Share capital	539,999,999	834,545,502	1,374,545,501
Additional paid-in capital	-	2,465,066	2,465,066
Retained earnings (Deficit)	(168,932,444)	356,421,679	187,489,235

*(a) Conversion of shares, increase in authorized share capital and shares subscription through conversion of advances from Parent Company and assignment of land properties*

Pro forma adjustment was made to share capital for the subscription of 2,400,000,000 shares with P0.25 par value amounting to P600,000,000 through conversion of advances from Parent Company amounting to P602,465,066 to share capital and the excess of the subscription against the par value of shares amounting to P2,465,066 as additional paid-in capital.

A pro forma adjustment was also made to share capital amounting to P234,545,502 for the subscription of 938,182,006 shares with par value of P0.25 through assignment of land properties, of which 19,461,142 shares and 918,720,864 shares were subscribed by the Parent Company and CST1, respectively.

This is on the assumption that the Company had already obtained approval from the SEC on its application for the increase in authorized share capital as at January 1, 2016.

*(b) Other pro forma adjustment*

The Company was assumed to earn additional net income amounting to P356,421,679 from the pro forma adjustments as described in Note 2 during 2016.

September 30, 2021 and 2020 and December 31, 2020, 2019, 2018 and 2017

Beginning January 1, 2017, all the pro forma adjustments were assumed to have flowed through from the pro forma total comprehensive income for the years ended December 31, 2017, 2018, 2019 and 2020 and for the nine months ended September 30, 2020 and 2021 to the pro forma condensed statements of changes in equity and pro forma condensed statements of total comprehensive income.

### **3.4 Pro forma condensed statements of cash flows**

The impact of the significant transactions described in Note 2 in the pro forma condensed statements of cash flows are as follows:

September 30, 2021

	Audited balances	Pro forma adjustments	Pro forma balances
Cash flows provided by operating activities	77,109,643	322,032,883	399,142,526
Cash flows used in financing activities	(72,082,743)	(6,857,577)	(78,940,320)

*(a) Cash flows from operating activities*

The following adjustments were made related to cash flows from operating activities section of the statement of cash flows for the nine months ended September 30, 2021:

- Additional income before income tax, amortization expense, finance costs, and unrealized foreign exchange loss amounting to P445,067,461, P5,563,392, P10,102,943 and P57,891, respectively, and derecognition of retirement benefit income and gain on compromise settlement of due to government agencies amounting to P2,628,766 and P25,200,913, respectively, arising from the pro forma adjustments described in Note 3.2;
- Decrease in changes in working capital related to trade and other receivables and prepayments and other current assets amounting to P36,059,187 and P116,652, respectively, and increase related to other non-current assets and trade payables and other liabilities amounting to P137,577 and P28,744,470, respectively, arising from the pro forma adjustments described in Note 3.1; and
- Income taxes paid amounting to P159,294,691 related to current income tax expense effect of the pro forma adjustments for the year ended December 31, 2020 which was assumed to be paid in 2021.



*(b) Cash flows from financing activities*

The following adjustments were made related to cash flows from financing activities section of the statement of cash flows for the nine months ended September 30, 2021:

- Increase in principal and interest payments of lease liabilities resulting from the adjustments described in Note 2 (d):

Land property	Notes	Principal	Interest	Total
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(d)(ii)	265,421	1,582,579	1,848,000
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(d)(ii)	222,764	1,328,236	1,551,000
Brgy. Rizal, Silay City, Negros Occidental	2(d)(iii)	1,228,680	2,530,460	3,759,140
		1,716,865	5,441,275	7,158,140

- Decrease in principal payments of lease liabilities amounting to P308,298 and increase in interest payments on lease liabilities amounting to P7,735 arising from adjustments described in Note 2 (e).

September 30, 2020

	Audited balances	Pro forma adjustments	Pro forma balances
Cash flows provided by operating activities	148,032,212	96,496,871	244,529,083
Cash flows used in financing activities	(93,652,611)	(19,427,151)	(113,079,762)

*(a) Cash flows from operating activities*

The following adjustments were made related to cash flows from operating activities section of the statement of cash flows for the nine months ended September 30, 2020:

- Additional income before income tax, amortization expense and finance costs amounting to P475,663,387, P5,563,392 and P9,794,665, respectively, decrease in unrealized foreign exchange loss amounting to P69,535 and derecognition of retirement benefit expense amounting to P3,038,128 arising from the pro forma adjustments described in Note 3.2;
- Decrease in changes in working capital related to trade and other receivables and trade payables and other liabilities amounting to P146,453,051 and P16,534,558, respectively, and increase in prepayments and other current assets and non-current assets amounting to P933,293 and P230,615, respectively, arising from the pro forma adjustments described in Note 3.1; and
- Income taxes paid amounting to P229,593,209 related to current income tax expense effect of the pro forma adjustments for the year ended December 31, 2019 which was assumed to be paid in 2020.

*(b) Cash flows from financing activities*

The following adjustments were made related to cash flows from financing activities section of the statement of cash flows for the nine months ended September 30, 2020:

- Increase in principal and interest payments of lease liabilities resulting from the adjustments described in Note 2 (d):

Land property	Notes	Principal	Interest	Total
Brgy. Talavera, Toledo City, Cebu	2(d)(i)	5,941,004	6,778,996	12,720,000
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(d)(ii)	-	1,680,000	1,680,000
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(d)(ii)	-	1,410,000	1,410,000
Brgy. Rizal, Silay City, Negros Occidental	2(d)(iii)	-	3,685,431	3,685,431
		5,941,004	13,554,427	19,495,431

- Decrease in principal and interest payments on lease liabilities amounting to P14,380 and P53,900, respectively, arising from adjustments described in Note 2 (e).

December 31, 2020

	Audited balances	Pro forma adjustments	Pro forma balances
Cash flows provided by operating activities	119,588,660	202,819,270	322,407,930
Cash flows used in financing activities	(94,915,770)	(20,525,325)	(115,441,095)

*(a) Cash flows from operating activities*

The following adjustments were made related to cash flows from operating activities section of the statement of cash flows for the year ended December 31, 2020:

- Additional income before income tax, amortization expense and finance costs amounting to P637,901,590, P7,417,856 and P13,057,446, respectively, decrease in unrealized foreign exchange loss amounting to P69,258 and derecognition of retirement benefit expense amounting to P2,915,664 arising from the pro forma adjustments described in Note 3.2;
- Decrease in changes in working capital related to trade and other receivables, prepayments and other current assets and trade payables and other liabilities amounting to P205,040,583, P323,376 and P17,922,372, respectively, and increase related to other non-current assets amounting to P306,840 arising from the pro forma adjustments described in Note 3.1; and
- Income taxes paid amounting to P229,593,209 related to current income tax expense effect of the pro forma adjustments for the year ended December 31, 2019 which was assumed to be paid in 2020.

*(b) Cash flows from financing activities*

The following adjustments were made related to cash flows from financing activities section of the statement of cash flows for the year ended December 31, 2020:

- Increase in principal and interest payments of lease liabilities resulting from the adjustments described in Note 2 (d):

Land property	Notes	Principal	Interest	Total
Brgy. Talavera, Toledo City, Cebu	2(d)(i)	6,984,854	5,735,146	12,720,000
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(d)(ii)	151,123	2,126,210	2,277,333
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(d)(ii)	126,836	1,784,497	1,911,333
Brgy. Rizal, Silay City, Negros Occidental	2(d)(iii)	283,208	3,402,224	3,685,432
		7,546,021	13,048,077	20,594,098

- Decrease in principal payments of lease liabilities amounting to P78,142 and increase in interest payments on lease liabilities amounting to P9,369 arising from adjustments described in Note 2 (e).

December 31, 2019

	Audited balances	Pro forma adjustments	Pro forma balances
Cash flows provided by operating activities	150,450,697	414,139,048	564,589,745
Cash flows used in financing activities	(190,005,054)	(7,731,378)	(197,736,432)

*(a) Cash flows from operating activities*

The following adjustments were made related to cash flows from operating activities section of the statement of cash flows for the year ended December 31, 2019:

- Additional income before income tax, amortization expense, finance costs and unrealized foreign exchange gain amounting to P660,034,501, P7,417,856, P13,956,809 and P102,956, respectively, arising from the pro forma adjustments described in Note 3.2;
- Decrease in changes in working capital related to trade and other receivables, prepayments and other current assets, trade payables and other liabilities and other non-current assets amounting to P106,113,692, P1,155,358, P24,717,829 and P1,441,643, respectively, arising from the pro forma adjustments described in Note 3.1; and
- Income taxes paid amounting to P133,738,640 related to current income tax expense effect of the pro forma adjustments for the year ended December 31, 2018 which was assumed to be paid in 2019.

*(b) Cash flows from financing activities*

The following adjustments were made related to cash flows from financing activities section of the statement of cash flows for the year ended December 31, 2019:

- Increase in principal and interest payments of lease liabilities resulting from the adjustments described in Note 2 (d):

	Notes	Principal	Interest	Total
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(d)(ii)	105,491	2,134,509	2,240,000
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(d)(ii)	88,537	1,791,463	1,880,000
Brgy. Rizal, Silay City, Negros Occidental	2(d)(iii)	190,156	3,423,012	3,613,168
		384,184	7,348,984	7,733,168

- Decrease in principal payments of lease liabilities amounting to P229,568 and increase in interest payments on lease liabilities amounting to P227,778 arising from adjustments described in Note 2 (e).

December 31, 2018

	Audited balances	Pro forma adjustments	Pro forma balances
Cash flows provided by operating activities	170,275,108	111,576,324	281,851,432
Cash flows used in financing activities	(269,923,827)	(23,580,928)	(293,504,755)

*(a) Cash flows from operating activities*

The following adjustments were made related to cash flows from operating activities section of the statement of cash flows for the year ended December 31, 2018:

- Additional income before income tax, amortization expense and finance costs and unrealized foreign exchange loss amounting to P703,348,613, P9,543,844 and P17,189,943 and P58,505, respectively, and derecognition of gain on compromise settlement of due to government agencies amounting to P8,070,421 arising from the pro forma adjustments described in Note 3.2;
- Decrease in changes in working capital related to trade and other receivables and prepayments and other current assets amounting to P528,970,058 and P4,411,011, respectively, and increase related to trade payables and other liabilities and other non-current assets amounting to P10,639,525 and P8,330,541, respectively, arising from the pro forma adjustments described in Note 3.1; and
- Income taxes paid amounting to P112,223,999 related to current income tax expense effect of the pro forma adjustments for the year ended December 31, 2017 which was assumed to be paid in 2018.

*(b) Cash flows from financing activities*

The following adjustments were made related to cash flows from financing activities section of the statement of cash flows for the year ended December 31, 2018:

- Increase in principal and interest payments of lease liabilities resulting from the adjustments described in Note 2 (d):

Land property	Notes	Principal	Interest	Total
Brgy. Talavera, Toledo City, Cebu	2(d)(i)	6,210,267	5,789,733	12,000,000
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(d)(ii)	97,898	2,142,102	2,240,000
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(d)(ii)	82,164	1,797,836	1,880,000
Brgy. Rizal, Silay City, Negros Occidental	2(d)(iii)	105,350	3,436,971	3,542,321
		6,495,679	13,166,642	19,662,321

- Increase in principal and interest payments of lease liabilities amounting to P2,323 and P3,916,284, respectively, arising from adjustments described in Note 2 (e).

December 31, 2017

	Audited balances	Pro forma adjustments	Pro forma balances
Cash flows provided by (used in) operating activities	(51,479,446)	291,370,939	239,891,493
Cash flows used in financing activities	(307,274,915)	(11,272,398)	(318,547,313)

*(a) Cash flows from operating activities*

The following adjustments were made related to cash flows from operating activities section of the statement of cash flows for the year ended December 31, 2017:

- Additional income before income tax, amortization expense and finance costs and unrealized foreign exchange loss amounting to P687,373,213, P9,543,844, P17,663,362 and P1,660, respectively, arising from the pro forma adjustments described in Note 3.2;
- Decrease in changes in working capital related to trade and other receivables and trade payables and other liabilities amounting to P340,988,309 and P26,738,005, respectively, and increase related to prepayments and other current assets amounting to P427,949 arising from the pro forma adjustments described in Note 3.1; and
- Income taxes paid amounting to P55,912,775 related to current income tax expense effect of the pro forma adjustments for the year ended December 31, 2016 which was assumed to be paid in 2017.

*(b) Cash flows from financing activities*

The following adjustments were made related to cash flows from financing activities section of the statement of cash flows for the year ended December 31, 2017:

- Increase in principal and interest payments of lease liabilities resulting from the adjustments described in Note 2 (d):

Land property	Notes	Principal	Interest	Total
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(d)(ii)	90,851	2,149,149	2,240,000
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(d)(ii)	76,250	1,803,750	1,880,000
Brgy. Rizal, Silay City, Negros Occidental	2(d)(iii)	28,159	3,444,705	3,472,864
		195,260	7,397,604	7,592,864

- Increase in interest payments on lease liabilities amounting to P3,679,534 arising from adjustments described in Note 2 (e).

Cash at the beginning of each of the period and years presented was adjusted to reflect the effects of the pro forma adjustments described above.

#### **Note 4 - Earnings per share (EPS) computation**

Basic 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 shares or instruments that may entitle the holder to common shares 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 EPS computation for the nine months ended September 30, 2021 and 2020 and for the years ended December 31, 2020, 2019, 2018 and 2017, the weighted average number of issued and outstanding common shares consider the impact of conversion of shares and share subscription described in Note 2 (b). This is on the assumption that the Company had already obtained approval from the SEC on its application for the increase in authorized share capital as at January 1, 2016.

Pro forma weighted average number of common shares is determined as follows:

	Note	Number of shares
Weighted average number of common shares, as audited		2,159,999,994
Pro forma adjustment related to share subscription	2	3,338,182,006
		5,498,182,000

There are no dilutive financial instruments for the nine months ended September 30, 2021 and 2020 and for the years ended December 31, 2020, 2019, 2018 and 2017, hence, diluted EPS is the same as the basic EPS.

The pro forma basic and diluted EPS are as follows:

	Nine months ended September 30		Years ended December 31			
	2021	2020	2020	2019	2018	2017
Pro forma net income	440,283,536	391,731,810	551,088,452	496,897,246	479,017,036	445,376,051
Pro forma weighted average number of common shares	5,498,182,000	5,498,182,000	5,498,182,000	5,498,182,000	5,498,182,000	5,498,182,000
	0.08	0.07	0.10	0.09	0.09	0.08

## **Note 5 - Related party transactions**

The significant transactions described in Note 2 are mostly with related parties. Additional disclosures due to the impact of the pro forma adjustments in the related party transactions and balances disclosures are as follows:

Related parties	Transactions						Outstanding receivable (payable) balances					Notes
	Nine months ended September 30		Years ended December 31				September 30,		December 31			
	2021	2020	2020	2019	2018	2017	2021	2020	2019	2018	2017	
Parent Company												
Advances from	-	247,584,650	160,584,651	287,131,742	377,493,612	376,180,836	(162,575,136)	(160,584,651)	(287,131,742)	(388,368,538)	(517,138,376)	See below and Note 3.1.
Rental income	187,294,006	187,294,006	249,725,341	249,725,341	249,725,341	249,725,341	367,812,776	370,387,045	335,385,830	278,649,340	178,499,636	See Notes 3.2 and 3.1
Entities under common control												
Rental income	483,143,323	483,143,323	644,191,097	644,191,097	644,191,097	644,191,097	1,200,123,275	1,162,624,405	986,912,906	964,665,970	712,193,270	See Notes 3.2 and 3.1.

## **Advances**

Details of transactions arising from the pro forma adjustments are as follows:

	Notes	September 30, 2020	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
Assignment of loan	2 (a), 3.1	979,958,678	979,958,678	979,958,678	979,958,678	979,958,678
Conversion to equity	2 (b)	(602,465,066)	(602,465,066)	(602,465,066)	(602,465,066)	(602,465,066)
Offsetting and assumption of related party balances by Parent Company	2 (a), 3.1	(129,908,962)	(216,908,961)	(90,361,870)	-	(1,312,776)
		247,584,650	160,584,651	287,131,742	377,493,612	376,180,836