CELSIA S.A.

Consolidated Financial Statements
As at December 31st, 2021 and 2020

Index

Statutory Auditor’s Report (8 pages)

Certification of the Registered Agent

February 25, 2022

To the shareholders of
Celsia S.A.

As the Registered Agent, I hereby certify that the consolidated financial statements as at December 31, 2021, which have been made public, do not contain material flaws, inaccuracies or errors that obscure the true nature of the assets, liabilities or operations of Celsia S.A. during the applicable period.

Ricardo Andrés Sierra Fernández
Registered Agent

Certification of the Registered Agent and Accountant of Celsia S.A. E.S.P.

February 25, 2022

To the shareholders of
Celsia S.A.

We, the undersigned Registered Agent and the Accountant of Celsia S.A., hereby certify that the following was verified in the Company's consolidated financial statements as at December 31, 2021 and 2020, before being made available to you and to third parties:

1. All assets and liabilities included in the Company's consolidated financial statements are present. All transactions included in these statements were made during the years that ended on the aforementioned dates.

2. Assets represent probable future economic benefits (rights) and liabilities represent probable future economic losses (obligations) acquired or assumed by the Company.

3. All of the Company's economic activities have been recorded in these consolidated financial statements.

4. All elements have been included with their proper values in accordance with the Accounting and Financial Reporting Standards accepted in Colombia (NCIF, for the Spanish original).

5. All economic activities that affect the Company have been properly classified, described and disclosed in the consolidated financial statements.

6. The consolidated financial statements and the management report do not contain flaws, inaccuracies or errors that obscure the true nature of the Company's assets, liabilities or operations.

7. The consolidated financial statements as at December 31, 2021 and 2020, were prepared using figures faithfully taken from the books of the companies included in the consolidation process.

8. The financial statements have been authorized for their disclosure by the Board of Directors pursuant to the meeting held on February 24, 2022.

Ricardo Sierra Fernández
Registered Agent

Luceny Acevedo Pérez
Accountant
Professional License No. 41632-T

Celsia S.A.

Consolidated Statement of Financial Position

As at December 31, 2021 and 2020

(Values expressed in millions of Colombian pesos)

	Notes	2021	2020
Assets			
Non-current assets			
Property, plant and equipment, net	6	9,074,663	8,353,654
Right-of-use assets	7	82,060	77,313
Intangible assets, net	8	323,489	353,692
Goodwill	9	986,782	958,924
Investments in associates and joint ventures	10	298,372	152,358
Other financial investments	11	245,985	98,140
Other non-financial assets	14	115,071	98,423
Trade debtors and other accounts receivable, net	12	217,534	289,372
Deferred tax assets	29	2,585	2,189
Total non-current assets		**11,346,541**	**10,384,065**
Current assets			
Cash and cash equivalents	13	252,799	399,547
Derivative financial instruments	32	1,592	-
Trade debtors and other accounts receivable, net	12	829,557	599,488
Inventories	15	133,104	167,136
Other non-financial assets	14	55,189	59,137
Current tax assets	29	47,416	24,079
Non-current assets held for sale	16	15,290	177,207
Total current assets		**1,334,947**	**1,426,594**
Total assets		**12,681,488**	**11,810,659**
Liabilities and shareholders' equity			
Equity	17		
Issued capital		267	267
Share issue premium		1,822,196	1,822,196
Reserves		2,308,379	2,306,188
Current period net income		334,547	249,320
Other comprehensive income		656,700	390,318
Retained earnings		246,672	302,435
Retained earnings in opening balance sheet		20,585	20,585
Other equity interests		(542,983)	(542,983)
Equity attributable to controlling shareholders		**4,846,363**	**4,548,326**
Non-controlling interest		1,475,558	1,192,329
Total net equity		**6,321,921**	**5,740,655**
Liabilities			
Non-current liabilities			
Borrowings	18	3,982,114	3,382,519
Liabilities for right-of-use assets	7	54,850	58,430
Trade creditors and other accounts payable	21	111,674	106,865
Deferred tax liabilities	29	417,240	325,585
Employee benefits	19	121,408	140,894
Total non-current liabilities		**4,687,286**	**4,014,293**
Current liabilities			
Borrowings	18	492,083	483,336
Derivative financial instruments	32	-	43,474
Liabilities for right-of-use assets	7	13,408	2,795
Trade liabilities and other accounts payable	21	831,295	692,408
Provisions	20	159,928	217,789
Current tax liabilities	29	72,562	70,448
Employee benefits	19	63,542	59,718

Other liabilities	22	31,691	30,179
Liabilities associated with assets held for sale	16	7,772	455,564
Total current liabilities		**1,672,281**	**2,055,711**
Total liabilities		**6,359,567**	**6,070,004**
Total liabilities and equity		**12,681,488**	**11,810,659**

The accompanying notes are an integral part of these consolidated financial statements.

Ricardo Sierra Fernández
Registered Agent

Luceny Acevedo Pérez
Accountant
Professional License No. 41632-T

Gonzalo Alonso Ochoa Ruiz
Statutory Auditor
Professional License No. 43668-T
Member of KPMG S.A.S.
(See my report dated February 25, 2022)

Celsia S.A.

Statement of Income and Other Consolidated Comprehensive Income
As at December 31, 2021 and 2020
(Values expressed in millions of Colombian pesos)

	Notes	2021	2020
Revenues			
Revenue	23	4,110,735	3,536,007
Cost of sales	24	(2,829,383)	(2,377,976)
Gross earnings		**1,281,352**	**1,158,031**
Other income	25	129,165	49,621
Administrative expenses	26	(311,498)	(302,815)
Other expenses	25	(182,416)	(27,472)
Equity method, net	27	(1,857)	(4,650)
Earnings before financial costs		**914,746**	**872,715**
Financial income	28	105,396	28,846
Financial costs	28	(321,072)	(354,771)
Exchange difference, net	28	35,719	(3,556)
Earnings before tax		**734,789**	**543,234**
Income tax	29	(190,223)	(204,355)
Current period net income		**544,566**	**338,879**
Earnings attributable to:			
Controlling shareholders		334,547	249,320
Non-controlling interests		210,019	89,559
		544,566	**338,879**
Earnings per share from continuing operations (in COP)	30		
Basic profit from continuing operations		508.95	316.72
Diluted profit from continuing operations		508.95	316.72
Other comprehensive income:	17		
Items that will not be re-classified in the report			
Valuation of investments in equity instruments		(5,316)	(2,774)
Measurements of defined benefit plans		20,119	4,272
Items that will be re-classified after the report			
Exchange difference in translation of subsidiaries abroad		206,585	70,488
Share in other comprehensive income of joint ventures		23,114	(14,373)
Total other comprehensive income		**244,502**	**57,613**
Other comprehensive income attributable to:			
Controlling shareholders		266,381	63,590
Non-controlling interests		(21,879)	(5,977)
Total other comprehensive income total		**244,502**	**57,613**
Comprehensive income attributable to:			
Controlling shareholders		600,928	312,910
Non-controlling interests		188,140	83,582
Total annual comprehensive income		**789,068**	**396,492**

The accompanying notes are an integral part of these consolidated financial statements.

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Celsia S.A.

Consolidated Statement of Changes in Shareholders' Equity

As at December 31, 2021 and 2020

(Values expressed in millions of Colombian pesos)

	Issued capital	Share issue premium	Reserves	Other comprehensive income	Retained earnings of the period	Other equity interest	Equity attributable to controlling shareholders	Non-controlling interest	Total
Balances as at January 1, 2020	**267**	**1,822,196**	**2,498,010**	**326,728**	**443,637**	**(542,983)**	**4,547,855**	**1,126,742**	**5,674,597**
Current period net income	-	-	-	-	249,320	-	249,320	89,559	338,879
Appropriation of reserves	-	-	120,617	-	(120,617)	-	-	-	-
Distribution of dividends	-	-	(312,439)	-	-	-	(312,439)	(82,158)	(394,597)
Subsidiaries capital issuance	-	-	-	-	-	-	-	24,350	24,350
Annual other comprehensive income	-	-	-	63,590	-	-	63,590	(5,977)	57,613
Capitalizations	-	-	-	-	-	-	-	39,813	39,813
Balances as at December 31, 2020	**267**	**1,822,196**	**2,306,188**	**390,318**	**572,340**	**(542,983)**	**4,548,326**	**1,192,329**	**5,740,655**
Balances as at January 1, 2021	**267**	**1,822,196**	**2,306,188**	**390,318**	**572,340**	**(542,983)**	**4,548,326**	**1,192,329**	**5,740,655**
Annual earnings	-	-	-	-	334,547	-	334,547	210,019	544,566
Appropriation of reserves	-	-	282,524	-	(282,524)	-	-	-	-
Distribution of dividends	-	-	(280,333)	-	-	-	(280,333)	(84,912)	(365,245)
Subsidiary's capital issuance	-	-	-	-	-	-	-	67,090	67,090
Annual other comprehensive income	-	-	-	266,382	-	-	266,382	(21,880)	244,502
Capitalizations	-	-	-		-	-	-	223,106	223,106
Earnings realized in other comprehensive income	-	-	-	-	17,989	-	17,989	-	17,989
Retained losses due to deferred tax and change of rate	-	-	-	-	(40,548)	-	(40,548)	(21,035)	(61,583)
Loss of control over subsidiary	-	-	-	-	-	-	-	(89,159)	(89,159)
Balances as at December 31, 2021	**267**	**1,822,196**	**2,308,379**	**656,700**	**601,804**	**(542,983)**	**4,846,363**	**1,475,558**	**6,321,921**

The accompanying notes are an integral part of these consolidated financial statements.

Ricardo Sierra Fernández
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Celsia S.A.

Consolidated Statement of Cash Flow
At December 31, 2021 and 2020
(Values expressed in millions of Colombian pesos)

	NOTES	2021	2020
Cash flows from operating activities			
Current period net income	17	544,566	338,879
Adjustments to reconcile the annual earnings			
Income tax	29	190,223	204,355
Depreciation of property, plant and equipment, and rights of use	6y7	336,939	320,415
Earnings from sale and derecognition of property, plant and equipment, net	25	(29,538)	(15,314)
Impairment loss of property, plant and equipment	25	6,774	-
Amortization of intangible assets	8	61,671	60,459
Impairment of goodwill	25	68,843	-
Recovery of other asset impairment	25	(19,852)	-
Financial costs reported in statement of income for the period	28	276,384	289,844
Revenue from interest reported in statement of income for the period	28	(24,546)	(24,227)
Revenues from interest forgiveness	28	(77,532)	-
Pension liability interest	28	10,962	8,955
Losses (earnings) from sale of investments	25	1,038	(13,264)
Recovery of contingencies	25	(62,944)	(7,563)
Earnings from transactions in foreign currency	28	(24,739)	(53,173)
Impairment losses of debtors and other accounts receivable	26	17,329	15,689
Equity method for investments in associates and joint ventures	27	1,857	4,650
(Earnings) losses in hedging instruments valuation	28	(10,980)	56,767
Income from dividends declared	25	(138)	(3,419)
Donations of property, plant and equipment		-	854
Impairment loss of trust fund	25	62,908	-
Other adjustments to reconcile the earnings	10	7,573	-
Changes in assets and liabilities			
Trade debtors and other accounts receivable	12	(169,004)	258,622
Inventories	15	26,690	(26,871)
Other non-financial assets	15	(15,031)	(226)
Trade creditors and other accounts payable	22	362,451	69,440
Employee benefits and provisions	21	(5,857)	(17,786)
Other liabilities	23	1,512	(27,272)
Cash generated from operating activities		**1,537,559**	**1,439,814**
Taxes paid	30	(208,324)	(248,697)
Dividends received		5,453	3,419
Cash flow generated by operating activities, net		**1,334,688**	**1,194,536**
Cash flows in investment activities:			
Interest received		24,546	24,227
Sale of property, plant and equipment	6	91,241	85,796
Loss of control of a subsidiary		5,836	-
Sale of intangible assets	8	283	820
Sale of financial assets	11	23,185	-
Acquisition of other financial investments	11	(27,181)	(807)
Acquisition of property, plant and equipment	6	(1,641,584)	(963,178)
Acquisition of intangible assets	8	-	(5,536)
Acquisition of shares in associates and joint ventures	10	(4,212)	(2,041)
Acquisition of subsidiary, net of acquired cash		-	(30,000)
Loans granted to third parties		-	(1,490)
Cash used in investment activities, net		**(1,527,886)**	**(892,209)**
Cash flows from financing activities:			
Share issuance and other capital instruments		67,090	24,351
Capitalizations		223,106	39,813
Bond issuance		140,000	200,000
Loans and other financial liabilities		1,837,011	1,478,144
Capital and interest payment from financial leases		(9,327)	(14,764)
Payments of loans and other financial liabilities		(1,396,560)	(1,093,514)
Bond payments		(151,049)	(286,551)

Dividends paid to shareholders		(410,928)	(338,593)
Interest paid		(248,776)	(276,333)
Payments made to financial derivatives		(34,086)	(13,293)
Cash flows generated (used) in financing activities		**16,481**	**(280,740)**
(Decrease) increase of cash and cash equivalents, net		**(176,717)**	**21,587**
Effect of variations in exchange difference on cash		19,381	5,550
Balances at start of the year(*)	13	411,809	384,672
Cash and cash equivalents at end of the year	13	**254,473**	**411,809**
Less cash and cash equivalents included in a group of non-current assets held for sale	16	(1,674)	(12,262)
Cash and cash equivalents at end of the year	13	**252,799**	**399,547**

(*) Contains cash and cash equivalents included in a group of non-current assets held for sale at the start of the term.

The accompanying notes are an integral part of these consolidated financial statements.

Ricardo Sierra Fernández
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Statutory Auditor
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(See my report dated February 25, 2022)

NOTE 1. GENERAL INFORMATION

Celsia is domiciled in Colombia. The consolidated financial statements as at December 31, 2021 and 2020, include Celsia and its subsidiaries. The companies that comprise the group, its corporate purpose and the respective direct and indirect shareholding are described below:

Celsia S.A. (hereinafter Celsia or the Parent Company)

Celsia was incorporated by Public Deed no. 2912, dated October 4, 2001, issued by Notary 20 of Medellín, Department of Antioquia, registered in the Medellín Chamber of Commerce on October 8, in Book 9, page 1360, under number 9519, and created on account of the split of Compañía Colombiana de Tabaco S.A. The Company's registered business address is in Medellín, and its legal duration is until April 4, 2069. The Company is controlled by Grupo Argos S.A.

By Public Deed no. 1126, dated April 17, 2012, issued by Notary 20 of Medellín, Compañía Colombiana de Inversiones S.A. E.S.P. changed its business name to Celsia S.A. E.S.P.

At an ordinary session of Celsia's General Meeting of Shareholders held on March 27, 2019, a bylaw amendment was approved, which included the change of business name to Celsia Colombia S.A. E.S.P. By virtue of which, Celsia stopped being a residential public utility company and the corporate purpose was amended as a result of the business restructuring carried out through the sale of some electricity generation assets, and the commercial representation and sale of capacity and electricity of a thermal power asset. Said bylaw amendment was formalized by means of Public Deed no. 2795, dated September 11, 2019, of Notary 7 of the Medellín Circle, registered in the Medellín Chamber of Commerce on September 13, 2019. The above taking into consideration that the record of the bylaw amendment was under the condition that the Company was effectively withdrawn as a market agent, which occurred at the beginning of September.

As a result of the above, Celsia's main purpose is now the management, protection or increase of its equity through the encouragement and promotion of industrial or commercial activity, especially by means of investment in companies or other legal entities, or shareholdings in another kind of corporate structure related to the industry of energy, public utilities and their ancillary or additional activities, or through bodies, organizations, funds or any other legal structure, whether participating as a founding associate in their formation, by making subsequent capital contributions, or by acquiring capital shares. Additionally, it may invest in any kind of immovable and movable property, fixed-income or equity securities or documents, or any kind of security, whether it is listed on the public securities exchange or not. It may also provide advice on economic, administrative and financial issues to any kind of company.

The Meriléctrica thermal power plant, with a capacity of 167 MW, is owned by Celsia S.A. and it is located in Barrancabermeja. Celsia Colombia S.A. E.S.P. has the commercial representation of this power plant.

Controlled Companies in Colombia:
Colener S.A.S

Colener S.A.S., a simplified joint-stock company, 100% owned by Celsia, was incorporated by private document on October 7, 2009, registered in the Medellín Chamber of Commerce in Book 9, under number 14267. Its registered business address is in Medellín and it is established for an indefinite term. Its main corporate purpose is to execute any permitted commercial activity, including managing, protecting and increasing its equity by strengthening and promoting industrial and commercial activity, particularly through investment in companies or other legal entities.

Colener S.A.S. has a 46.57% shareholding in Celsia Colombia S.A. E.S.P., which, in turn, is the owner of 97.05% of Compañía de Electricidad de Tuluá S.A. E.S.P. Additionally, Colener S.A.S. has a direct 0.97% shareholding in Compañía de Electricidad de Tuluá S.A. E.S.P. Given that Colener S.A.S. gave up its preferential subscription right in the private share issuance and placement process by Celsia Colombia S.A. E.S.P., which was completed on July 11, 2019, its share issuance in said Company went down by 3.44%.

Celsia Colombia S.A. E.S.P.

It was incorporated by Public Deed no. 0914, dated December 12, 1994, issued by the Sole Notary of the Candelaria Circle. Its registered address is in the municipality of Yumbo, Valle del Cauca, and it is established for an indefinite term.

Its main corporate purpose is the provision of residential electricity public utilities. To fulfill its corporate purpose, it executes policies, plans, programs and projects related to the generation, transmission, distribution and sale of energy; as well as its administration, management and use pursuant to regulations and guidelines issued by the Ministry of Mines and Energy. The actions of Celsia Colombia S.A. E.S.P. also comply with Law 142/1994 and Law 143/1994, and others that amend and/or add to them, such as the provision of ancillary and additional services, and services related to the same public utilities activities pursuant to the legal regulatory framework.

Generation

To carry out electric power generation, the group operates fifteen hydroelectric power plants with a capacity of 1,117.17 MW: Alto Anchicayá, Bajo Anchicayá, Salvajina, Calima, Cucuana, Hidroprado, Prado 4, Amaime, Alto Tuluá, Bajo Tuluá, Nima, Río Cali, San Andrés de Cuerquía, Río Piedras and Hidromontañitas. Additionally, the group has a thermal power plant with a capacity of 167 MW, which Celsia S.A. owns and is located in Barrancabermeja. Additionally, Celsia Colombia S.A. E.S.P. has five solar farms with an installed capacity of 47.56 MW, as follows: Solares Yumbo, Bolívar, Espinal, Carmelo and La Paila.

Distribution and Sales

To carry out distribution and sales activities, the group has 286,297 km of transmission lines (greater than or equal to

220 kV), 19.13 km of solar farm connection network, 44,890.8 km of distribution networks (24,033.2 km coming from Tolima), 171 distribution substations (78 coming from Tolima) and 11 transmission substations.

The distribution business currently covers more than 1,100,000 customers, including those from the 47 municipalities of the Tolima Department, 41 municipalities of the Valle del Cauca Department, 3 municipalities of the Cundinamarca Department, and 2 municipalities of the Chocó Department.

At the close of December 2021, Celsia S.A. has a direct share in Celsia Colombia S.A. E.S.P. of 18.54%, and together with the 46.57% share of Colener S.A.S, Celsia has a share equivalent to 65.11% in said company's capital.

In November 2019, the General Meeting of Shareholders made the decision to unify the brand and name of EPSA E.S.P. to Celsia Colombia S.A. E.S.P. with the aim to prevent confusions in the market. This change will enable the company to be more efficient in communication processes and have greater recognition through a single brand. It also enables the reduction of costs. The TIN remains the same, so all the business and contractual relationships will be maintained.

On December 29, 2020, the bylaw amendment was made for the merger between Celsia Colombia S.A. E.S.P. (absorbing company), Celsia Tolima S.A. E.S.P. and Begonia Power S.A.S. (absorbed companies), through Public Deed no. 3,046 in Notary 7 of Medellín. This merger process had been previously authorized through the resolution notified by the Superintendence of Corporations on December 15, 2020.

The absorbed companies, in which Celsia Colombia S.A. held 100% of the capital, existed as temporary and non-operating vehicles to acquire the energy sales business and distribution assets in the department of Tolima (Celsia Tolima S.A. E.S.P.) and the wind power plant projects to develop in the department of La Guajira (Begonia Power S.A.S.).

Once the merger was completed, the absorbed companies transferred all of their assets, liabilities and equity in a block to Celsia Colombia, with which they were dissolved without going into liquidation and Celsia Colombia simplified its corporate structure.

Compañía de Electricidad de Tuluá S.A. E.S.P. – CETSA E.S.P.

CETSA E.S.P. was incorporated by Public Deed no. 376, dated September 21, 1920, issued by Notary 1 of Tuluá. The company's registered business address is in the municipality of Tuluá (Valle del Cauca) and it is established for an indefinite term.

Its main corporate purpose is to execute policies, plans, programs and projects for the generation, distribution and sale of energy; and the administration, management and use thereof, in accordance with the regulations and guidelines issued by the Ministry of Mines and Energy. The company's actions also comply with Law 142/1994 and Law 143/1994.

To carry out the electric power generation activities, CETSA E.S.P. operates three minor plants with a total capacity of 14.17 MW: Rumor, Riofrío 1 and Riofrío 2. Regarding distribution and sales, CETSA E.S.P. serves three municipalities in Valle del Cauca, where it has 65,095 residential and non-residential clients. In addition, it has 843.5 km of distribution networks and six distribution substations.

Celsia Colombia S.A. E.S.P. has direct share capital in Cetsa E.S.P. of 97.05% and the Parent Company has a direct share of 0.97%, with which Celsia has an effective share in CETSA of 64.16%.

Celsia Colombia Inversiones S.A.S.

Celsia Colombia Inversiones S.A.S. is a simplified joint-stock company with the main activity of business and management consultancy. The company's registered business address is in the municipality of Yumbo (Valle del Cauca) and it is established for an indefinite term.

Celsia Colombia S.A. E.S.P. owns 100% of Celsia Colombia Inversiones S.A.S. and Celsia has an effective share of 65.11% in Celsia Colombia Inversiones..

By Minutes no. 12, dated February 28, 2020, of the General Meeting of Shareholders, the company changed its name from Epsa Inversiones S.A.S. to Celsia Colombia Inversiones S.A.S.

Termoeléctrica El Tesorito S.A.S. E.S.P.

Termoeléctrica El Tesorito S.A.S. E.S.P. was incorporated by private document no. 1924378 in Book IX of the business registry on March 26, 2015, under the name Promotora de Energía Eléctrica del Archipiélago de San Andrés, Providencia y Santa Catalina S.A.S. E.S.P. By Minutes no. 8, dated June 7, 2019, of the General Meeting of Shareholders, registered in the Chamber of Commerce under no. 21220 in Book IX of the business registry, the company's business name was changed to: Termoeléctrica El Tesorito S.A.S. E.S.P.

Its corporate purpose is electricity generation, transmission, distribution and sales within the terms of Law 142/1994 and Law 143/1994, and the other regulations that add to, amend or regulate them.

On May 10, 2019, Celsia Colombia S.A. E.S.P. and Celsia Colombia Inversiones S.A.S. acquired 23% (comprised of 2,300,000 shares) and 34.5% (comprised of 3,450,000 shares), respectively, for a total investment of USD 6,000,000. Termoeléctrica El Tesorito S.A.S. E.S.P. is in charge of the construction and operation of a gas-fired power plant with a declared capacity of 200 MW, which will be located in the department of Córdoba. Celsia Colombia S.A. E.S.P. has an effective share in this company of 57.50 %. Celsia has an effective share in Termoeléctrica el Tesorito S.A.S. E.S.P. of 37.44%.

Until November 2021, Celsia Colombia S.A. E.S.P. was the immediate controlling shareholder of Termoeléctrica El Tesorito S.A.S. E.S.P.; in December 2021 an amendment to the bylaws was approved to modify the decision making regime by the Company's Board of Directors, which gave control to Celsia Colombia and thus the treatment of Termoeléctrica El Tesorito S.A.S. E.S.P. as of the effective date of the bylaws amendment approval as that of an Associated Company. No consideration was received or paid for the amendment.

Celsia Move S.A.S.

Celsia Move S.A.S. was incorporated by private document no. 02527083 of Book IX on November 20, 2019, in the city of Bogotá. Celsia Colombia S.A. E.S.P. has 100% share of Celsia Move S.A.S. Celsia has an effective share in Celsia Move of 65.11%.

Its main corporate purpose is the signing and execution of the concession contract of selection process no. SAM18-2019, which aims to grant the non-exclusive and joint concession with other concession holders for the exploitation of the provision of the automotive, urban and massive land transportation public service of the Integrated Public Transportation System (SITP, for the Spanish original). Its main activity is the transportation of passengers and its secondary activity is the rental and lease of automotive vehicles.

In November 2021 after meeting all the precedent conditions agreed upon, Celsia Colombia finalized the sale to VIP Green Mobility Sarl of 100 % of the shares in which the share capital of Celsia Move S.A.S. is divided.

Porvenir II S.A.S. E.S.P.

Porvenir II S.A.S. E.S.P. is a simplified joint-stock company and public utility company with the main corporate purpose of energy generation and sales pursuant to Law 142/1994 and Law 143/1994. Its registered business address is in Medellín and it is established for an indefinite term. Celsia has a 100% shareholding.

The company has an environmental license to develop the Porvenir II hydroelectric power plant project, granted through Resolution 0168 / February 13, 2015, and confirmed with Resolution 0726 / June 19, 2015.

In the simple annulment proceeding with registration no. 2016-0149 against the environmental license of the Porvenir II power plant project, the Council of State notified a court order on May 24, 2019, through which it provisionally suspended said license, considering that the development of the project in the conditions endorsed by the National Authority of Environmental Licenses (ANLA, for the Spanish original) could fail to acknowledge some precepts of Law 1448/2011. The company and the ANLA (the issuing authority for the environmental licenses) filed an appeal against said court order. The Council of State may revoke the provisional suspension or definitively rule the proceeding denying the annulment.

Currently, the environmental license is still suspended by the Council of State and the company keeps executing all the existing legal mechanisms with the aim to activate the license and be able to continue the process of finding a partner who will assume leadership and develop the project. Hydroelectric power continues to be very important for Colombia's development, given its efficiency due to the country's hydrographic wealth, and it complements the strategy of increasing the stake of non-conventional renewable energy in the generation matrix.

Controlled companies abroad:

As part of the Parent Company's expansion strategy, it started its internationalization process through the purchase of assets in the electricity sector of Panama and Costa Rica, with a total capacity of 481.58 MW: 307 MW are of thermal power generation, 115.18 MW of hydroelectric generation and 9.9 MW of solar generation in Panama, as well as 49.5 MW of wind power in Costa Rica.

CTC Curazao S.A. (formerly CTC Curazao B.V.)

It was incorporated on October 21, 2014, as a limited company in accordance with the laws of Curaçao.

Its main corporate purpose is to participate in financial activities, including all transactions related to them, and additionally, to invest its funds in securities and deposit accounts.

In 2018, CTC paid USD 362,241,209.92 to Celsia Centroamérica S.A., which in turn, issued it shares, enabling a shareholding of 46%. Celsia S.A. has a 100% shareholding in CTC.

In December 2019, CTC Curazao B.V., opted to be governed by the laws of the Republic of Panama under the name of CTC Curazao, S. A., with Celsia S.A. as its shareholder. In December 2020, a merger by absorption agreement was registered, entered into between CTC Curazao S.A. and Celsia Centroamérica S.A., by which the latter absorbed the former. As a result of this merger, Celsia S.A. became the owner of 1,000 shares in Celsia Centroamérica S.A.

In Panama:

Bahía Las Minas Corp.

The public limited company, Empresa de Generación Eléctrica Bahía las Minas S.A. (EGEMINSA), was incorporated by Public Deed no. 141, dated January 19, 1998. The company was created as a result of the restructuring of Water and Electricity Resources Institute (IRHE, for the Spanish original) by Resolution No. 266 / November 27, 1997.

In August 2000, by Public Deed no. 7088, EGEMINSA changed its name to Bahía Las Minas Corp., also known by the acronym BLM.

The company's main objectives and tasks include establishing, managing and generally, generating thermal electricity; acquiring, building, installing, operating, exploiting, leasing, subletting and maintaining thermal power plants with their respective connection lines to the transmission networks and transformer equipment and facilities; as well as fuel management, with the aim to produce and sell electricity on the national and international electric grids.

Pursuant to Law 6 / February 3, 1997, the Company automatically obtained the operating license for electric power generation through the exploitation and operation of the thermal power plant called "9 de Enero", located in Cativá, Colón Province. Said license authorizes the company to provide the electric power generation public utility, as well as authorizing the company to have as property, own, operate and maintain the facilities protected by the license, and to sell the electricity generated by the power plant. The license has a 40-year term, which expires in December 2038 and may be extended for an additional term of 40 years by mutual agreement between the issuer and the National Public Utilities Authority (ASEP, for the Spanish original).

Through International Public Invitation to Tender no. COMVA-002-98, the Panama government awarded the sale of 51.24% of EGEMINSA's shares to Enron Internacional Panamá S.A. (EIPSA), subsequently Prisma Energy International Panamá S.A. (PEIPSA), a subsidiary of Enron Corp. at that time. Law 6 establishes that the buyer of 51.24% of the company's shares surrenders the preferential right to purchase the remaining shares.

In 2006, all of the shares in Prisma Energy were acquired by Ashmore Energy International (AEI). As of September 7, 2006, Prisma Energy and the AEI were no longer affiliated with Enron Corp. In December 2006, Prisma Energy was absorbed by AEI, and the company took the name of Ashmore Energy International (AEI). AEI executed an agreement for the purchase of shares with Suez Energy International Luxembourg, S.A. ("SEIL"), an affiliate of Suez Energy International, through which SEIL acquired all of AEI's shares in the company. In 2014, GDF Suez implemented an agreement for the sale of shares to Celsia S.A. E.S.P., through which Celsia acquired all of the shares of GDF Suez in the Company. The shares were transferred on December 2, 2014.

Due to the financial and operating impracticality worsened by the pandemic and its effects on the Panamanian electricity market, at the end of 2020, the Panamanian company BLM, a company in which Celsia S.A. has a 51.24% share and the Panamanian Government has a 48.76% share, started a negotiation process with creditors, suppliers and employees for the disposal of its assets and liabilities, and subsequently, this operation. The decision resulted from an analysis of strategic options with the aim to affect the Panamanian electric grid as little as possible.

This thermal power plant has been operating continuously for more than four decades in Panama, it is the country's last commercial, coal-fired power plant, and the age of its assets mean that it is less competitive, as it requires large and frequent investments in maintenance. This makes its supply unfeasible alongside other more efficient and environmentally-friendly technologies that have entered the Panamanian market. Furthermore, this decision has no impact on the country's electric power generation and it will not affect any of the users.

In line with matters previously described, during 2021 the activities defined in the plan for the disposal of assets and repayment of debts defined by the shareholders in 2020 were executed. This plan contemplated the sale of assets, the payment of debts in cash, the payment of debts with securities of a liquidation trust and the cancellation of balances with their corresponding settlement.

Celsia Centroamérica S.A.

Incorporated in accordance with the laws of Panama with the name Suez Energía Centroamérica S.A., according to Public Deed no. 5066, dated May 8, 2007. By Public Deed no. 35610, dated December 2, 2014, it changed its name to Celsia Centroamérica S.A. The Parent Company has a 100% share. Through a split, the Cativá plant passed from Alternegy to Celsia Centroamérica

Its main economic activity is to develop electricity generation projects inside and outside of Panama and to provide administrative services to the Group's companies in this area.

As part of the Group's restructuring process in Central America, Celsia S.A. transferred 100% of the assets that it held in Alternegy S.A. and Bontex S.A. to Celsia Centroamérica S.A. A merger by absorption agreement was entered into between CTC Curazao S. A. and Celsia Centroamérica S.A in December 2020, whereby the latter absorbed the first. As a result of this merger, Celsia S.A. became the owner of 1,000 shares of Celsia Centroamérica S.A.

Alternegy S.A.

The company was incorporated through Public Deed no. 3008, dated June 03, 2003. In 2011, the company executed a reverse merger process with its holding company Dos Mares Investment II S.A., resulting in Alternegy S.A. In February 2013, Inversiones Desarrollo Balboa S.A. and the company executed a merger by absorption, becoming Alternegy S.A., and incorporating the Cativá power plant into the assets of the latter. In 2019, this power plant was split from the company to be delivered to Celsia Centroamérica. The Parent Company's shareholding in this company is 100%.

Its main economic activity is electric power generation. The company is authorized to install, operate and use the hydroelectric power plant protected by the concession, and to sell the generated power in accordance with Law 6 / February 3, 1997, and its regulations. The concessions and licenses shall be granted by the Regulatory Body of Public Utilities (ERSP, for the Spanish original), currently the ASEP.

The company has two concession contracts for hydroelectric power generation, which are described below:

- Prudencia hydroelectric power plant: Concession contract signed with the ASEP and endorsed by the Office of the Comptroller General on February 9, 2007, which authorizes the provision of public utilities of electric power generation through a hydroelectric power plant. The power plant is located in the Bijagual region, David district, Chiriquí province, with an installed capacity of 58.7 MW, comprised of two Kaplan hydraulic turbines.
- Lorena hydroelectric power plant: Concession contract signed with the ASEP and endorsed by the Office of the Comptroller General on February 9, 2007, which authorizes the provision of public utilities of electric power generation through a hydroelectric power plant. The power plant is located in the township of Las Lomas, David district, Chiriquí province, with an installed capacity of 33.8 MW, comprised of two Kaplan hydraulic turbines.

These concessions are granted for a term of fifty (50) years as of the date the aforementioned contracts are signed. They expire in June 2057 and may be extended for an additional term of fifty (50) years.

As of the date the financial statements were submitted, Celsia Centroamérica is the holder of 100% of the company's shares.

Bontex S.A.

The company was incorporated through Public Deed no. 8283, dated September 11, 1995. In 2011, the company executed a reverse merger process with its holding company Dos Mares Investment III S.A., becoming Bontex S.A. The Parent Company has a 100% shareholding.

Its main economic activity is electric power generation. Through a concession contract for hydroelectric power generation signed with the ASEP and endorsed by the Office of the Comptroller General on June 12, 2007, the company obtained the concession for the construction and exploitation of a power plant, and it was authorized to provide public utilities of electric power generation through a hydroelectric power plant. Said concession was granted for a term of 50 years that expires in June 2057 and may be extended for an additional term of 50 years by mutual agreement with the ASEP.

The company is authorized to install, operate and exploit the hydroelectric power plant protected by the concession, and to sell the generated power in accordance with Law 6 / February 3, 1997, and its regulations. This law establishes that the construction and exploitation of hydroelectric and geothermal power plants, and the transmission and distribution of electricity as a public utility shall be subject to the concession system, and the construction and exploitation of thermal power plants shall be subject to the licensing system. The concessions and licenses shall be granted by the Regulatory Body of Public Utilities (ERSP, for the Spanish original), currently the ASEP.

The Gualaca power plant is located in the Chiriquí province, with an installed capacity of 25.8 MW. It has two Kaplan hydraulic turbines.

Electricity generation in Panama is subject to Law 6 / February 3, 1997. This law establishes that the construction and exploitation of hydroelectric and geothermal power plants and the transmission and distribution of electricity as a public utility shall be subject to the concession system, and the construction and exploitation of thermal power plants shall be subject to the licensing system. The concessions and licenses shall be granted by the Regulatory Body of Public Utilities (ERSP), currently the National Public Utilities Authority (ASEP).

As of the date the financial statements were submitted, Celsia Centroamérica is the holder of 100% of the company's shares.

Divisa Solar 10MW S.A.

Divisa Solar 10MW S.A. is a public limited company registered on April 16, 2014, in the Public Registry of Panama and its assets consist of a solar power plant located in El Roble, Aguadulce district, Coclé province, with a capacity of 9.99 MWp.

Through Resolution AN No. 7987 Elec. Panama, dated October 27, 2014, the National Public Utilities Authority (ASEP) granted a definitive license to the Divisa Solar 10 MW S.A. company for the construction and exploitation of a power plant called Divisa Solar 10MW S.A. located in El Roble region, Aguadulce district, Coclé province, with an installed capacity of 9.99 MWp. For said purposes, the certificate of Definitive License no. 211-14 was issued.

The authorization granted by this license for electric power generation through a power plant has a term of forty (40) years counted from the date of notification of the license.

As of the date the Financial Statements were submitted, Celsia Centroamérica is the holder of 100% of the company's shares**.**

Celsolar S.A.

Company incorporated by means of Public Deed no. 653 of January 6, 2016 under the laws of the Republic of Panama. Incorporated with the aim to become investment vehicles for new non-conventional energy. Its corporate purpose is the generation, production, sale and commercialization of electricity in the local and regional market, as well as to establish, process and perform the business of an investment company, buy, sell and trade shares, bonds and securities of all kinds; buy, sell, lease or otherwise acquire or dispose of real estate; borrow and lend, enter into, extend, fulfill and carry out contracts of all kinds; among other civil and mercantile activities or operations. Celsia S.A. does not have a direct share in the company, but through Celsia Centroamérica S.A., it has an indirect share equivalent to 100%.

In Costa Rica:

Enerwinds de Costa Rica S.A.

The company was incorporated through Public Deed no. 155, dated August 18, 2004.

The corporate purpose of Enerwinds de Costa Rica S.A. is to develop and invest in electricity generation projects. In 2018, PEG Operaciones Ltda. and Planta Eólica Guanacaste S.A. (PEG) merged into the latter. The corporate purpose of Planta Eólica Guanacaste S.A. (PEG) and PEG Operaciones Ltda. is to build a wind farm and operate it for 18 years, which they will later handover to the Costa Rican Electricity Institute (ICE, for the Spanish original). All the energy that the power plant produces shall be delivered to the ICE. LandCo La Gloria S.A. owns the land for the possible expansion of PEG.

As of the date these financial statements were submitted, Celsia S.A. does not have a direct share in the company, but through Celsia Centroamérica S.A., it has a share equivalent to 65%.

In turn, Enerwinds de Costa Rica S.A. has two Costa Rican subsidiaries, the shareholding percentage in each of them and their date of incorporation are detailed below:

Company	Share Percentage	Date of Incorporation
Planta Eólica Guanacaste S.A. (PEG)	100 %	6/6/2006
LandCo La Gloria S.A.	100 %	5/6/2008

Celsia Costa Rica S.A.

Incorporated by Public Deed no. 61843, dated April 24, 2008. Its main corporate purpose is to implement trade, industry and in general, any remunerative activity, being able to receive payment, buy, sell, levy and by any means, dispose of all kinds of goods, and grant deposits and collateral for partners and third parties, when by virtue of them, it perceives economic remuneration, which shall be assumed from the simple granting of the collateral or deposit. Generally, it shall be authorized to sign any kind of certificate, contract or civil and trade transaction with any individual or legal entity, including the State and its institutions. As of the date these financial statements were submitted, Celsia S.A. does not have a direct share in the company, but through Celsia Centroamérica S.A., it has a share equivalent to 100%.

In Honduras:

Celsia Honduras S.A.

Public limited company incorporated in 2018 under the laws of Honduras. Domiciled in the city of Tegucigalpa, Municipality of the Central District, department of Francisco Morazán. Celsia has an indirect share of 60% of the capital through Celsia Centroamérica S.A. The remaining 40% belongs to the Instituto de Previsión Militar de Honduras since March 2020, a legal entity with its own equity.

The company carries out commercial, industrial and services activities, especially the generation, transmission, distribution and sale of electricity, and related activities. As of the date the Financial Statements were submitted, Celsia Centroamérica is the holder of 60% of the company's shares**.**

NOTE 2. STATUS OF COMPLIANCE AND BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1. Status of compliance and applicable accounting standards

Pursuant to the provisions issued by Law 1314/2009, regulated by Decrees 2420/2015, 2496/2015, 2131/2016, 2170/2017, 2483/2018, 2270/2019, 1432/2020 and 938/2021, the Group prepares its consolidated financial statements in accordance with the Accounting and Financial Reporting Standards accepted in Colombia (hereinafter, NCIF, for the Spanish original), which are based on the International Financial Reporting Standards (IFRS), together with their interpretations, translated into Spanish and issued by the International Accounting Standards Board (hereinafter, IASB) issued in the second half of 2020.

For legal purposes in Colombia, the separate financial statements are the main financial statements.

In addition, In compliance with the laws, decrees and other regulations in force, the Group applies the following accounting criteria pursuant to the tax regulations (see Note 29 Income tax) and the Accounting and Financial Reporting Standards accepted in Colombia.

In addition, in compliance with laws, decrees and other regulations in force, the following accounting criteria issued specifically for Colombia by regulatory entities are applicable:

- Decree 1311 of October 20, 2021, which establishes an accounting alternative to mitigate the effects of the change in income tax rate for the tax period 2021. This alternative means that the value of the deferred tax resulting from the change in the income tax rate, generated by the amendment to Article 240 of the Tax Statute introduced by Article 7 of Law 2155/ 2021, which should be reflected in the results of the 2021 period, may be reported in the entity's equity in the retained earnings of previous years. Those who choose this alternative must disclose it in the notes to the financial statements indicating its effect on the financial information.

- Public Notice 36 of 2014 in the Financial Superintendence of Colombia which stipulates the accounting treatment of net positive differences generated in the initial application of the NCIF (Colombian Financial Information Standards), which cannot be distributed to offset losses, carry out capitalization processes, distribute profits and/or dividends, or be reported as reserves. Additionally, they can only be disposed of when they have been effectively undertaken with third parties other than those that are related parties according to the NCIF principles. Negative net differences will not be calculated for the legal controls applicable to financial information preparers securities issuers subject to control.
- Decree 2496 of December 23, 2015, whereby it is determined that the parameters for establishing post-employment benefits in accordance with IAS 19 Employee Benefits, should correspond to Decree 2783/2001 as the best market approximation; for 2016, Decree 2131 of December 22, 2016, eliminated the obligation to apply these assumptions for measuring post-employment benefits, it only remains applicable for financial reporting disclosure purposes. Decree 1625/2016 establishes disclosure of the calculation of pension liabilities in accordance with the parameters established in said regulation, and in the case of partial pension transfers, pursuant to Decree 1833/2016, and the differences in the calculation made in accordance with IAS 19 Employee Benefits.

2.2 Going concern basis

The consolidated financial statements have been prepared on the basis of going concern. 2021 was a year of transition and economic reactivation following the pandemic, a period in which the company continued to implement mitigation plans to address the impacts produced by the declaration of state of emergency, which allow us to conclude that the ability to continue as a going concern is not affected (see Note 37 Significant events during the reporting period).

In compliance with the provisions of Decree 1378 of October 28, 2021, the company performed permanent monitoring of the financial statements, financial information and projections of the company during 2021 to establish the existence or possibility of impairments and insolvency risks; although the result of the current ratio indicator is lower than 1.0 during the last two periods, the company has adequately managed its working capital in terms of actions that have led to improving the indicator, concluding that there are no alerts regarding impairment and insolvency risk that could call into question the company's ability to continue as a going concern.

2.3. Basis of preparation

In its bylaws, the Group has established December 31 as the cut-off date for its accounts in order to prepare and disclose its general consolidated financial statements once a year. The items included in the Group's consolidated financial statements are expressed in the currency of the entities' primary economic environment, which is the Colombian peso.

The consolidated financial statements are presented "in Colombian pesos", which is the functional currency of the Group and the reporting currency. All the information is presented in thousands of Colombian pesos and has been rounded to the nearest unit.

The consolidated financial statements have been prepared on the basis of historical cost with the exception of the following items included in the statement of financial position:

- The derivative financial instruments are measured at fair value.
- The non-derivative financial instruments at fair value through profit and loss are measured at fair value.
- The assets held for sale that are measured at fair value less costs of sale.
- The contingent consideration assumed in a business combination is measured at fair value.
- With respect to employee benefits, the defined benefit assets are reported as the net total of the plan's assets, plus the costs of unreported past services, and the unreported actuarial losses, less the unreported actuarial earnings and the present value of the defined benefit obligation.
- Deferred tax assets and liabilities are offset if there is a legal right to offset current tax assets and liabilities.

The historical cost is generally based on the fair value of the consideration delivered in exchange for goods and services in the initial measurement.

The fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of all the financial assets and liabilities is established on the date the financial statements are submitted for recognition or disclosure in the notes to the financial statements.

The judgments include information such as the liquidity risk, credit risk and volatility. Changes in the assumptions about these factors could affect the reported fair value of the financial instruments.

2.4. Principles for the consolidation of financial statements

The consolidated financial statements include the financial statements of the Company, as well as the entities controlled by the Company and its subsidiaries. Control is achieved when the company:

- has power over an investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to affect those returns through its power over the investee.

The Company reassesses whether it controls an investee or not if the events and circumstances indicate that there are changes to one or more of the three aforementioned control elements.

When the Company has less than the majority of the voting rights, it has power over the investee when the voting rights are sufficient to give it the practical ability to unilaterally manage the relevant activities of the investee. The Company considers all relevant facts and circumstances when assessing whether the voting rights of the Company in an investee are sufficient to give it power or not, including:

- The percentage of the Company's voting rights compared to the size and dispersion of the percentages of other holders of voting rights;
- Potential voting rights held by the Company, other shareholders or other parties;
- rights resulting from contracts; and
- any additional facts or circumstances that indicate that the Company has, or does not have, the current ability to manage the relevant activities at the time decisions need to be made, including voting patterns in previous General Meetings of Shareholders.

The consolidation of a subsidiary starts when the Company obtains control of the subsidiary and ends when it loses control thereof. Specifically, the income and expenses of a subsidiary acquired or sold during the year are included in the consolidated statement of profit and loss and other comprehensive income from the date on which the Company obtains control until the date on which the Company no longer controls the subsidiary.

The profit or loss of each component of other comprehensive income is attributed to the Company's shareholders and to non-controlling interest. The total comprehensive income of the subsidiaries is attributed to the Company's shareholders and to the non-controlling interest, even if the results in non-controlling interest have a negative balance.

If necessary, adjustments are made to the financial statements of the subsidiaries to adapt their accounting policies to those used by the Company.

All inter-company transactions, balances, income and expenses are eliminated in the consolidation.

The financial statements of the Controlling Company and its subsidiaries are presented using uniform accounting guidelines for transactions and other similar events. Consolidation is based on the global integration method, which incorporates all the assets, liabilities, equity, and income of the controlled companies in the financial statements, after deducting the Company's investment in the equity of the controlled companies, as well as the reciprocal balances and transactions as at the cut-off date of the consolidated financial statements.

The consolidated financial statements appropriately disclose the magnitude of the resources under exclusive control in order to establish an approximate factor of the economic level of Celsia's responsibility.

At the cut-off date of the financial statements, the Organization had the following controlled companies:

- In Colombia:

Porvenir II S.A.S. E.S.P. and Colener S.A.S., the latter being the controlling shareholder of Celsia Colombia S.A. E.S.P. which in turn consolidates with Compañía de Electricidad de Tuluá S.A. E.S.P. CETSA E.S.P., Celsia Colombia Inversiones S.A.S., and Enerbit S.A.S. E.S.P.

- Abroad:

Bahía Las Minas Corp. and Celsia Centroamérica S.A.; the latter in turn consolidated with Celsia Honduras S.A. de C.V. in Honduras;

Divisa Solar 10 MW S.A., Alternegy S.A., Bontex S.A. and Celsolar S.A. in Panama; to Celsia Costa Rica S.A. and Enerwinds de Costa Rica S.A., which in turn consolidates the companies LandCo La Gloria and the Guanacaste Wind Farm.

2.4.1 Changes in the Company's shareholdings in subsidiaries

Changes in the Company's shareholdings in subsidiaries that do not lead to loss of control are accounted for as equity transactions. The book value of the Company's equity and non-controlling interest is adjusted to reflect the changes in its relative shareholding in the subsidiary. Any difference between the amount by which the non-controlling interest was adjusted and the fair value of the remuneration paid or received is reported directly in equity and it is attributed to the shareholders of the Controlling Company.

When the Parent Company loses control of a subsidiary, the profit or loss is reported in the income statement and calculated as the difference between (i) the aggregate of the fair value of the remuneration received and the fair value of the retained shareholding; and (ii) the previous book value of the assets (including goodwill) and liabilities of the subsidiary, and any shareholding in the uncontrolled companies. The amounts previously reported in other comprehensive income related to this subsidiary are recorded as if the Parent Company had directly sold the relevant assets (that is, reclassified to profit or loss, or transferred to another equity category as specified or permitted by the applicable IFRS).

The fair value of the investment retained in the former subsidiary on the date on which control was lost must be considered as the fair value for the purposes of the initial recognition of a financial asset in accordance with IFRS 9 Financial Instruments, or when applicable, the cost of the initial recognition of an investment in an associate or joint venture.

The figures below were taken from the separate financial statements of theParent Company and its controlled companies as at December 31, 2021 and 2020, certified and declared with the relevant opinions pursuant to the legal regulations in force:

		2021				
	Headquarters	Percentage of effective shareholding (*)	Assets	Liabilities	Equity	Income
Colombia						
Celsia S.A.	Medellín	-	6,240,971	855,705	5,385,266	341,851
Colener S.A.S.	Medellín	100.00%	2,215,963	571	2,215,392	244,073
Celsia Colombia S.A. E.S.P.	Yumbo	65.11%	9,260,346	4,979,891	4,280,455	517,537
Compañía de Electricidad de Tuluá S.A. E.S.P.	Tuluá	64.16%	194,962	37,777	157,185	18,906
Porvenir II S.A.S. E.S.P.	Medellín	100.00 %	60,701	3,902	56,799	1
Celsia Colombia Inversiones S.A.S.	Yumbo	65.11 %	83,500	966	82,534	(2,487)
Enerbit S.A.S.	Bogotá	100.00%	10	-	10	-
Central America						
Enerwinds de Costa Rica S.A.	Costa Rica	61.10%	267,188	205,310	61,878	(100,812)
Bahía Las Minas Corp.	Panama	51.24%	18,153	7,776	10,377	89,919
Alternegy S.A.	Panama	100.00%	1,874,406	930,139	944,267	47,384
Bontex S.A.	Panama	100.00%	400,521	189,041	211,480	10,734
Celsia Centroamérica S.A.	Panama	100.00 %	2,202,149	104,544	2,097,605	262,434
Celsia Honduras S.A.	Honduras	60.00%	98,638	68,745	29,893	(2,214)
Non-controlling Interest			-	-	1,475,558	210,019

		2020				

	Headquarters	Percentage of effective shareholding (*)	Assets	Liabilities	Equity	Income
Colombia						
Celsia S.A.	Medellín	-	5,884,752	747,642	5,137,110	282,524
Colener S.A.S.	Medellín	100 %	2,094,950	509	2,094,441	168,581
Celsia Colombia S.A. E.S.P.	Yumbo	65.11 %	8,571,850	4,544,127	4,027,723	354,056
Compañía de Electricidad de Tuluá S.A. E.S.P.	Tuluá	64.16%	196,943	52,395	144,548	19,934
Porvenir II S.A.S. E.S.P.	Medellín	100%	60,683	3,885	56,798	(110)
Celsia Colombia Inversiones S.A.S.	Yumbo	65.11%	30,282	1,503	28,779	(511)
Termoeléctrica El Tesorito S.A.S E.S.P.	Medellín	37.44%	56,489	2,791	53,698	(786)
Celsia Move S.A.S.	Bogotá	65.11%	151,648	145,183	6,465	6,488
Central America						
Enerwinds de Costa Rica S.A.	Costa Rica	61.10%	247,105	198,471	48,634	(15,603)
Bahía Las Minas Corp.	Panama	51.24%	218,919	688,379	(469,460)	(72,269)
Alternegy S.A.	Panama	100%	1,699,312	927,088	772,224	34,879
Bontex S.A.	Panama	100%	362,511	189,842	172,669	7,260
Celsia Centroamérica S.A.	Panama	100%	1,596,881	93,274	1,503,607	(6,931)
Celsia Honduras S.A.	Honduras	60.00%	67,034	43,264	23,770	(2,991)
Non-controlling Interest					1,192,329	89,559

(*) The effective percentage of shareholding corresponds to the share in the consolidated company. However, the nominal share of the subsidiary in the investments can vary.

The assets, liabilities, equity and income of the companies abroad correspond to the balances after the standardization process with Parent Company's accounting policies. The liabilities of the subsidiaries abroad include accounts payable to CTC Curazao B.V. This results in some equities presenting negative or low balances before the eliminations in this financial statement.

The inter-company transactions and balances and any unrealized income or expenses that arise from transactions between companies are eliminated during the preparation of the consolidated financial statements. The unrealized earnings from transactions with companies whose investment is reported according to the equity method are eliminated from the investment in proportion to the company's share in the investment. The unrealized losses are eliminated in the same way.

2.4.2 Reconciliation of the income between the Parent Company's consolidated and separate financial statements:

Due to the operational situation of Bahía Las Minas and the impairment by the Parent Company on such investment in 2019 in Celsia's separate financial statements, the equity method was no longer applied to Bahía Las Minas, whereas in the consolidated financial statements it continues to be consolidated; therefore, there is a difference between the consolidated and separate results of the parent company. In 2019, the Parent Company also decided to impair the investment and portfolios related to said entity, while Celsia S.A. recognizes a provision as the guarantor of a Bahía Las Minas liability. These records do not have an impact on the consolidated statements as a result of the natural eliminations of the consolidation process.

The reconciliation of income is as follows:

Concept	2021	2020
Income of the period in Celsia's separate financial statements	**341,851**	**282,524**
Impairment of the Bahía Las Minas investment (BLM)	230,925	38,767
Impairment of Bahía Las Minas portfolios in subsidiaries abroad	(334,211)	(31,084)
Share in profits (losses) of BLM in the period	30,019	(37,031)
Profit from sale in Honduras	-	(3,856)
CECA portfolio impairment in Bahía Las Minas (BLM)	48,784	-
Recovery provision of liability as guarantor in BLM	(37,517)	-
Recovery of impairment reported on BLM property, plant and equipment	23,184	-
Deferred tax reversal	31,512	-
Income attributable to the controlling shareholders in the consolidated financial statements	**334,547**	**249,320**

NOTE 3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies and bases established below have been consistently applied in the preparation of the consolidated financial statements in accordance with the Accounting and Financial Reporting Standards accepted in Colombia (NCIF), unless indicated otherwise (see Note 5. Relevant accounting estimates and judgments).

3.1. Cash and cash equivalents - Cash is reported at the time an inflow of money from the business transaction is generated.

Restricted cash is reported at the time an inflow of money from a third party for a specific destination is generated, or when some kind of restriction is generated on bank accounts or cash equivalents.

Cash in foreign currency is reported at the time an inflow of money in foreign currency different to the Company's functional currency is generated, applying the effective exchange rate on the date on which the transaction is made.

Cash equivalents are reported when there are investments that have a maturity of less than three months from the acquisition date with high liquidity and not a very significant risk of change in their value.

3.2. Transactions in foreign currency - Transactions in currency other than the Group's functional currency (foreign currency) are recorded using the effective exchange rates on the date on which the transactions are made. At the end of each reporting period, the monetary entries denominated in foreign currency are reconverted at the effective exchange rates on said date. Non-monetary items recorded at fair value denominated in foreign currency are reconverted at the effective exchange rates on the date on which the fair value was established. Non-monetary items calculated in terms of historical cost in foreign currency are not reconverted.

The exchange rates used for said reconversions are those certified by the Financial Superintendence of Colombia.

The exchange differences of the non-monetary items are reported in the income of the period in which they arise, except for:

- exchange differences arising from loans denominated in foreign currency related to assets under construction for their future productive use, which are included in the cost of said assets as they are considered as an adjustment to the interest costs of said loans denominated in foreign currency, provided that they do not exceed the borrowing costs of a liability with similar characteristics in the Company's functional currency.
- Exchange differences arising from related transactions with hedging of exchange rate risks; and
- exchange differences arising on monetary items receivable or payable related to a foreign operation for which it is neither planned nor possible for the payment to be generated (thereby forming part of the net investment in the foreign operation). These are initially reported in other comprehensive income and reclassified from equity to profit or loss over the reimbursement of the non-monetary items.

For the purposes of presentation of the consolidated financial statements, assets and liabilities of the Company's transactions in foreign currency are expressed in Colombian pesos using the effective exchange rates at the end of the reporting period. The income and expenses items are converted at the average effective exchange rates of this period, unless they significantly fluctuate during said period, in which case, the exchange rates on the date on which the transactions are made are used.

When a foreign operation is disposed of (that is the disposal of all the Company's shareholding in a foreign business, a disposal that involves the partial sale of a shareholding in a joint arrangement, or an associate that includes a foreign business of which the retained shareholding becomes a financial asset), the cumulative amount of all the exchange differences accumulated in the equity related to that operation attributable to the Group's shareholders is reclassified to profit or loss.

Additionally, with respect to the partial disposal of a subsidiary (which includes a foreign operation), the entity will again attribute the proportional part of the accumulated amount of the exchange differences to the non-controlling interest and they are not reported in profit or loss. In any other partial disposal (that is, partial disposal of associates or joint agreements that do not involve the loss of significant influence and joint control by the Company), the Group will reclassify in profit or loss only the proportional part of the accumulated amount of the exchange differences.

The adjustments corresponding to goodwill and the fair value on acquired identifiable assets and liabilities generated in the acquisition of a foreign operation are considered to be assets and liabilities of said operation and are converted at the effective exchange rate at the end of each reporting period. The exchange differences that arise shall be reported in other comprehensive income and accumulated equity.

3.3 Leases - Leases, subleases and contracts with similar features and circumstances are reported taking into consideration the quality of the lessor or lessee, the underlying asset and the agreement term. A contract only contains a lease when it is related to an identified asset; whether because this is expressly included in the contract or because it is implicitly identified. There are no identified assets if the supplier has the substantive right to substitute the asset throughout the period of use.

At the start of the contract, it is assessed whether it is or contains a lease. A lease contract is different to a service agreement according to the client's capacity to control the use of the identified asset.

To assess whether a contract conveys the right to control the use of an identified asset, the Company shall assess whether throughout the period of use, the client has:

- the right to obtain substantially all the economic benefits from use of the identified asset;
- the right to direct the use of the identified asset.

Gratuitous bailment contracts do not constitute leases.

Celsia S.A. and its subsidiaries as lessors: Celsia S.A. and its related companies will recognize new assets and liabilities for their operating leases of meters and some plots of land included in the extension of land where they carry out part of their operation. At the start of the lease, it is classified as a financial or operating lease, assessing the extent to which the risks and rewards incidental to ownership of the asset affect it. A lease is classified as a financial lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risk and rewards incidental to ownership.

Celsia S.A. and its related companies recognize a right-of-use asset account receivable for contracts that transfer substantially all the risks and rewards inherent to ownership of an underlying asset. The account receivable is equal to the net investment in the lease, using the applicable interest rate. The operating leases of contracts that do not transfer substantially all the risks and rewards incidental to ownership of an underlying asset are reported as income in the period.

At the start or in the amendment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of property, Celsia S.A. and related companies have chosen not to separate non-lease components from lease components, and to account for each lease component and any associated non-lease components as a single lease component.

Celsia S.A. and its subsidiaries as lessees: at the start or amendment of a contract that contains a lease component, the Company and related companies allocate the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of property, the Company has chosen not to separate non-lease components from lease components, and to account for each lease component and any associated non-lease components as a single lease component. According to the above, the Company and its related companies recognize:

- a right-of-use asset for contracts that incorporate right-of-use assets with a lease term of more than 12 months, unless said assets are low-value assets.
- a liability for the present value of the lease payments.
- payments of leases in short-term contracts and/or low-value assets in expenses of the period.
- contract payments linearly as expenses of the period when any of the parties can unilaterally terminate the contract, provided that the asset is not specialized, it does not incur significant penalties for cancellation, and it is certain of exercising said early termination.
- The right-of-use assets are subsequently measured under the cost model and they are amortized for the term of the contract or the useful life of the asset, whichever is shorter.

The lease liability is updated to reflect the interest on the obligation, the lease payments made and the new measurements or alterations of the lease.

Improvements to unowned property that are not reimbursable by the lessor are reported as the higher value of the right-of-use asset.

The financial revenue/costs are reported throughout the lease term on the basis of a guideline that reflects a constant rate of return on the net financial investment.

Celsia S.A. and its related companies present leased right-of-use assets and lease liabilities separately in the consolidated statement of financial position; and the interest expenses of lease liabilities separately from the depreciation charge of the lease right-of-use asset. The interest expenses of lease liabilities are a component of the financial costs that are presented separately in the consolidated statement of comprehensive income.

Celsia S.A. and its related companies classify the cash payments for the capital and interest of the lease payments in the consolidated statement of cash flow as financing activities and the short-term lease payments and lease payments of low-value assets as operating activities.

Leased right-of-use assets and lease liabilities with a lease term equal to or less than 12 months and without a purchase option (short-term leases), and leases with a low-value underlying asset (that is assets of which the net value when new is equal to or less than USD 3,500 for assets used for operations and USD 5,000 for assets of administrative use), including IT equipment, are not reported. The lease payment associated with these leases is reported as a linear lease expense during the term of the lease.

In May 2020, the IASB issued an amendment to IFRS 16 named “COVID-19 -Related Lease Concessions” with the aim to facilitate for lessees the accounting recognition of possible changes in lease contracts that could occur as a result of the COVID-19 pandemic.

The amendment added paragraphs 46(a) and 46(b) to IFRS 16, exempting lessees from having to consider lease contracts individually to determine whether the rental concessions produced as a direct consequence of COVID-19 pandemic are amendments to these contracts, and enables the lessees to account for said concessions as if they were not amendments to the lease contracts.

This amendment is applied to the COVID-19-related rental concessions that reduce the contract payments due on June 30, 2021 or before.

The application of this amendment was reviewed, drawing the conclusion that it does not have impacts on the Group’s consolidated financial statements.

3.4 Financial instruments- Financial assets and liabilities are reported when the Group becomes part of the instrument's contractual provisions.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and liabilities (apart from financial assets and liabilities designated as measured at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or liabilities, when applicable, at initial recognition. Transaction costs directly attributable to the acquisition of financial assets or liabilities designated at fair value through profit or loss are immediately reported in profit or loss.

When estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability that a market participant would take into account when valuing the asset or liability on the measurement date. The fair value for the purposes of measurement and/or disclosure in these consolidated financial statements is established on this basis, except for leasing transactions within the scope of IFRS 16, and measures that have some similarities to fair value but that are not fair value, such as the net realizable value in IAS 2 – Inventories or the value-in-use in IAS 36 – Impairment of Assets.

- Level 1 inputs are quoted (unadjusted) prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

3.4.1 Financial assets - The Company and its subsidiaries recognize a financial asset in their statement of financial position when, and only when, it becomes part of the contractual provisions of the instrument. They also recognize a regular purchase or sale of financial assets on the date of the contract.

3.4.2 Financial liabilities and equity instruments- Debt and equity instruments are classified as financial liabilities or as equity pursuant to the substance of the contractual agreement and the definitions of financial liability and equity instrument.

The classification of a financial instrument as a financial liability or an equity instrument establishes whether the interest, dividends, earnings or losses related to it are reported as income or expenses in the income statement of the period.

3.4.3 Classification and subsequent measurement- Commercial loans and debt securities are initially reported when they occur. All other financial assets and liabilities are initially reported when the Company becomes part of the contractual provisions of the instrument.

3.4.3.1 Financial assets- In initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income – debt investment; fair value through other comprehensive income – equity; or fair value through profit or loss.

A financial asset is measured at amortized cost if it meets the following two conditions and it is not designated at fair value through profit or loss:

- It is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- on specified dates, its contractual conditions lead to cash flows that are only payments of cash and interest over the pending amount of cash.

A debt investment is measured at fair value through other comprehensive income if it meets the two following conditions and it is not designated at fair value through profit or loss:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- on specified dates, its contractual conditions lead to cash flows that are only payments of cash and interest over the pending amount of cash.

In the initial recognition of a capital investment that is not held for trading, the Company may make the irrevocable election to present subsequent changes in the investment's fair value in other comprehensive income. This choice is made on a basis of investment by investment.

The Group may make an irrevocable election at initial recognition to present in other comprehensive income subsequent changes in the fair value of particular investments in equity instruments that would otherwise be measured at fair value through profit or loss.

Fair value through profit or loss

The Group classifies a financial asset as measured at fair value through profit or loss, unless it is measured at amortized cost or at fair value through other comprehensive income.

The Group may irrevocably designate a financial asset as measured at fair value through profit or loss when this eliminates or significantly reduces any inconsistency in the measurement or in the recognition, i.e., when there is an accounting mismatch.

The Group has a separate classification for:

- assets that are mandatorily measured at fair value through profit or loss; and
- Financial assets designated at fair value through profit or loss.

The Group recognizes the gain or loss on a financial asset that is measured at fair value in the income of the term in which it occurs unless it is part of a hedging relationship, as expressed in the chapter on derivatives and hedging operations.

Fair value through other comprehensive income

The Group classifies a financial asset measured at fair value through other comprehensive income if both of the following conditions are met: The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group may make an irrevocable election at initial recognition to present in other comprehensive income subsequent changes in the fair value of particular investments in equity instruments that would otherwise be measured at fair value through profit or loss.

3.4.3.2 Equity instruments - An equity instrument consists of any contract that shows residual interest in the assets of an entity after deducting all its liabilities.

The repurchase of the Company's and its subsidiaries' own equity instruments is reported and deducted directly from equity. No profit or loss is reported in income from the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3.4.3.3 Financial liabilities - Financial liabilities are classified at fair value through profit or loss or as financial liabilities measured at amortized cost.

Financial liabilities at fair value through profit or loss

A financial liability is classified at fair value through profit or loss when it is a financial liability that is classified as held for trading or at fair value through profit or loss.

The Group irrevocably designates a financial liability as measured at fair value through profit or loss when:

- said designation eliminates or significantly reduces a measurement or recognition inconsistency that could arise; or
- the financial liability is part of a group of financial assets or liabilities, or both, that is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information is provided internally on that basis; or
- it forms part of a contract that contains one or more embedded instruments, and IFRS 9 – Financial Instruments allows the whole combined contract to be designated at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are recorded at fair value, recognizing any profit or loss that arises from the new measurement in profit or loss. The net profit or loss reported in the income statement incorporates any interest paid on the financial liability.

Financial liabilities at amortized cost

The Group classifies all financial liabilities as subsequently measured at amortized cost using the effective interest method, except:

- Financial liabilities that are accounted for at fair value through profit or loss.
- Financial liabilities that arise from the transfer of financial assets that do not meet the requirements to be derecognized.
- Financial guarantee contracts.
- Loan commitments at an interest rate lower than the market rate

3.4.4 Derivative financial instruments - The Group subscribes a variety of financial instruments to manage its exposure to interest rate and foreign currency exchange risks, including hedging contracts for exchange, interest rate exchange and foreign currency purchase and sale risks.

Derivatives are initially reported at fair value on the date on which the derivative contract is signed and subsequently, they are measured again at their fair value at the end of the reporting period. The consequential profit or loss is immediately reported in profit or loss unless the derivative is designated and effective as a hedging instrument. In which case, the opportunity for recognition in profit or loss will depend on the nature of the hedging relationship.

3.4.5 Impairment of financial assets - The Group recognizes a provision for expected credit losses in investments in debt instruments measured at amortized cost or fair value through other comprehensive income or lease receivables, as well as in loan commitments to the Company and financial guarantee contracts. No impairment loss is reported for investments in equity instruments. The amount of expected credit losses is updated on the reporting date to reflect the changes in credit risk from initial recognition of the respective financial instrument.

For trade accounts receivable, lease receivables or contract assets, the Company recognizes the expected credit losses with reference to the lifetime expected credit losses of the asset, assessed on an individual basis for significant accounts receivable and assessed on a collective basis for accounts receivable that are not individually significant.

To assess whether there has been a significant increase in credit risk, the Company considers the risk of default throughout the expected lifetime of the financial instrument, as well as the occurrence of renegotiations or alteration of the cash flows of the accounts receivable.

To determine the expected credit losses, the credit risk is monitored by type of client, which are grouped according to their features, such as business segment, type of market and class of service. The loss rates are based on the historical performance of the collections through the monthly averages and by type of service. Trade debtors and other accounts receivable are mainly related to clients of the regulated and non-regulated energy market of the residential, commercial, industrial and public sectors.

Due to the conditions of the wholesale market (spot market and bilateral contracts with third parties), an individual impairment analysis is made on the associated accounts receivable covering from the preliminary study of third parties to the coverage of the portfolio with real collateral or promissory notes. The latter is only in the case of third parties with a good rating.

The Group recognizes as an impairment gain or loss in the income of the period, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be reported.

The measurement of the expected credit losses reported by the Group shall reflect:

a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
b) the time value of money; and reasonable and sustainable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.
c) Reasonable and sustainable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecasts of future economic conditions.

3.4.6 Derecognized financial assets - The Group derecognizes an account receivable if, and only if, the contractual rights to the cash flows of the account receivable expire.

The derecognition of an account receivable or part of it is reported in the income of period as the difference between:

a) its book value; and
b) the amount of consideration received.

3.4.7 Derecognized financial liabilities- A financial liability will be derecognized if, and only if, the Group's obligations expire, are canceled or are fulfilled. The difference between the derecognized financial liability's book value and the consideration paid and payable is reported in profit or loss.

3.4.8 Compensation - The Group assesses the objective of the business model in which a financial asset is held in a portfolio, because this better reflects the way in which the Company is managed and information is provided to management.

3.5. Inventories - Inventories are reported from the date on which the Group assumes the risks and rewards inherent to ownership of them. The initial measurement is reported at cost and the subsequent measurement at the close of each period is reported at the lower value between the cost and the net realizable value. The cost is determined through the weighted average.

For items that are going to be sold or commercialized, the Group conducts subsequent measurement at the lower value between the cost and the net realizable value.

In the inventories acquired by the Company for the provision of services and for internal consumption, subsequent measurement is carried out of the lower value between the cost and the net realizable value. For this kind of inventory, the net realizable value is the replacement cost.

3.6. Investments in associates and joint ventures - An associate is a company over which the investor has significant influence, understood as the power to participate in the financial and operating policy decisions of the investee, but without having absolute control or joint control of it. The consolidated financial statements include the share in the profit or loss and in other comprehensive income of investments accounted for using the equity method, after making the necessary adjustments to align the accounting policies of the associates and joint ventures.

When the portion of losses exceeds its interest in a reported investment according to the equity method, the book value of that interest, including any long-term investment is reduced to zero, and the recognition of more losses is discontinued except in the event that the Group has the obligation or has made payments to the company in which it is an investor.

Joint agreements are those over which there is joint control, established by contracts that require unanimous consent for decisions related to the activities that significantly affect the returns of the agreement. They are classified and accounted for as follows:

- Joint operation – When the Group has the rights to the assets and obligations for the liabilities, relating to the agreement, it accounts for each asset, liability and transaction, including those jointly held or incurred with respect to the operation.
- Joint venture – When the Group only has the rights to the net assets of the arrangement, it accounts for its interest using the equity method, as occurs in the associates.

The Group applies the impairment criteria developed for financial instruments: recognition and measurement with the aim to determine whether it is necessary to record additional impairment losses to those already recorded in the net investment in the associate or in any other financial asset held as a result of the application of the equity method. The calculation of impairment is determined as a result of the comparison of the book value associated with the net investment in the associate with its recoverable value.

The impact of the equity method in 2021 and 2020 on joint ventures is reflected in Note 11.1. Investments in associates and joint ventures, and Note 27. Equity method.

3.6.1 Impairment - The Group applies the impairment criteria developed for financial instruments: recognition and measurement with the aim to determine whether it is necessary to record additional impairment losses to those already recorded in the net investment in the associate or in any other financial asset held as a result of the application of the equity method.

The calculation of impairment is determined as a result of the comparison of the book value associated with the net investment in the associate with its recoverable value. The recoverable value is understood as the higher between the value-in-use and fair value less the costs of transfer or disposal by another means. Therefore, the value-in-use is calculated according to the Group's share in the current value of the estimated cash flows from revenue and from the amounts that could result from the final disposal of the associate.

The recoverable amount of the investment in an associate is assessed regarding each associate entity, except when it does not constitute a cash-generating unit (CGU).

The impairment loss is not assigned to goodwill or to other embedded assets in the investment in the associates resulting from the application of the equity method. In subsequent periods, reversals in the value of the investments against income are reported if there is an increase in the recoverable value. The impairment loss is presented separately from the Group's share in the associates' income.

3.7. Property, plant and equipment - The measurement of property, plant and equipment is carried out twice: Initial measurement, which is reported at cost, and subsequent measurement, which is reported at its cost less the accumulated depreciation and the cumulative impairment losses (cost model).

Property used during the course of construction for management, production or supply purposes is recorded at cost less any reported impairment loss. The cost includes expenses that are directly attributable to the acquisition of the asset. The cost of assets built by the Company includes the cost of the materials and the direct workforce; and any other cost directly attributable to the process to make the asset suitable for work for its intended use. It also includes the costs of dismantling and removing the items and restoring the site where they are located.

Borrowing costs directly attributed to the acquisition, construction or production of qualified assets, which constitute assets that require a substantial period of time for their use or sale, are added to the cost of these assets until they are ready for their use or sale. The income received from short-term investments in specific borrowings pending consumption in qualified assets is deducted from the borrowing costs suitable for capitalization. All the other borrowing costs are reported in profit or loss during the period in which they are incurred.

When significant parts of a property, plant and equipment item have different useful lives, they are recorded as separate items (important components) of property, plant and equipment. The depreciation of these assets, like in the case of other property assets, starts when the assets are ready for use.

We do not make an accounting estimate of any residual value for property, plant and equipment, because it is not considered to be material; therefore, they are depreciated in full. Depreciation is charged to profit or loss.

Depreciation is charged with the aim to eliminate the cost or the valuation of the assets (other than land or property under construction) less their useful lives using the straight-line method. The estimated useful life, residual value and depreciation method are reviewed at the end of each reporting period, and the effect of any change in the estimate is recorded on a prospective basis.

The depreciation of the revalued buildings is charged to profit or loss. Land property cannot be depreciated. Fittings and equipment are expressed at cost less accumulated depreciation and any reported impairment loss.

Assets held under financial lease are depreciated for the term of their estimated useful life like the owned assets. However, when there is no reasonable assurance that the property will be obtained at the end of the lease period, the assets are depreciated over the shorter term between the term of their lease and their useful life.

A property, plant and equipment item will be derecognized at the time of its disposal or when it is no longer expected that future economic benefits will arise from continued use of the asset. The profit or loss that arises from the retirement or disposal of a property, plant and equipment asset is calculated as the difference between the earnings from sale and the book value of the asset, and it is reported in profit or loss. Repairs and improvements that increase efficiency or extend the useful life of the asset are an additional cost for property, plant and equipment.

The useful lives of the property, plant and equipment used in the depreciation calculations in the corresponding years to the presentation of these financial statements are listed below.

Group of assets	Useful life in years
Property, plant and equipment	
Civil works of power plants	25 - 100
Electromechanical equipment of power plants	20 - 55
Substations, lines and networks	40-50
Buildings	20-50
Machinery and equipment	25
Fiber optics	20
Tools	15
Equipment	10
Transportation equipment	5
Computer equipment	4

3.7.1 Cash-generating units (CGUs) - A CGU is the smallest identifiable group of assets that generates cash inflows to the Company that are largely independent of the cash inflows from other assets or groups of assets. The Company has individually defined the companies as cash-generating units to establish their recoverable value.

3.8. Borrowing costs - Borrowing costs directly attributed to the acquisition, construction or production of qualified assets, which constitute assets that require a substantial period of time to be ready for their use or sale (more than one year), are added to the cost of these assets until they are ready for their use or sale. The Group considers a substantial period of time to be more than one year.

The income received from the temporary investment of resources pending their use in the construction or production of qualified assets is deducted from the borrowing costs to be capitalized as the greatest value of the asset's cost.

All the other borrowing costs are reported in income during the period in which they are incurred.

3.9. Intangible assets- They represent resources that imply a right or privilege over third party products, which can be used for economic benefit over several future periods. The Company recognizes an item as an intangible asset if it is identifiable, the cost of the asset can be reliably measured, the resource is controlled by the Company, and it is likely that the expected future benefits of the asset flow to the Company.

The useful life of the intangible assets is listed below:

Intangible assets	Useful life in years
Licenses–software	5-7
Easements	50

3.9.1 Separately acquired intangible assets- Separately acquired intangible assets with a finite useful life are recorded at cost less accumulated amortization and any cumulative impairment loss. Amortization is reported based on the straight-line method over their estimated useful life. Separately acquired intangible assets with an indefinite useful life are recorded at cost less any cumulative impairment loss.

3.9.2 Internally generated intangible assets- Disbursements from research and development - Disbursements originating from research activities are reported as an expense in the period in which they are incurred.

An internally generated intangible asset as a result of development activities (or the phase of development of an internal project) is reported if, and only if, it meets the following conditions:

- It is technically feasible to complete the production of the intangible asset so that it can be used or sold;
- The intention is to complete the intangible asset in question for its use or sale;
- The ability to use or sell the intangible asset;
- The Company can demonstrate how the intangible asset is going to generate probable future economic benefits;
- The availability of sufficient technical, financial or other kind of resources to complete the development or to use or sell the intangible asset; and
- It is able to reliably measure the disbursement attributable to the intangible asset during its development.

The initially reported amount for an internally generated intangible asset will be the sum of the disbursements incurred from the time that the item meets the previously established conditions for its recognition. When an internally generated intangible asset cannot be reported, the disbursements for development are charged to profit or loss in the period in which they are incurred.

Subsequent to its initial recognition, an internally generated intangible asset is accounted at its cost less accumulated amortization and the accumulated amount of impairment loss on the same basis as the separately acquired intangible assets.

3.9.3 Derecognition of intangible assets- An intangible asset is derecognized at the time of its disposal, or when future economic benefits from its use or disposal are not expected. The profit or loss that arises from the derecognition of the book value of an intangible asset, measured as the difference between the net income from the sale and the book value of the asset, is reported in profit or loss at the time the asset is derecognized.

3.10. Impairment of tangible and intangible assets without including goodwill: At the end of each reporting period, the Company reviews the book value of its tangible and intangible assets to establish whether there is any indication that these assets have suffered any impairment loss. In this event, the recoverable amount of the asset is calculated with the aim to establish the scope of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, Celsia S.A. calculates the recoverable amount of the cash-generating unit to which said asset belongs. When a reasonable and consistent distribution basis is identified, the common assets are also allocated to the individual cash-generating units or distributed to the smallest groups of cash-generating units for which a reasonable and consistent distribution basis can be identified.

Intangible assets with an indefinite useful life or that are not yet available for their use must be subject to verification of impairment annually, and more frequently if there is any indication that their value could have been impaired.

The recoverable amount is the greatest amount between fair value less the costs for disposal and value-in-use. By estimating the value-in-use, the estimated future cash flows are discounted from the current value using a before-tax discount rate that reflects current market valuations with respect to the money's temporary value and the specific risks for the asset for which the estimated future cash flows have not been adjusted.

If the calculated recoverable amount of an asset (or cash-generating unit, CGU) is less than its book value, the book value of the asset is reduced to its recoverable amount. Impairment losses are immediately reported in profit or loss.

When an impairment loss is subsequently reversed, the book value of the asset (or cash-generating unit) increases to the revised estimated value of its recoverable amount, such that the increased book value does not exceed the book value that would have been calculated if the impairment loss for said asset (or cash-generating unit) had not been reported in previous years. The reversal of an impairment loss is automatically reported in profit or loss.

3.10.1 Service concession arrangements - The Group recognizes an intangible asset that arises from a service concession arrangement when it has the right to charge for the use of the concession's infrastructure. At initial recognition, an intangible asset received as consideration for the provision of construction service or improvement in a service concession arrangement is reported at fair value. After initial recognition, the intangible asset is measured at cost, which includes the capitalized borrowing costs, less amortization and the cumulative impairment losses.

The estimated useful life of an intangible asset in a service concession arrangement corresponds to the period from which the Group can charge the public for use of the infrastructure until the end of the concession period.

3.11. Prepaid expenses - Prepaid expenses include incremental costs generated through contracts obtained with customers in accordance with IFRS 15. They are amortized in the corresponding period to the customer's average life. Additionally, they include prepaid insurance policies that are amortized during the term of the policy.

3.12. Consolidation and business combinations - Companies over which Celsia S.A. has control are consolidated from the acquisition date using the global integration method, which corresponds to the integration of all its assets, liabilities, revenue, expenses and cash flows in the consolidated annual accounts, once the adjustments and eliminations corresponding to the transactions inside Celsia S.A. are carried out.

The results of the controlled companies acquired during the period are included in the consolidated income statements from the effective date of acquisition.

The Company accounts for business combinations using the acquisition method when control is transferred to the Company. The consideration transferred in the acquisition is generally measured at fair value, like the identifiable net assets acquired. Any resulting goodwill is subject to annual impairment tests. Any earning from purchases in highly advantageous conditions is immediately reported in income. The transaction costs are recorded as an expense when they are incurred, except when they are related to a debt issuance or equity instruments.

The consideration transferred does not include the amounts related to the settlement of pre-existing relationships. Said amounts are generally reported in income.

Any contingent consideration is measured at fair value on the acquisition date. If an obligation to pay the contingent consideration that meets the definition of a financial instrument is classified as an equity instrument, it must not be remeasured and its subsequent settlement must be accounted for in equity. If this is not the case, the other contingent consideration is remeasured at fair value on each balance sheet date and the subsequent changes in fair value of the contingent consideration are reported in income.

If the share-based payment concessions (replacement agreements) need to be exchanged for concessions made by the employees of the acquired entity (concessions of the acquired company), a part or all of the amount of the replacement concessions of the acquirer are included in the measurement of the consideration transferred in the business combination. This determination is based on the market-based value of the replacement concessions compared to the market-based value of the concessions of the acquired company and the level up to which the replacement concessions are associated with the service prior to the business combination.

The consolidation of operations of controlled companies has been carried out according to the following basic principles:

(1) On the acquisition date, the assets and liabilities of the acquired company are recorded at their fair value, except when:
   a. Deferred tax assets or liabilities, and assets or liabilities related to the employee benefit agreements are reported and measured pursuant to IAS 12 – Income Taxes and IAS 19 – Employee Benefits, respectively.
   b. Assets (or a group of assets for their disposal) that are classified as held for sale pursuant to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured pursuant to said standard.

   In the event that there is a positive difference between the acquisition cost of the affiliated company and the fair value of its assets and liabilities, including contingent liabilities pursuant to the shareholding of the Parent Company, this difference is recorded as goodwill.

   In the event that the difference is negative, it is recorded with a deposit in the consolidated income statement. The costs related to acquisition are reported as an expense as they are incurred.
(2) The value of the non-controlling interest in fair value of the net assets acquired and in the income of the consolidated companies is respectively presented in the consolidated statement of financial position.
(3) The conversion of financial statements of foreign companies with a functional currency other than the Colombian peso are carried out as follows:
   a. Assets and liabilities (including the comparative figures) are converted at the closing exchange rate on the date of the corresponding statement of financial position.
   b. The revenue and expenses for each statement that presents the income and other comprehensive income (including comparative figures) of the period are converted at the exchange rate on the date of each transaction. For practical reasons, an average monthly exchange rate is used, provided that this has not undergone significant variations.
   c. All the resulting exchange differences are reported in other comprehensive income and remain in a separate component of equity until the disposal of the subsidiary.

The accumulated exchange difference that arises from the conversion attributable to non-controlling interest is attributed thereto and is reported as part of the non-controlling interest in the consolidated statement of financial position.

When there is goodwill generated in the acquisition of a foreign operation, as well as adjustments to the fair value of assets and liabilities that arise from said acquisition, they are treated as assets and liabilities of the foreign operation and, therefore, they are converted at the closing exchange rate.

3.13. Goodwill - The Group measures the goodwill acquired in the business combination at cost; this being the excess paid in the business combination over the interest of the Company in the net fair value of the identifiable assets, liabilities and contingent liabilities.

The goodwill that arises during the acquisition of subsidiaries is measured at cost less the cumulative impairment losses. The goodwill is not amortized, but its impairment is proven with an annual frequency or less if there are indications of a potential loss in the asset's value. The resulting goodwill of a business combination is assigned to each one of the cash-generating units (CGUs) or groups of CGUs of the Company that are expected to benefit from the combination's synergies and the criteria referenced in Note 36 are applied. Internally generated goodwill is not reported as an asset.

3.13.1. Subsequent measurements- The goodwill is measured at cost less the accumulated impairment losses. In investments accounted for according to the equity method, the book value of the goodwill is included in the book value of the investment, and any impairment loss is assigned to the book value of the investment accounted for, according to the equity method as a whole.

3.13.2 Impairment of goodwill- The Group annually verifies the impairment of the goodwill acquired in a business combination. Impairment must be established for the goodwill through an assessment of the recoverable value of the cash-generating unit (CGU) that is related to the goodwill. When the recoverable value of the CGU is less than its book value at which the goodwill has been allocated, the Company recognizes an impairment loss.

The Group establishes the recoverable value by comparing the greater value between its fair value less costs of sell and its value-in-use.

In the event that either of these two values exceeds the accounting value of the asset subject to analysis, it is considered that there is not a loss in value and it will not be necessary to estimate the other value. To calculate the recovery value of inventories, goodwill and intangible assets, the value-in-use is the criterion used by Celsia S.A. in practically all cases.

3.14. Taxes - Income tax expenses consist of income and additional taxes of the fiscal year payable and the result of the deferred taxes. Current and deferred taxes are reported as a profit or loss and are included in income, except when they are related to items in other comprehensive income or directly in equity. In this case, current or deferred tax is also reported in other comprehensive income or directly in equity, respectively.

3.14.1. Current tax - Current tax payable is based on the taxable profit recorded during the year. Taxable profit differs from the earnings reported in the statement of income and other comprehensive income, due to the taxable or deductible income or expenses items in other years, as well as items that are never taxable or deductible. Current tax liabilities are calculated using the decreed or substantially approved tax rates at the end of the reporting period. The income tax provision and additional taxes are established based on the higher value between the taxable profit and presumptive income, estimated at rates established in tax law.

3.14.2 Deferred tax - Deferred tax is reported over the temporary difference between the book value of the assets and liabilities included in the consolidated financial statements and the corresponding tax bases used to establish taxable profit. Deferred tax liabilities are generally reported for all taxable temporary differences. Deferred tax assets shall be reported for all deductible temporary differences as long as it is probable that the entity will have future taxable profit against which it can charge these deductible temporary differences. These assets and liabilities are not reported if the temporary differences arise from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that does not affect taxable profit or accounting profit.

In a business combination, assets and liabilities are reported at their fair value on the acquisition date. Likewise, the recognition of deferred tax assets and liabilities in a business combination affects the value of the goodwill that arises from it, or the reported value of a purchase in highly advantageous conditions.

A deferred liability must be reported for taxable temporary differences related to investments in subsidiaries and associates, as well as interests in joint ventures, but with the exception of those in which Celsia can control the reversal of the temporary difference and when there is the possibility that this may not be reversed in the foreseeable future. Deferred tax assets that arise from the deductible temporary differences related to said investments and interests are only reported when it is probable that the Group will have future taxable profit against which it can charge these temporary differences and it is possible that they can be reversed in the foreseeable future.

The book value of a deferred tax asset must be subject to review at the end of every reporting period and it must be reduced, as long as it considered probable that there will not be sufficient taxable profit available in the future to allow full or partial recovery of the asset.

Deferred tax assets and liabilities must be measured using the tax rates expected to be applied in the period in which the asset is realized or the liability is paid, based on the rates (and tax laws) that have been authorized or have practically completed the authorization process by the end of the reporting period.

The measurement of deferred tax assets and liabilities will reflect the tax consequences that would result from the way the Group expects to recover or settle the book value of its assets or liabilities by the end of the reporting period.

The current and deferred taxes shall be reported in profit or loss, except when they are related to items that are listed in other comprehensive income or directly in equity, in which case, the current or deferred tax is also reported in other comprehensive income or directly in equity, respectively. In the event of a business combination when the current or deferred tax arises from the initial accounting of the business combination, the tax effect is considered within the accounting of the business combination.

3.14.3 Recognition of taxable temporary differences - Deferred tax liabilities resulting from taxable temporary differences are reported in all cases, except when:

- They arise from the initial recognition of goodwill of an asset or liability in a transaction that is not a business combination and the date of the transaction affects neither accounting profit nor the tax base.
- They are differences associated with investments in subsidiaries, associates and joint ventures over which the Company is able to control the timing of their reversal and it is probable that the temporary difference will not reverse in the foreseeable future.

3.14.4 Recognition of deductible temporary differences - Deferred tax assets resulting from deductible temporary differences are reported provided that:

- It is probable that there will be sufficient taxable profit in future periods for it to be offset, except in cases in which the differences arise from the initial recognition of assets or liabilities in a transaction that is not a business combination and on the date of the transaction, it affects neither the accounting profit nor the tax base;
- They are temporary differences associated with investments in subsidiaries, associates and joint ventures to the extent that the temporary differences are going to reverse in the foreseeable future and it is probable that positive taxable profit will be available in the future to offset the differences.

The deferred tax assets that do not meet the aforementioned conditions are not reported in the (separate or consolidated) statement of financial position. At the end of the fiscal year, the Group reconsiders whether the conditions are met to recognize the deferred tax assets that had not been previously reported.

The tax planning opportunities are only considered in the assessment of the recovery of the deferred tax assets if the Company intends to adopt them or it is probable that it is going to adopt them.

3.14.5 Measurement - Deferred tax assets and liabilities are measured at the tax rates applicable in the fiscal years in which the assets are expected to be realized or the liabilities are expected to be paid, based on the laws enacted or about to be enacted and once the tax consequences that will result from the way in the which the Company expects to realize the assets or settle the liabilities are considered.

On the closing date of the fiscal year, the Group reviews the book value of the deferred tax assets with the aim to reduce said value to the extent that it is no longer probable that sufficient taxable profit will be available in the future to offset them. The Company's non-monetary assets and liabilities are measured in its functional currency. If the taxable profit or loss is determined in a different currency, changes in the exchange rate give rise to temporary differences that result in a reported deferred tax liability or deferred tax asset. The resulting deferred tax will be charged or credited to the income of the period.

3.14.6 Compensation and classification- The Group only offsets deferred tax assets and liabilities if it has a legally enforceable right with the tax authorities to set off the reported amounts and said assets and liabilities are levied by the same tax authority, and by the same taxpayer of the liability, or asset, by different taxpayers that intend to either settle or realize the current tax assets and liabilities on a net basis or realize the assets and settle the liabilities simultaneously, in each one of the future fiscal years in which significant amounts of deferred tax assets or liabilities are expected to be settled or realized. Deferred tax assets and liabilities are reported in the (separate or consolidated) statement of financial position as non-current assets or liabilities regardless of the expected date of their realization or settlement.

3.15. Provisions - Provisions are reported when there is a present obligation (whether legal or constructive) as a result of a past event which can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flow at the pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the liability.

The amount reported as a provision should be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account the corresponding risks and uncertainties. When a provision is measured using the estimated cash flow to settle the present obligation, its book value reflects the present value of said cash flow (when the time value of money is material). The balance of the litigation provision covers lawsuits filed against the Company by third parties. According to the managers' opinion after the respective legal advice, the result of these litigations is not expected to significantly differ from the provisioned amounts as at December 31, 2021 and 2020.

When the recovery of some or all of the economic benefits required to settle a provision is expected, an account receivable is reported as an asset if it is virtually certain that the disbursement will be received and the amount of the account receivable can be reliably measured.

The Company reviews the provisions on every closing date of the financial statements and adjusts them to reflect the best current estimate. If it is no longer probable that an outflow of economic resources is required to settle the obligation, the provision is reversed.

According to the published environmental policies and the legal requirements applicable to the Group, a provision is reported for restoring the land and the related expenses, when it is contaminated.

3.16. Contingencies - The Group does not recognize contingent assets and liabilities, these are only disclosed. Contingent liabilities may evolve in a different way to the initial forecast. Therefore, they must be constantly assessed to establish whether an outflow of resources that incorporate economic benefits has become probable. In this case, it would be necessary to recognize a provision in the financial statements of the period in which the change in the probability of occurrence was generated. Contingent assets are assessed continually. When the realization of income is virtually certain, the related asset is not a contingent asset and its recognition is appropriate.

The balance of the litigation provision covers lawsuits filed against the Company by third parties. According to the managers' opinion after the respective legal advice, the result of these litigations is not expected to significantly differ from the provisioned amounts as at December 31, 2021 and 2020.

3.17. Employee benefits - The Group recognizes a liability when an employee has delivered services in exchange for benefits to be paid in the future and an expense when the Company consumes the economic benefit that arises from the services delivered by the employee.

Payments established as contributions for retirement plans are reported as an expense when the services provided by employees give them the right to the contributions. In order to define the benefit for retirement plans, the cost of providing benefits is established in accordance with Decree 2496 / December 23, 2015, whereby, it is established that the parameters to determine post-employment benefits for treatment of IAS 19 – Employee Benefits must correspond to Decree 2783/2001 as a better market approximation.

The retirement benefit obligations reported in the consolidated financial statements represent the present value of the retirement obligations defined as adjusted by unreported profit or loss and unreported service costs, and reduced by measurement of the plan at fair value. Any consequential asset of these calculations is limited to an unreported actuarial loss and cost of past services, plus the net present value of returns and reductions in future contributions to the plan.

In accordance with Decree 2131/2016, it is established to disclose the calculation of pension liabilities in accordance with the parameters established in Decree 1625 / October 2016, and in the case of partial pension transfers, pursuant to Decree 1833 / November 2016, and the differences in the calculation made in accordance with IAS 19 – Employee Benefits.

The defined benefit obligations are calculated annually by a qualified actuary according to the requirements of the Accounting and Financial Reporting Standards accepted in Colombia. When the calculation results in a potential asset for the Company, the recognition of the asset is limited to the present value of the economic benefits available in the form of future reimbursements of the plan or reductions in its future payments. To calculate the present value of the economic benefits, any minimum funding requirement must be considered.

The Group recognizes all the actuarial gains and losses that arise from the defined benefit plans in other comprehensive income.

3.17.1 Other long-term employee benefits - The net obligation of the Company with respect to long-term employee benefits is the amount of the future benefit that the employees have earned in exchange for their services in the current period and in previous periods. The benefit is discounted to determine its present value. The new measurements are reported in the income of the period in which they arise.

3.17.2 Termination benefits - Termination benefits are reported as an expense when the Company cannot withdraw the offer of those benefits or when the Company recognizes costs for a restructuring, whichever occurs first. If the termination benefits are not expected to be settled wholly before 12 months after the end of the reporting period, they are discounted.

3.17.3 Short-term employee benefits - Short-term employee benefits are measured on undiscounted amounts and are reported as expenses when the related service is provided. An obligation is reported for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as the result of a service delivered by the employee in the past and a reliable estimate of the obligation can be made.

3.18. Revenue recognition - The Group recognizes its revenue so that the transfer of goods or services promised to clients is recorded for an amount that reflects the consideration that the entity expects to receive in exchange for the goods or services.

3.18.1. Identification of the performance obligations - At the start of the contracts, the Group assesses the commitments acquired with clients, recognizing a performance obligation for each distinct good or service. A good or service is distinct when:

- a client can benefit from the good or service on its own; and
- the promise to transfer the good or service to the client can be separately identified from the other assumed commitments.

A series of distinct goods or services that are substantially the same is reported as a single performance obligation if:

- They are obligations that are satisfied throughout time.
- The same method is used to measure the satisfaction or compliance of the performance obligations.

In almost all cases, remuneration is received by the Group in the form of cash or cash equivalents, and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the remuneration is received in a period longer than one year, the fair value of said remuneration could be less than the nominal amount of cash or cash equivalents receivable. Therefore, the amortized cost method is applied, discounting the future flows at a market rate (See Note 3.4. Financial instruments).

3.18.2. Sale of goods - Revenue from the sale of goods must be reported when the goods are delivered, ownership has been transferred, and each and every one of the following conditions have been met:

- The Group has transferred the significant risks and rewards of ownership of the goods;
- The Group neither keeps for itself any implication in the current management of the sold goods to the degree usually associated with ownership nor retains effective control over them;
- the amount of the revenue can be reliably measured;
- it is probable that the entity receives the economic benefits associated with the transaction; and
- the costs incurred or to be incurred from the transaction can be reliably measured.

3.18.3. **Energy sales -** Revenue is reported in the period's statement of income using the accrual accounting system when there has been an increase in future economic benefits related to an increase in assets or a decrease in liabilities, and the value can be reliably measured. Upon recognizing revenue all the costs and expenses associated therewith are reported.

Revenue from power generation is mainly from energy sales through bilateral contracts on the regulated and non-regulated markets, the spot market, the Automatic Generation Control Service (AGC) and the reliability charge.

CREG Resolution 071/2006 approved the current methodology for the payment of the reliability charge to wholesale energy market (WEM) generators.

The methodology for the payment of the transmission activity is known as regulated revenue, which establishes the maximum yearly revenues paid to each distributor in accordance with the assets they actually hold in the National Transmission System (STN, for the Spanish original). This revenue is collected by charging for the use of the STN, which is paid by resellers (demand) of the National Electrical Grid (SIN, for the Spanish original). The billing and collection resulting from the application of the fees for using the STN are centralized through the STN's Liquidator and Account Administrator, which invoices and settles these fees.

For the purposes of paying the distribution activity, the Energy and Gas Regulatory Commission (CREG, for the Spanish original) defines the applicable payment, which is revised every five years in accordance with the provisions established in the regulations. The method established for this remuneration has a related quality system.

The reseller's revenue comes from purchasing energy from the WEM and selling it to end users, for which it carries out activities including billing, metering, collection, portfolio management and customer service.

Revenue from the sale of energy on the regulated and non-regulated markets is reported based on the billed and unbilled kilowatts used by clients. The sale of ancillary services is recorded upon billing. Energy that is not billed at the end of the month is estimated based on internal and external information provided by the energy market regulator.

3.18.4. **Provision of services**- Revenue from service agreements is reported by reference to the completion status of the contract, which is established in the following way:

- Professional fees for installation are reported as revenue with reference to the completion status of the installation, determined as the proportion of the estimated total time to install that it has passed by the end of the reporting period;
- Professional fees for services included in the price of the products sold are reported in reference to the proportion of the total cost of the service provided for the sold product.

3.18.5. Income from dividends and interest - Income from dividends of investments is reported once the shareholders' rights to receive this payment have been established (provided that it is probable that the economic benefits will flow to the Company and that the revenue can be reliably measured).

Revenue from interest on a financial asset is reported when it is likely that the Company will receive the economic benefits related to the transaction and the amount of revenue can be reliably measured. Revenue from interest is recorded over a time basis with reference to the outstanding capital and the applicable effective interest rate, which is the discount rate that exactly balances out the cash flows receivable or payable estimated throughout the expected life of the financial instrument with the net book value of the financial asset over initial recognition.

The financial income and costs that the Group recognizes are mainly associated with the returns generated and paid to the financial entities and the income from financing of clients.

3.18.6. Revenue from leases – The Group's policy for the recognition of revenue from operating leases is described in Section 3.3. Leases.

3.19. Recognition of expenses - The Company and its subsidiaries recognize their costs and expenses to the extent that economic events occur so that they are systematically recorded in the applicable accounting period, regardless of the flow of monetary or financial resources (cash). An expense is immediately reported when a disbursement does not generate future economic benefits or when it does not meet the necessary requirements to be recorded as an asset.

3.20 Share capital

3.20.1. Common shares

Common shares are classified as equity. The incremental costs directly attributable to the issuance of common shares are reported as a deduction of the equity, net of any tax effect. The reported reserves are those authorized by the General Meeting of Shareholders as well as the legal reserve of 10% based on the income of the year. The other reserves can be used to protect expansion plans or projects or for the Company's financial needs.

The Code of Commerce makes it mandatory for the Company to appropriate 10% of its net annual profits, determined according to the local accounting laws as a legal reserve until the balance of this reserve is equivalent to 50% of the subscribed capital. The mandatory legal reserve cannot be distributed before the liquidation of the Company, but it can be used to absorb the net annual losses. Balances of the reserve in excess of 50% of the subscribed capital are freely available to shareholders.

A share issue premium is reported when there is a difference between the nominal value of the share and the amount paid.

3.20.2. Reacquired own shares

The Group carries out the following recognition in the case of reacquired own shares: If the Company reacquires its own equity instruments, the consideration is paid and the related costs are deducted from equity. No loss or profit is reported in the income of the fiscal year resulting from the purchase, sale, issuance or amortization of the entity's own equity instruments. These own shares could be acquired and owned by the entity or by other members of the consolidated group.

3.21. Earnings per share - The Company and its subsidiaries present data of the earnings per basic and diluted shares of its common shares. The earnings per basic share are calculated by dividing the income attributable to the holders of common shares by the average weighted average of outstanding common shares during the period, adjusted by the own shares held.

3.22 Assets held for sale - Non-current assets (or disposal groups) are classified as held for sale if their book value will be recovered principally through a sales transaction rather than through continuing use, and the sale is deemed highly probable. These assets are measured at the lower of their book value and fair value less costs to sell, except deferred income tax assets, assets from employee benefits, financial assets and investment properties, which are recorded at fair value.

An impairment loss is reported for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is reported for any subsequent increase in fair value less costs to sell of an asset (or disposal group), but not in excess of any previously reported cumulative impairment loss. An earning or loss not reported prior to the date of sale of the non-current asset (or disposal group) is reported on the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not amortized or depreciated while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale will continue to be reported.

Non-current assets classified as held for sale and assets of a disposal group classified as held for sale are presented separately from other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

When the Group ceases to consolidate an investment due to a loss of control, any retained shareholding in the entity is remeasured at fair value, and the change in carrying amount is reported in the income. This fair value becomes the initial book value for the purpose of subsequently accounting for the retained shareholding as an associate, joint venture or financial asset. In addition, any amount previously reported in other comprehensive income in respect of that entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously reported in other comprehensive income are reclassified to profit.

3.23 Hedge accounting - The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives with respect to the foreign currency risk, such as fair value hedging, cash flow hedging, or hedging of a net investment in a foreign operation. Hedging of the foreign currency risk of a firm commitment can be accounted for as cash flow hedging.

At the start of the hedging, the entity documents the relationship between the hedging instrument and the hedging item together with its risk management objectives and its strategy to carry out several hedging transactions. At the start of coverage and on a continuous basis, this documentation will include the way in which the entity will measure the effectiveness of the hedging instrument to compensate exposure to the changes in fair value of the hedged item or the changes in cash flows attributable to the hedged risk.

3.23.1 Cash flow hedges - The part of the changes in fair value of the derivatives that is determined as effective cash flow hedging will be reported in other comprehensive income and will be accumulated under the title of cash flow hedge reserve. The ineffective part of the profit or loss of the hedging instrument will immediately be reported in the income statement of the period in the "other profit and loss" line.

The amounts previously reported in other comprehensive income and accumulated in equity are reclassified to income in the periods in which the hedged item affects the income in the same line of the reported hedged item. However, if the hedging of a planned transaction occurs after recognition of a non-financial asset or a non-financial liability, the profit or loss previously reported in other comprehensive income and accumulated in equity is transferred and is included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting will be interrupted when the Group revokes the hedging relationship, when the hedging instrument matures, or is sold, resolved or exercised, or the hedging no longer meets the criteria for hedge accounting. The profit or loss that has been reported in other comprehensive income and accumulated in equity will continue in equity and is reported when the planned transaction is reported in income. When it is no longer expected for the forecast transaction to occur, any profit or loss accumulated in equity is immediately reported in profit or loss.

3.24 Reportable operating segments - Celsia coordinates its activity according to the approach of priority to its basic business, which is comprised of the generation, transmission, distribution and sale of electricity, gas and related services, and it establishes two large lines of business, each one based in a geographical area: Colombia and Central America.

The Company separately discloses information about each operating segment pursuant to the definition of segments (see Note 31. Operating segments).

NOTE 4. STANDARDS ISSUED BY THE IASB

Standards Issued by the IASB Applicable as of January 1, 2023 in Colombia

Below is a list of the standards issued by the IASB during 2019 and 2020 that were adopted by Decree 938 of 2021 and will be effective as of January 1, 2023, with early application being voluntary provided that the standard allows it.

Financial Reporting Standard	Amendment Topic	Details
IFRS 9 – Financial Instruments; IAS 39 –	Interest Rate Benchmark Reform (amendments to	Paragraphs 6.8.1 to 6.8.12 of IFRS 9 are added regarding temporary exceptions from applying specific hedge accounting requirements.

Financial Reporting Standard	Amendment Topic	Details
Financial Instruments: Recognition and Measurement; and IFRS 7 – Financial Instruments: Disclosures	IFRS 9, IAS 39 and IFRS 7)	Paragraphs 102A to 102N and 108G are incorporated into IAS 39 regarding temporary exceptions from applying specific hedge accounting requirements. Paragraph 24H about the uncertainty arising from interest rate benchmark reform, as well as paragraphs 44DE and 44DF (Effective date and transition) are added. The amendment applies as of January 1, 2020, and its early application is permitted (although it is not expected to have a significant impact for Colombian entities) and its requirements shall be applied retroactively only to the hedging relationships that existed at the start of the reporting period in the entity that applies said requirements for the first time.
IFRS 9 - Financial Instruments, IAS 39 - Financial Instruments: Reporting and Measurement; and IFRS 7 - Financial Instruments: Disclosures, IFRS 4 – Insurance Contracts, IFRS 16 – Leases	Interest Rate Benchmark Reform – Phase 2	Adds paragraphs: 5.4.5 to 5.4.9, Changes to the basis for determining contractual cash flows as a result of the interest rate benchmark reform (measurement at amortized cost); paragraph 6.8.13 End of the application of the temporary exception in hedge accounting; paragraphs 6.9.1 to 6.9.13 Additional temporary exceptions that arise from the interest rate benchmark reform; paragraph 7.1.10 Effective date; and paragraphs 7.2.43 to 7.2.46 Transition for the interest rate benchmark reform phase 2 to IFRS 9. Paragraph 102M End of application of the temporary exception in hedge accounting is amended; paragraphs 102O to 102Z3 Additional temporary exceptions arising from interest rate benchmark reform; and paragraphs 108H to 108K Effective date and transition are added to IAS 39; as well as new headings. Paragraphs 24I and 24J Additional disclosures related to interest rate benchmark reform; paragraphs 44GG and 44HH Effective date and transition, and new headings are added to IFRS 7. Paragraphs 20R and 20S Changes in the basis for determining contractual cash flows as a result of interest rate benchmark reform; paragraphs 50 and 51 Effective date and transition, and new headings are added to IFRS 4. Paragraphs 104 to 106 Temporary exception arising from interest rate benchmark reform are amended; and paragraphs C20C and C20D Interest Rate Benchmark Reform – Phase 2 are added to IFRS 16. The amendment was issued in August 2020, it applies as of January 1, 2021, and its early application is permitted.
IAS 1 – Presentation of Financial Statements	Amendments are made related to the classification of liabilities as current or non-current	Said amendment was issued in January 2020 and subsequently amended in July 2020. It amends the requirement to classify a liability as current, establishing that a liability is classified as current if "it does not have the right to defer settlement of the liability for at least twelve months after the reporting period." In the added paragraph 72A, it clarifies that "the right of an entity to defer the settlement of a liability for at least twelve months after the reporting period must be substantial" and, as illustrated in paragraphs 73 to 75, the end of the reporting period must exist. The amendment applies as of January 1, 2023, and its early application is permitted. The effect of its application on comparative information shall be carried out retroactively.
IFRS 3 – Business Combinations	Changes in Reference to the Conceptual Framework	Amendments are made to the references in order to align them with the Conceptual Framework issued by the IASB in 2018 and incorporated into Colombian legislation. Consequently, the identifiable assets acquired and the liabilities assumed in a business combination on the transaction date correspond to those that meet the definition of assets and liabilities described in the Conceptual Framework. Paragraphs 21A, 21B and 21C are incorporated regarding the recognition principle for liabilities and contingent liabilities within the scope of IAS 37 and IFRIC 21. Paragraph 23A is incorporated to define a contingent asset and to clarify that the acquirer in a business combination will not recognize a contingent asset on the acquisition date.

Financial Reporting Standard	Amendment Topic	Details
		The amendment applies as of January 1, 2022, and its early application is permitted. Any effect on its application shall be carried out prospectively.
IAS 16 – Property, Plant and Equipment	It is amended regarding proceeds obtained before intended use	The amendment addresses the costs directly attributable to the acquisition of the asset (which are part of the PPE) and refer to the “costs of testing whether the asset is functioning properly” (that is, if the technical and physical performance of the asset is such that it can be used in the production or the supply of goods or services to lease to third parties or for administrative purposes). Paragraph 20A expresses that the production of inventories while the PPE item is in the condition intended by management, when sold, will affect the income of the period, together with its corresponding cost. The amendment applies as of January 1, 2022, and its early application is permitted. Any effect on its application shall be carried out retroactively, but only to the PPE items that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management from the start of the first period presented in the financial statements in which the entity applies the amendments for the first time. The accumulated effect of the initial application of the amendments shall be reported as an adjustment to the opening balance of the retained earnings (or other component of equity as applicable) at the start of the first presented period.
IAS 37 – Provisions, Contingent Liabilities and Contingent Assets	Onerous Contracts – Cost of Fulfilling a Contract	It clarifies that the cost of fulfilling a contract includes the costs directly related to the contract (costs of direct labor and materials, and the allocation of costs that relate directly to the contract). The amendment applies as of January 1, 2022, and its early application is permitted. The effect of the application of the amendment shall not involve the restatement of comparative information. Instead, the accumulated effect of the initial application of the amendments shall be reported as an adjustment to the opening balance of the retained earnings or other component of equity, as applicable, on the initial application date.

At the issuance date of the financial statements, the Group estimates that the adoption of these standards and interpretations in the future will not have a material impact on the financial statements.

NOTE 5. RELEVANT ACCOUNTING ESTIMATES AND JUDGMENTS

In application of the accounting policies, Management must issue judgments, estimates and assumptions about the book values of the assets and liabilities that apparently do not come from other sources. The related estimates and assumptions are based on historical experience and other factors that are deemed relevant. The real results could differ from said estimates.

The underlying estimates and assumptions are regularly reviewed. The reviews of the accounting estimates are reported in the review period if the review only affects said period, or in future periods, if the review affects the current period as well as subsequent periods.

The Group makes estimates and assumptions about the future. By definition, the resulting accounting estimates are very rarely the same as the real results.

5.1. Significant judgments and estimates when applying the accounting policies that do not present a significant risk of material adjustments in the following period

In accordance with paragraph 122 of IAS 1 – Presentation of Financial Statements, the significant judgments and estimates made by Management during the process of applying the accounting policies and that have a significant effect on the amounts reported in the financial statements are presented below. These judgments and estimates are different to the estimates considered in paragraph 125 of the same IAS, because in Management’s judgment, it is not identified that they represent a significant risk of resulting in material adjustments in the following accounting period.

5.1.1 Equity Interest in other entities

The Group holds equity investments in companies that are classified as subsidiaries, associates, joint ventures and financial instruments under the IFRS according to the degree of the relationship held with the investee: control, significant influence and type of joint venture. The degree of the relationship was determined according to IFRS 10 – Consolidated Financial Statements, IAS 28 – Investments in Associates and Joint Ventures, and IFRS 11 – Joint Arrangements.

The significant judgments and assumptions applied when making this classification are described below:

Subsidiaries - Entities over which the Group has control

In the control assessment, the Company assesses the existence of power over the entity; the exposure, or rights to equity returns from its involvement in the entity; and the ability to use its power over the entity to influence the amount of returns. The judgment is applied upon establishing the relevant activities of each entity and the ability to make decisions about these activities. To do this, it assesses the purpose and design of the entity, identifies the activities that affect its performance the most, and assesses whether decisions are made on the relevant activities. In the assessment of decision-making, it considers aspects including the existing voting rights, potential voting rights, contractual agreements signed between the entity and other parties, and the rights and power to appoint or dismiss key members of management. The judgment is also applied in the identification of variable returns and exposure to them. Variable returns include, but are not limited to, dividends and other distributions of economic rewards from the entity, remuneration from management of the entity's assets or liabilities, commission, and exposure to losses from providing credit or liquidity support.

The judgments and assumptions made to determine whether Celsia S.A. does not control a company even when it holds less than half of the votes are as follows:

- Caoba Inversiones S.A.S.: Due to the joint governance mechanisms established in the incorporation of the company, Management established that it does not exercise control over the company even when holding a shareholding of more than 50 %.
- Termoeléctrica El Tesorito S.A.S. E.S.P.: In December 2021, the decision-making regime of the Board of Directors of Termoeléctrica El Tesorito S.A.S. was reformed. E.S.P., which gave control to Celsia S.A., thus Termoeléctrica El Tesorito S.A.S. E.S.P. is configured as an Associate in spite of maintaining a shareholding of more than 50%.

Associates - Entities over which the Group has significant influence

This judgment is applied in the assessment of significant influence. It is understood that the Company has significant influence over the associate when it has the power to participate in decisions on financial policy and on its operation. To do this, the Company considers the existence and effect of the potential voting rights that are exercisable or convertible, including potential voting rights held by other entities to assess whether it exercises significant influence over an investment. Those that cannot be exercised or converted until a future date or until the occurrence of a future event must not be considered.

- Termoeléctrica El Tesorito S.A.S. E.S.P.: **C**elsia Colombia S.A. E.S.P., a subsidiary of Celsia S.A., has a 23% direct share in Termoeléctrica el Tesorito S.A.S. E.S.P. and, through Celsia Colombia Inversiones S.A.S., a company in which Celsia Colombia S.A. E.S.P. has a 100% share, has an additional 34.5% share, giving it an effective shareholding of 57.5%. In accordance with the decision-making regime, Celsia Colombia has significant influence over the company.

Joint arrangements - As a joint operation or as a joint venture

Once the existence of a joint arrangement is determined through the assessment of a contractual arrangement in which two or more parties exercise joint control in an arrangement, the Company applies significant judgments and assumptions that will enable it to determine whether the arrangement is a joint venture or a joint operation, that is: i) if a joint operation exists despite having a separate vehicle, for example, if the Group is granted the right to the assets and obligations with respect to the relative liabilities to the arrangement and not the right to the net assets of the arrangement; or ii) if there is a joint venture through a contractual arrangement that is structured through a separate vehicle or not and it is granted rights to the net assets of the arrangement, but not the right to the assets and obligations related to the arrangement.

The Companies must consider the following aspects to recognize a joint venture when this is constituted through a separate vehicle: i) the legal form of the separate vehicle, ii) the terms of the contractual arrangement, and iii) when relevant, other facts and circumstances.

The Company has the following joint ventures:

- **C2 Energía S.A.S.:**.comprised of a 50% share in Celsia Colombia S.A. E.S.P., subsidiary of Celsia S.A. and a 50% share in Cubico Colombia S.A.S.
- **Caoba Inversiones S.A.S.:** comprised of a 51% share in Celsia Colombia S.A. E.S.P., subsidiary of Celsia S.A. and a 49% share in Cubico Sustainable Investment Spain, S.L.
- **PA Muverang**: comprised of a 33.33% participation by each of the following entities Celsia Colombia S.A. E.S.P., a subsidiary of Celsia S.A., Bancolombia, and Operaciones Generales Suramericana S.A.S.
- **Fideicomiso Plan Luz:** Celsia Colombia S.A. E.S.P., a subsidiary of Celsia S.A., and Cummins De Los Andes S.A. entered into an agreement with a 50% share for each party.

5.1.2 Cash-generating units (CGUs)

When conducting impairment tests on non-financial assets, the assets that do not individually generate cash inflows that are largely independent of those from other assets or groups of assets must be grouped in the cash-generating unit to which the asset belongs, which is the smallest identifiable group of assets that generates cash inflows for the Company. These are largely independent of the cash flows from other assets or groups of assets. Management uses its judgment when determining the cash-generating units for the purpose of the impairment tests in accordance with IAS 36 – Impairment of Assets.

The cash-generating units (CGUs) were determined for the Company's businesses, such as generation, transmission and distribution, sales and internet. Considering the relevance of each business and its capacity to generate cash flows, the CGUs are associated with each business.

To strengthen its businesses, Celsia and its subsidiaries determine the allocation of capital to invest per business and make their analysis of the capacity for return on investments from the same perspective. For the purpose of the analysis of permanence in a business, it always considers the sector in which it participates and not the assets individually. However, each business analyzes its CGUs independently pursuant to the grouping of assets or businesses that jointly contribute to the Group.

5.1.3 Determining the term of the lease of contracts with options for renewal and leases whose term is automatically extended at the end of the original term

The option exists under some leases to lease the assets for additional terms. The Group applies its judgment when assessing whether it is reasonably sure of exercising the renewal option. That is, it considers all the relevant factors that create an economic incentive so that the renewal is exercised. After the start date, the Group reassesses the term of the lease if there is a significant event or change in the circumstances that are under its control and affect its ability to exercise (or not exercise) the renewal option. Additionally, the companies sign lease contracts that are automatically renewed at the end of the original term of the lease for another term of the same duration, or month by month, without any action by the companies or the lessor. The Group also signs lease contracts with a term that is automatically extended at the end of each year or on the original date of termination for another full term. For these contracts, the Group estimates the lease term based on the existence of economic incentives, past experience, expected use of the asset and the intention to continue with the lease, without prejudice to the lessor being able to exercise its legal rights at any time and terminate the lease. This judgment has a significant impact on the consolidated financial statements.

5.1.4 Current income tax

Celsia and subsidiaries recognize current income tax amounts in the consolidated financial statements given the volume of their operations. The determination of the current tax is based on Management's best interpretation of the current, applicable laws and the best practices of the jurisdictions in which it operates. The reasonableness of this estimate depends on Management's ability to integrate complex tax and accounting standards, to consider the changes in the applicable laws

Uncertain tax positions are situations where the tax treatment is not clear, either because there is no express regulation in that respect or because there are different court and doctrinal interpretations of the applicable treatment that do not permit the legal assurance of the action for the taxpayer. Celsia and subsidiaries could have uncertain tax positions mainly because of the deductibility of certain expenses, or because of the differential treatment of some profits in the tax returns. To date, for the legal proceedings filed by the corresponding entity, no provision is reported for the uncertain tax positions categorized as remote or possible. The probability analysis is based on expert opinions and on the interpretation of the tax regulation in force in the applicable jurisdiction.

5.1.5 Provision for expected credit losses of trade accounts receivable

For the calculation of expected credit losses, Celsia and subsidiaries apply the parameters established in the financial asset impairment loss policy to each type of portfolio.

The assessment of the key assumptions observed for each business, the projections of the economic conditions and the expected credit losses constitute significant estimates. The value of the expected credit losses is sensitive to changes in the circumstances and in the economic environment. The historical information of Celsia and subsidiaries about credit losses and their economic projections cannot be representative of the risk of non-compliance of a current client in the future.

5.1.6 Pension plans and other post-employment defined benefits

The pension plan and other post-employment benefits liability is estimated using the projected unit credit technique, which requires the use of financial and demographic assumptions. These include, but are not limited to: discount rate, inflation rates, expected salary increase, life expectancy, and the employee turnover rate. The estimation of the liability, as well as the determination of the values of the assumptions used in the valuation, is conducted by an external independent actuary, considering the existing market conditions on the measurement date.

Given the long-term horizon of these benefit plans, the estimates are subject to a degree of uncertainty. Any change in the actuarial assumptions directly impacts the value of the pension and other post-employment benefits obligation.

5.1.7 Disassembly, withdrawal or rehabilitation liabilities

The provision for disassembly, withdrawal or rehabilitation is reported as the present value of the expected costs to settle the obligation using estimated cash flows. In the process of measuring the obligation's present value, Management makes estimates of the possible future payments for disassembly, withdrawal or rehabilitation activities, the estimated dates on which the disbursements would be made, and the estimate of financial assumptions, such as the inflation rate and discount rate.

Given the long-term horizon of the disassembly obligations, the estimates are subject to a significant degree of uncertainty and can affect the figures of the consolidated financial statements.

5.1.8 Fair value of financial instruments and financial derivatives that are not Level 1

Celsia and subsidiaries use assumptions that reflect the most reliable value of the financial instruments, including the financial derivatives that do not have an active market or where there is not an observable market price, using widely known valuation techniques in the market. Fair value measurements are carried out using the fair value hierarchy, which reflects the importance of the inputs used in the measurement (Note 2. Status of compliance and basis of presentation). For the Level 2 and Level 3 inputs, Management must apply its judgment to select the adequate valuation method for the asset or liability being measured and maximize the use of observable variables. The assumptions are consistent with the market conditions on the measurement date and the information that the market participants would consider in the estimation of the instrument's price. Management considers that the selected valuation models and the assumptions used are appropriate for determining the fair value of financial instruments. Despite this, the own limitations of the valuation models and the parameters required by these models can lead to the estimated fair value of an asset or liability not exactly coinciding with the price at which the asset or liability could be delivered or settled on its measurement date.

Additionally, the changes in the internal assumptions and rates used in the valuation can considerably affect the fair value of the financial derivatives. The frequency of the valuation of these instruments is monthly.

5.1.9 Estimation of the useful life and residual values of property, plant and equipment, and intangible assets

Celsia and subsidiaries review at least annually the useful lives and residual values of property, plant and equipment, and intangible assets. When there is evidence of changes in the conditions or in the expected use of a property, plant and equipment item or the intangible assets, Management conducts a new estimate of the item's useful life. The estimate of the useful life of the property, plant and equipment and intangible assets is determined based on the asset's historical performance, Management's expected use of the asset, and the existing legal restrictions for use. The estimation of useful lives requires Management's judgment.

The estimation of useful life is indicated in the accounting policy of property, plant and equipment and intangible assets.

5.1.10 Estimation of revenue

Celsia and subsidiaries recognize revenue from the sale of goods and provision of services if they meet the Group's performance obligations, regardless of the date on which the corresponding invoice is prepared. Information from the contracts or agreements with clients is taken to make this estimate and, consequently, the value of revenue to recognize is established.

When there is uncertainty about the time when the revenue should be reported, the companies report it when the performance obligation is met. For performance obligations met over time, it is common to use the resource method, calculated as the executed costs compared to the estimated costs.

For concepts other that the provision of residential public utilities, the companies estimate and recognize the value of income from the sale of goods or provision of services based on the interest rate conditions, and the term, among other items, of each sales agreement.

In the month after the estimated income is reported, its value is adjusted by the difference between the value of the already known actual income and the estimated income. (see Note 15. Revenue).

5.2. Key data of uncertainty in the estimates that present a significant risk of material adjustments in the following period

The assumptions made about the future and other causes of uncertainty used in the application of accounting policies for the preparation of the reporting period's financial statements that have a significant risk of causing material adjustments to the book value of the assets and liabilities of the next accounting period are presented below:

5.2.1 Provisions, contingent liabilities and contingent assets

Certain contingent conditions can exist on the date the financial statements are issued that can result in a loss for the Group and in the case of contingent assets, in a gain for the Group, but they will only be resolved in the future when one or more future events occur or can occur.

The Group considers that a past event has given rise to a present obligation if, taking account of all available evidence, it is probable that a present obligation exists regardless of the future events. The provision is reported when the probability of an event occurring is higher that the probability of it not occurring. Possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the Group's control are not reported in the statement of financial position, but they are disclosed as contingent liabilities. The occurrence or non-occurrence of events estimated to be remote are not recorded or disclosed. The occurrence of events that give rise to contingent assets is not recorded, but it is disclosed (Note 14 Provisions)

To determine the possible occurrence of a present obligation, the professional judgment of specialist internal and external lawyers is used. In the estimate of the provision, Management considers assumptions including, but not limited to, the inflation rate, lawyers' appraisals, estimated duration of the litigation or lawsuit, and statistical information of proceedings with similar features, among others.

5.2.2 Assessment of impairment of goodwill

The Group conducts impairment tests on goodwill at least annually. The assessment of the impairment of goodwill requires the estimate of the recoverable amount of the cash-generating unit or group of cash-generating units to which this has been assigned. The estimate of the recoverable amount requires the estimate of future cash flows of the cash-generating unit or groups of cash-generating units, and the financial assumptions, such as the rate of inflation, the discount rate and the rate of perpetual growth.

In the process of measuring expected future cash flows, Management makes estimates of the future revenue. The changes in the valuation assumptions can cause adjustments to goodwill for the upcoming reporting periods in the event that an impairment arises. Additionally, it requires the estimate of the cash-generating unit's fair value, deducting the transaction costs. The recoverable amount on which the impairment assessment is made is the greater amount between the value-in-use, estimated from future cash flows, and the fair value less the transaction costs.

5.2.3 Impairment of assets, property, plant and equipment, and intangible assets

On each annual cut-off date of the financial position or at any other time, Celsia and subsidiaries assess whether any indication of impairment of the assets exists. If said indication exists, the companies estimate the recoverable amount of the asset or of the cash-generating unit.

To assess the relevance of carrying out the whole impairment test, Celsia and subsidiaries annually review the critical business variables that affect the fair value of the assets in each market. The indicator matrix is defined for each region or market in which the businesses are developed and it is periodically reviewed with the different areas to ensure its validity. The general indicators are:

- Observable indicator that the value of the assets has significantly decreased during the period more than expected as a result of the passing of time or its normal use.
- Changes in the legal, social, environmental or market environment that could reduce the value of the asset.
- Variation in prices that affect its future income.
- Variation of its income generation capacity.
- Variation of its total cost.

The impairment test aims to determine the recoverable value, which is the greater amount between the fair value less costs of disposal and the value-in-use.

5.2.4 Deferred income tax

The Group recognizes amounts of deferred income tax in the consolidated financial statements given the volume of the operations. The determination of the deferred tax is based on Management's best interpretation of the current, applicable laws and the best practices of the jurisdictions in which it operates. The reasonableness of this estimate depends on Management's ability to integrate complex tax and accounting standards, to consider the changes in the applicable laws and, for the purposes of recognition of the deferred tax asset, to assess the existence of sufficient taxable profits for its realization.

NOTE 6. PROPERTY, PLANT AND EQUIPMENT, NET

As at December 31, 2021 and 2020, property, plant and equipment, net, was as follows:

	2021	2020
Land	262,414	241,108
Constructions underway and machinery in assembly	1,432,106	950,903
Constructions and buildings	194,912	197,629
Waterlines, plants and networks	6,856,103	6,571,628
Machinery and production equipment	182,948	140,408
Office furniture and fittings, and equipment	26,596	27,888
Communications and computer equipment	102,032	79,792
Transportation equipment	17,552	144,297
Other assets	-	1
	9,074,663	**8,353,654**

The changes in property, plant and equipment and depreciation as at December 31, 2021, are presented below

2021	Land	Constructions underway and machinery in assembly	Constructions and buildings	Waterlines, plants and networks	Machinery and production equipment	Office furniture and fittings, and equipment	Communications and computer equipment	Land transportation equipment	Other assets	Total
Balance January 1, 2021	**242,243**	**950,903**	**231,224**	**9,863,093**	**216,569**	**75,181**	**147,604**	**153,755**	**12**	**11,880,584**
Additions	11,000	1,611,183	-	5,630	13,767	4	-	-	-	1,641,584
Transfers from (to) other accounts	2,388	(597,844)	3,020	452,366	46,536	4,408	43,403	82	-	(45,641)
Conversion effect	10,892	5,688	1,699	539,383	4,629	4,620	2,065	475	-	569,451
Sales and withdrawals	(406)	(147)	-	(72,086)	-	-	(229)	(154)	-	(73,022)
Loss of control over a subsidiary or business	(1,196)	(537,677)	-	-	-	(4)	(270)	(125,560)	-	(664,707)
Other changes	80	-	-	-	1,185	-	45	(45)	-	1,265
Cost	**265,001**	**1,432,106**	**235,943**	**10,788,386**	**282,686**	**84,209**	**192,618**	**28,553**	**12**	**13,309,514**
Balance January 1, 2021	1,135	-	33,595	3,291,465	76,161	47,293	67,812	9,458	11	3,526,930
Depreciation of the period	-	-	6,596	257,481	18,792	5,787	21,179	7,898	1	317,734
Conversion effect	1,452	-	840	387,580	4,630	4,540	1,849	414	-	401,305
Sales and withdrawals	-	-	-	(11,017)	-	-	(229)	(72)	-	(11,318)
Impairment losses	-	-	-	6,774	-	-	-	-	-	6,774
Loss of control over a subsidiary or business	-	-	-	-	-	(1)	(25)	(6,697)	-	(6,723)
Other changes	-	-	-	-	155	(6)	-	-	-	149
Depreciation and impairment	**2,587**	**-**	**41,031**	**3,932,283**	**99,738**	**57,613**	**90,586**	**11,001**	**12**	**4,234,851**
Total property, plant and equipment	**262,414**	**1,432,106**	**194,912**	**6,856,103**	**182,948**	**26,596**	**102,032**	**17,552**	**-**	**9,074,663**

The changes in property, plant and equipment and depreciation as at December 31, 2020, are presented below:

2020	Land	Constructions underway and machinery in assembly	Constructions and buildings	Waterlines, plants and networks	Machinery and production equipment	Office furniture and fittings,	Communications and computer equipment	Land transportation	Other assets	Total

						and equipment		equipment		
Balance January 1, 2020	**236,752**	**926,251**	**214,737**	**9,316,971**	**227,005**	**64,841**	**92,650**	**27,042**	**12**	**11,106,261**
Additions	-	819,879	-	560	163	-	225	126,013	-	946,840
Transfers from (to) other accounts	3,906	(787,407)	6,714	629,099	27,172	8,864	55,707	1,103	-	(54,842)
Conversion effect	3,156	2,551	480	170,824	1,356	1,306	585	119	-	180,377
Held for sale (a)	(1,571)	(10,371)	10,147	(222,346)	(978)	-	-	(102)	-	(225,221)
Sales and withdrawals	-	-	(854)	(30,954)	(39,003)	(1)	(1,392)	(627)	-	(72,831)
Other changes	-	-	-	(1,061)	854	171	(171)	207	-	-
Cost	**242,243**	**950,903**	**231,224**	**9,863,093**	**216,569**	**75,181**	**147,604**	**153,755**	**12**	**11,880,584**
Balance January 1, 2020	62	-	27,027	3,068,379	60,669	40,858	47,648	7,419	9	3,252,071
Depreciation of the period	-	-	6,495	253,356	14,302	5,472	20,139	2,310	2	302,076
Conversion effect	4	-	73	106,081	1,306	1,228	247	100	-	109,039
Held for sale (a)	-	-	-	(134,156)	(367)	-	-	(102)	-	(134,625)
Sales and withdrawals	-	-	-	(2,157)	(17)	(1)	(213)	(271)	-	(2,659)
Impairment losses	1,069	-	-	-	-	-	-	-	-	1,069
Other changes	-	-	-	(38)	268	(264)	(9)	-	-	(41)
Depreciation and impairment	**1,135**	**-**	**33,595**	**3,291,465**	**76,161**	**47,293**	**67,812**	**9,458**	**11**	**3,526,930**
Total property, plant and equipment	**241,108**	**950,903**	**197,629**	**6,571,628**	**140,408**	**27,888**	**79,792**	**144,297**	**1**	**8,353,654**

Celsia's property, plant and equipment reported an 8.63% increase in 2021 compared to the previous year's balance, this increase is mainly observed in construction in progress and equipment under assembly, aqueducts, plants and networks, and transportation equipment. A description of the transactions that reflect these variations is presented below:

Additions

Total additions of COP 1,641,584, primarily include an addition of land in Central America for USD 2,762,912.18; purchases of COP 13,767 in machinery and equipment to be used for projects under development, and COP 1,611,183 of investments that are recorded as projects under construction and equipment in assembly. These projects are developed in each of the income generating units, among which the following stand out:

- **Transmission and distribution projects:** A total of COP 667,401 allocated for the expansion of photovoltaic assets, including equipment and system for a monitoring center for all farms and solar roofs and final works for Celsia Solar Espinal, Celsia Solar Carmelo and Celsia Solar la Paila farms; as well as the construction of the Sahagún and Toluviejo substations; expansion of electrical assets in Tolima and smart metering; construction of the Vijes digital substation, energy efficiency project with efficient lighting: reliability of the San Pedro-Paloblanco lines; San Pedro, Farfán, el Lago and Riofrio substations, construction of the Espinal substation; purchase and assembly of the fourth mobile substation. Additionally, investments of COP 24,360 were made in replacing equipment to ensure the quality and continuity of the service.
- **Generation Projects:** COP 708,189 were executed, including investments made in the Tesorito thermoelectric project through November; hydraulic dredging in the Bajo Anchicayá reservoir, in the Camelias and Acacias II wind farms (Guajira); activities were undertaken in the construction and adaptation of the La Gran manzana cooling district; acquisition of equipment for Salvajina and Calima; collection and replacement of auxiliary equipment for the Riofrio II power plant.
- **Projects in Central America:** Additions of COP 5,630 equivalent to USD 25.8 million were recorded, mainly in the CelSolar Prudencia project, the Dicarina Divisa and Provivienda solar power plant projects, the Alternegy and Bontex hydroelectric projects, the wind power system in PEG, and the solar roof of Cervecería Nacional in Honduras, among others.
- **Internet projects**: COP 54,710 were executed to expand capacity for 10,601 new customers, including 9 schools in Palmira-Valle; with 661.7 km of network to provide this service in Palmira, Jamundí, Buga, Yumbo, Tuluá, Roldanillo, Cerrito, Zarzal, Florida, Pradera, Candelaria, Melgar and Ibagué.
- **In other projects**, COP 49,699 were invested in technological upgrade of equipment and licensing new users; and in innovation, investments of COP 3,823 were made in data science and micro-network projects.

Projects under construction included capitalization of borrowing costs of COP 11,345 at an average rate of 3.37% AER; in December 2020 it was COP 10,702 in accordance with IAS 23.

Transfers from (to) other accounts

Transfers of projects under construction and equipment in assembly were made during the period totaling COP 597,844 for the capitalization of projects completed during the first half of the year, reporting assets that started operation mainly in waterlines, plants and networks, including:

- Aqueduct, plants and networks of COP 452,366, highlighting the mechanical and hydraulic amphibious dredge in the Bajo Anchicayá; replacing equipment at the Calima power plant; completion of the CIAT II solar power plant project; Fareva, Universidad San Buenaventura, Ladrillera Meléndez, the Celsia solar farms La Paila and Celsolar Prudencia, the roofs and farms that came into operation in 2021, leaving us with 74 solar power plants in operation (67 in Colombia and 7 in Central America). We also completed the expansion of the Calima substation; expansion of distribution networks in Valle and Tolima, as well as reliability assets at El Lago and San Pedro substations. At Meriléctrica thermal power plant, the main transformer was replaced and came into operation in June 2021. In Central America, we capitalized the Celsolar Prudencia solar power plant project, Dicarina Divisa, Megamall Honduras, Mármoles de Honduras, FV SAMSA, a Panamanian food company, among others.
- Machinery and production equipment amounting to COP 46,536, mainly consisting of the installation of 70,839 smart meters in the departments of Tolima and Valle, as well as the efficient lighting systems installed in the power plants of Madrid, Sopó, Girardota, Caldas and La Estrella.
- Communication and computer equipment for COP 43,403 for modernization and improvement projects in data network infrastructure in Tolima, Jamundí and Calima.

The capitalization of some projects required the acquisition of intangible assets in the amount of COP 38,048 and improvements were made to buildings reported as for right-of-use assets in the amount of COP 7,593, classes of assets that cannot be identified in the table of movements of property, plant and equipment; however, these values are reflected in the respective notes of intangible assets and balance of assets for rights of use.

Sales and withdrawals

During the period ending as at December 31, 2021, net derecognitions were made amounting to COP 61,704, where the most representative asset was the main transformer of Meriléctrica power plant, Ferranti Packard brand, impairment of loss of value was reported for this asset forCOP 6,774 corresponding to the net value of the asset at the time of the damage; likewise, derecognition of solar modules of the asset located in U-Storage Barranquilla and transportation equipment in Central America and CETSA E.S.P. was made. Fully depreciated and obsolete assets were written off: 354 distribution transformers valued at COP 589 and computer equipment valued at COP 229.

Transfer of contract assets that were built by Celsia Colombia under the BOT contract signed between Celsia Colombia S.A. E.S.P. and Caoba Inversiones S.A.S. in December 2019; this transfer corresponds to 10 projects in 2020 and 11 in 2021 energized at voltage levels 3 and 4 for COP 61,069; among them are new substations in La Miel, Espinal, San Jorge, Mariquita, Cajamarca and Purificación; likewise, second backup transformers were installed in the substations of Ataco, Chapetón, Ortega, Pacolí, Rovira and Suarez, all these assets located in the department of Tolima.

Loss of control over a subsidiary or business

On November 30, 2021, the sale of the electric mobility assets of the company Celsia Move S.A.S. was formalized at a net value of COP 119,111, and on December 23, 2021, in accordance with the reform to the Board of Directors' decision making regime of Termoeléctrica el Tesorito S.A.S. E.S.P., the loss of control of this company was reported, thus reflecting the derecognition of property, plant and equipment from the consolidated balance sheet for a net value of COP 538,872, value that was reported as construction in progress and land.

Effect of conversion from foreign currency

The effect of the exchange difference of COP 168,146 net, between costs and depreciations occurs due to the increase in the exchange rate by COP 548.66 per U.S. dollar.

As at December 31, 2020, Celsia's property, plant and equipment increased 6.36% from the balance of the previous year, mainly due to additions in constructions underway and machinery in assembly, land transportation equipment, and waterlines, plants and networks, as indicated below:

The total additions of the period, amounting to COP 946,840, were mainly due to the increase in constructions underway and machinery in assembly of COP 819,879, the following of which stand out:

- Transmission and distribution executed COP 434,802 in development of their expansion strategies of solar roof assets, investments and electricity assets in the departments of Valle del Cauca and Tolima, and additional investments amounting COP 114,811 in the replacement of transmission and distribution networks in Valle del Cauca and Tolima.
- Generation executed COP 150,863, with the following investments standing out: the San Andrés hydroelectric power plant project, which is already in operation; hydraulic dredging in the Bajo Anchicayá reservoir; the Gran Manzana cooling district; cogeneration with Entrepalmas; executions in the Camelia and Acacias II wind power plant projects; and the Tesorito thermal power plant project.
- Investments of COP 42,649 were made in other projects to expand the companies' IT infrastructure and businesses, of COP 12,162 in Internet to increase the capacity for new customers, and of COP 3,943 in innovation with the implementation of projects.
- In Central America, COP 51,532 were executed, which were invested in the construction of solar farms and in generation and innovation projects.
- Projects under construction in 2020 included the capitalization of borrowing costs amounting to COP 10,702. In December 2019, they amounted to COP 12,830 in accordance with IAS 23.

In transportation equipment, the purchase of electric buses in the Celsia Move company for COP 125,606 was reported during the period.

Transfers from (to) other accounts

Transfers of COP 787,407 correspond to the capitalization of projects, mainly in waterlines, plants and networks for COP 629,099. The following stand out: start-up of the San Andrés hydroelectric power plant, with a capacity of 19.9 MW; the Espinal and Carmelo solar farms; solar roofs installed in the City, Business and Home segments; changes of electricity pylons in Tolima; repowering of the Salvajina power plant; and the expansion and upgrade of the medium and low-voltage network infrastructure in the departments of Valle del Cauca and Tolima.

In communications and computer equipment, amounting to COP 55,707, the majority is for the start-up of the Nova backup control center, located Buga and the remaining equipment of the Nova control center of Celsia Colombia.

In capitalizations, there is a difference in the balance between the assets that started operation and the completed projects of COP 54,842, because some projects include intangible assets of COP 29,581 and right-of-use assets of COP 25,261 from improvements made in buildings in Celsia and Celsia Colombia.

Sales and withdrawals

As at December 31, 2020, sales and withdrawals, net, amounted to COP 72,831, comprised of:

- Sales on December 23, 2020, of voltage level 3 and 4 transmission and distribution electricity assets, located in the Tolima Department, to the Caoba Inversiones S.A.S. company for COP 45,289.
- Donation of a community center to the Yaporogos indigenous community, amounting to COP 854.
- Contribution of 96 Segways and seven electric motorbikes to Muverang for a total value of COP 357.
- Withdrawal of machinery and equipment in storage amounting to COP 23,609, required for the development of projects underway. Withdrawal of machinery and equipment in storage amounting to COP 23,609, required for the development of projects underway.

Effect of conversion from foreign currency

The effect of the exchange difference of COP 15,445, net, between costs and depreciations occurs due to the increase in the exchange rate by COP 27.39 per U.S.dollar.

Change in classification

In other changes, mainly the reclassifications made during the period are recorded after analyzing the correct classification of the assets according to their policy and useful life. Also, the presentation of the net value of the assets with impairment was changed, such as land, and waterlines, plants and networks, which are observed in a specific line to add up depreciation and impairment.

Property, plant and equipment do not have restrictions or levies that limit their realization or trading, except Alternegy assets that support the issuance of bonds in 2017, as well as Bontex and PEG assets as joint debtors in said issuance. The companies have sufficient insurance policies to protect its production assets, mainly covering material damage and lost profit caused by fire, explosion, short circuit, natural disasters, terrorism, breakdown of machinery, and other risks.

NOTE 7. RIGHT-OF-USE ASSETS AND LIABILITIES

7.1 Celsia as lessee

The Parent Company and its related companies lease offices for administrative use, vehicles and backup generators. Leases of buildings and backup generators are generally established for a 10-year period with the option to renew the lease after that date. Vehicles are leased in the renting contract category for a five-year period.

In general, lease payments are renegotiated prior to the renewal of contracts to reflect the market rental rates. As at December 31, 2021, all the reported lease contracts are linked to the consumer price index of each jurisdiction in which they were signed. There are no lease contracts that are linked to reference or payment rates that vary to reflect changes in the market rental rates. The Group does not have restrictions on entering into sublease agreements.

The Group rents office furniture and technology with contract terms of one to three years. These are short-term leases or leases of low-value items. The Company has decided to not recognize the right-of-use assets and lease liabilities of these leases.

The balance of leased right-of-use assets and liabilities includes

:

2021	Leased right-of-use assets: Initial balance	Additions	Depreciation	Other classifications	Final balance	Final balance of lease liabilities
Land	-	2779	-	-	2,779	2,313
Constructions and buildings	73,829	8,818	(15,642)	(577)	66,428	51,954
Land transportation equipment	1,613	13,120	(3,275)	(188)	11,270	12,063
Waterlines, plants and networks	1,871	-	(288)	-	1,583	1,928
Right-of-use assets (liabilities), net	**77,313**	**24,717**	**(19,205)**	**(765)**	**82,060**	**68,258**

2020	Leased right-of-use assets: Initial balance	Additions	Depreciation	Other classifications	Final balance	Final balance of lease liabilities
Constructions and buildings	61,600	27,012	(14,973)	190	73,829	57,102
Land transportation equipment	3,657	1,178	(3,078)	(144)	1,613	1,993
Waterlines, plants and networks	2,159	-	(288)	-	1,871	2,130
Right-of-use assets (liabilities), net	**67,416**	**28,190**	**(18,339)**	**46**	**77,313**	**61,225**

The contractual cash flows of lease liabilities classified by expiry as at December 31 are:

	2021	2020
Less than one year	19,029	4,873
From 1 to 3 years	56,632	44,888
From 4 to 5 years	6,615	26,389
From 6 to 10 years	-	1,745

Total contractual cash flows of lease liabilities	**82,276**	**77,895**
Effect of lease liability discount	(14,018)	(16,670)
Total lease liabilities	**68,258**	**61,225**
Current	13,408	2,795
Non-current	54,850	58,430
Total lease liabilities	**68,258**	**61,225**

The items reported in the statement of income and cash flows for leases are:

Leases under IFRS 16	2021	2020
Lease liability interest expenses	6,362	6,147
Expenses related to short-term leases	3,788	3,266
Expenses related to leases of low-value assets	1,756	790
Lease cash flows	9,327	14,764

In 2021, the Group did not have variable lease payment expenses, income from subleasing of right-of-use assets, nor gains (losses) from sales transactions with subsequent leasing.

The current rental contracts do not include the renewal option. At the end of the lease term, new contracts are signed on new vehicles. The majority of the Group's leases, other than rental, contain renewal options that the Group can exercise to extend the term. Generally, companies exercise these renewal options, which can be exercised by them and not by the lessor. On the lease start date, the Group assesses whether it is reasonably certain to exercise the renewal options and considers them in the determination of the lease term and reassesses whether it is reasonably certain to exercise the renewal options if there is a significant event or significant changes in the circumstances under its control.

7.2 Celsia as lessor

As part of their operation, the companies have meters rented out to their clients. Additionally, to take advantage of the assets used in its operation, the Group leases to third parties some plots located in the area of land where it carries out part of its operations and it shares the electricity infrastructure with other operators. Each lease has an initial non-cancellable period of one year. Subsequent renewals are negotiated with the lessee. Contingent installments are not charged.

All the leases are classified as operating leases from the perspective of lessor, because they do not transfer substantially all the risks and rewards incidental to ownership of the assets.

Income from leasing reported by the Company in 2021 was COP 10,640 (2020- COP 6,309).

The following table provides an analysis of the expiry of lease payments, which shows the undiscounted lease payments that will be received after the reporting date.

Undiscounted leases	2021	2020
One year or less	11,572	5,698
Total	**11,572**	**5,698**

NOTE 8. INTANGIBLE ASSETS, NET

As at December 31, intangible assets, net, were as follows:

	2021	2020
Concessions and franchises (1)	213,910	208,919
Licenses and software	45,628	67,962
Easements	40,320	38,337
Other intangible assets (2)	23,631	38,474
	323,489	**353,692**

(1) The concessions acquired in Central American operations are listed below:

	2021	2020
Guanacaste wind farm concession (a)	146,028	149,082
Concession of power plants in Panama (b)	67,882	59,837
	213,910	208,919

(a) The concession in Costa Rica is a permit for the generation of the wind power plant.
(b) Concessions for electric power generation through hydroelectric exploitation of the Estí River in Bontex and of the Chiriquí and Cochea Rivers in Alternegy.

The terms of said concessions are as follows:

Company	Bontex	Alternegy	Alternegy	PEG
Objective	Concession for electric power generation through use of the Estí River.	Concession for electric power generation through use of the Chiriquí and Cochea rivers	Electric power generation permit	Wind power generation permit
Date on which the concession contract is signed	June 13, 2007	December 6, 2007	July 18, 2007	September 25, 2009
Useful life	50 years extendable	50 years extendable	50 years extendable	18 years not extendable

(2) The balance of other intangible assets is comprised of:

	2021	2020
List of clients (a)	4,571	5,921
Project studies (b)	-	19,873
Other (c)	19,060	12,680
	23,631	38,474

(a) Consists of the list of clients reported by Alternegy and Bontex subsidiaries.
(b) In 2020, consists of the intangibles identified on the date of purchase of Termoeléctrica El Tesorito S.A.S. E.S.P., engineering studies for participation in the country's electric power bid, a partnership that was consolidated until November 2021 following the loss of control due to the change in the company's decision-making regime.
(c) Consists of the loss plan according to CREG Resolution 015/2018.

The changes related to the different additions and the effect of the exchange difference that affected intangible assets in 2021 and 2020 are presented below:

2021	Licenses and software	Easements	Concessions	Other intangible assets	Total
Balance January 1, 2021	141,805	39,824	466,563	51,563	699,755
Transfers from (to) other accounts	6,317	2,819	19,185	9,727	38,048
Conversion effect	1	-	56,662	2,846	59,509
Sales and withdrawals	(283)	-	-	-	(283)
Loss of control over a subsidiary or business	-	-	-	(19,777)	(19,777)
Other changes	-	-	-	(1,185)	(1,185)
Cost	**147,840**	**42,643**	**542,410**	**43,174**	**776,067**
Balance January 1, 2021	73,843	1,487	257,644	13,089	346,063
Amortization of the period	28,368	836	27,900	4,566	61,670
Conversion effect	1	-	42,955	2,036	44,992
Other changes	-	-	-	(148)	(148)
Amortization and impairment	**102,212**	**2,323**	**328,499**	**19,543**	**452,577**
Total intangible assets	**45,628**	**40,320**	**213,910**	**23,631**	**323,489**

2020	Licenses and software	Easements	Concessions	Other intangible assets	Total
Balance January 1, 2020	130,210	35,881	472,571	49,280	687,942
Additions	5,536	-	-	-	5,536
Transfers from (to) other accounts	11,753	3,943	-	13,885	29,581
Conversion effect	-	-	22,403	1,348	23,751
Assets classified for sale	-	-	(28,411)	(11,962)	(40,373)
Sales and withdrawals	(6,628)	-	-	(4)	(6,632)
Other changes	934	-	-	(984)	(50)
Historical cost	**141,805**	**39,824**	**466,563**	**51,563**	**699,755**
Balance January 1, 2020	46,958	736	248,585	20,875	317,154
Depreciation of the period	28,721	751	27,637	3,350	60,459
Conversion effect	-	-	9,833	839	10,672
Assets classified for sale	-	-	(28,411)	(11,962)	(40,373)
Sales and withdrawals	(1,799)	-	-	-	(1,799)
Other changes	(37)	-	-	(13)	(50)
Depreciation and impairment	**73,843**	**1,487**	**257,644**	**13,089**	**346,063**
Total intangible assets	**67,962**	**38,337**	**208,919**	**38,474**	**353,692**

The group's intangibles as of December 31, 2021 exhibit a higher value mainly due to capitalizations; in concessions in Central America for COP 19,185 equivalent to USD (318,772.57); in other Intangibles, the intangibles of the loss management project were recorded, where COP 9,727 was invested in 2021, in compliance with the 10-year investment plan approved by the CREG to reduce the energy loss indicators in the departments of Valle and Tolima; in licenses and software, new assets were included in the amount of COP 6,317 from some projects such as: analytical platform managed by innovation; the EWM implementation project in SAP and the asset management project. Also, COP 2,819 were recorded for the payment of easements that were necessary for the development and closing of the projects called Guabinas-Pavitas ring, Vijes digital substation, reinforcements in the Yotoco and Darien substations.

During 2021 there were also derecognitions and withdrawals of COP 283 in software intangibles, which were transferred to Caoba Inversiones S.A.S. in October 2021 for the Asset Management technology platform, for the assets built in Tolima.

Effect of conversion from foreign currency

The effect of the exchange difference of COP 14,517 net, between costs and depreciations occurs due to the increase in the exchange rate by COP 548.66 per U.S. dollar.

During the reporting period there have been no changes in the useful lives and/or amortization methods of intangible assets.

As at December 2020, the additions and capitalizations of COP 17,289 in licenses and software mainly accounted for the capitalizations made in constructions underway (Note 7), for investments in licenses and software required to support the businesses' IT infrastructure, as well as the acquisition of easements for COP 3,943, mainly for the San Andrés hydroelectric power plant. In other intangible assets, investments to manage loss reduction of COP 13,885 were made; and intangible assets consisting of the IT asset management platform were sold to the Caoba Inversiones S.A.S. company for COP 817.

Amortization and impairment charge

The straight-line amortization method is applied to the intangible assets and its effect is reported in the statement of income in administrative expenses, sales or in costs of sale, and the impairment losses in other expenses. The estimated useful life for each category of intangible assets is as follows:

Concept	Useful life (years)	Remaining useful life (years)
Easements	50	34
Licenses and software	5 to 7	3

The Group has not capitalized borrowing costs in its intangible assets at the reporting date, nor does it have restrictions on realization, nor contractual obligations to acquire or develop intangible assets.

NOTE 9. GOODWILL

	2021	2020
Goodwill	986,782	958,924
	986,782	**958,924**

The following are the allocations by operating segments and related transactions that impacted the goodwill in 2021 and 2020:

Reportable segment	Colombia	Central America	Total
Balance as at January 1, 2021	**353,953**	**604,971**	**958,924**
Term impairment (1)	(19,078)	(49,765)	(68,843)
Effect of conversion from foreign currency (2)	-	96,701	96,701

Balance as at December 31, 2021	**334,875**	**651,907**	**986,782**

Reportable segment	**Colombia**	**Central America**	**Total**
Balance as at January 1, 2020	**370,186**	**577,589**	**947,775**
Cumulative impairment	(16,233)	-	(16,233)
Effect of conversion from foreign currency	-	27,382	27,382
Balance as at December 31, 2020	**353,953**	**604,971**	**958,924**

(1) Impairment reported in 2021 corresponds to goodwill on the investment in the company Porvenir II S.A.S. amounting to COP 19,078 (Accumulated as at 2020 - COP 16,233) given the impact on the discounted cash flows because of the postponement of the start-up of the project due to the provisional suspension of the environmental license (see Note 1), and; impairment of goodwill on the investment in Central America for COP 49,765 (USD 12,500,000) recorded based on the value tests and in accordance with IAS 36.

(2) Corresponds to the effect of exchange difference on goodwill corresponding to the Central American operations.

The allocation of goodwill in operating segments has been based on the way in which Management controls for the purposes of financial reporting as well as impairment tests in accordance with IAS 36 – Impairment of Assets. Impairment losses are reported as expenses in the consolidated statement of income in the other expenses line.

Assessment of impairment of goodwill

Goodwill is not subject to amortization. The Group annually reviews the existence of impairment, comparing the book value allocated to the operating segments with the value-in-use. Impairment losses in goodwill were reported during the period, totaling COP 68,843 (2020- COP 0).

To calculate the value-in-use, the valuation method used was the discounted free cash flow, using the Organization's long-term financial projections as a reference. The key assumptions used in the assessment are as follows:

Key assumption	**Description**
Cash flow projection	The projected income, costs and operating expenses correspond to the estimates for the Organization's different businesses (generation, transmission, distribution and sale of energy), the operating performance, uptime and reliability of the assets, and the commercial strategy that assesses the business risks in the regions (Central America and Colombia), where the businesses and the applicable regulation are developed. The projection of revenue reflects the established and approved strategy, which in turn, integrates the initiatives for business continuity, growth, and growth initiatives for the different businesses.
Term for cash flow projection	The cash flows have a horizon of five to ten years and perpetuity for the Colombia and Central America segments, respectively. The period used enables the expression of explicit plans that can be managed by the Company and normalization of the last year's flow, thus giving the indication of stabilization for the perpetuity estimate. These flows have been built in line with the Organization's Growth and Investment Strategy, in line with the strategy analyzed and approved by the Steering Committee and the Board of Directors from time to time.
Discount rate applied to the cash flow projections	To determine the discount rate, the Group used the financial asset valuation model called the Capital Asset Pricing Model (CAPM), which uses the following main variables: - Risk-free rate: Rate of return on a debt that does not have risk of default. It uses the return on the U.S. Treasury bonds with long-term maturity as a reference. - Beta: Risk measurement that associates the volatility of a security with the market volatility. - Difference between the risk-free rate and the market rate of return. - Country risk premium: The difference above the U.S. Treasury bonds demanded by investors in international markets. The Group uses the weighted average cost of capital (WACC) as a discount rate. This weighs the cost of capital, the cost of the debt and the tax effect applicable to each region on the debt and capital according to the capital structure, so that it incorporates the Company's exposure in the different regions where it operates. Therefore, the value associated with the sources of funding is reported, while representing a measure of the minimum return required according to its risk assigned to the different businesses. The weighted average of the Company's borrowings is taken as a reference for the cost of debt, and the market parameters available at the time of the valuation were used for the cost of capital.
Growth rate	The growth rate is established ensuring that the growth expectations of the operating country and business segment are not exceeded.

The input data to calculate the value-in-use are classified as Level 2 inputs in the fair value hierarchy. The perpetuity growth rate and discount rate used by the Group in said calculation are presented below:

	Colombia	Central America
Perpetuity growth rate	1.2% - 2%	2%
Discount rate	8.29% - 9.30%	7.44 %

The Group considers that there are no foreseeable situations that could affect the key assumptions used in the assessment of impairment that would lead to the book value of a CGU exceeding its recoverable amount.

NOTE 10. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	2021	2020
Investments in associates and joint ventures	298,372	152,358
	298,372	152,358

The details of associates and joint ventures at the close of the reporting period are as follows:

					Cost		Cumulative equity method		Net value	
Entities	**Main Activity**	**Classification**	**Share %**	**Number of Shares**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
CNC del Mar S.A.S. E.S.P. (1)	Public utilities	Joint venture	50.00%	349,986	10,273	10,301	(7,462)	(5,682)	2,811	4,619
C2 Energías S.A.S. (2)	Renewable energy	Joint venture	50.00%	2,000	1	1	(1)	(1)	-	-
Caoba Inversiones S.A.S. (3)	Commercial	Joint venture	51.00%	10,000	186,645	178,212	(32,198)	(32,841)	154,447	145,372
P.A. Muverang (formerly P.A. Dinamarca) (4)	Commercial	Joint venture	33.33%		4,754	2,534	(2,935)	(818)	1,819	1,716
Fideicomiso Plan Luz (5)	Backup generators	Joint venture	50.00%		2,000	500	621	23	2,621	523
Termoeléctrica El Tesorito S.A.S. E.S.P. (6)	Public utilities	Associate	57.50%	2,300,000	141,920	-	(5,246)		136,674	-
SUMMA Servicios Corporativos Integrales S.A.S. (7)	Commercial	Associate	25.00%	125	617	125	(617)	3	-	128
					346,210	191,673	(47,838)	(39,316)	298,372	152,358

(1) Includes prepayment for future capitalizations of COP 9,923 (2020: COP 9,951). Once the Company makes an issuance, it will legalize the prepayment.
(2) The value of the investment at the close of 2021 and 2020 is negative COP 6 million and COP 8 million, respectively, a result reported in liabilities.
(3) In 2021, an adjustment of COP 7,509 was made to the investment and for 2020, COP 8,433 as a result of eliminating the direct share (51%) in the profit on the sale of Celsia's assets to Caoba pursuant to upward transactions of IAS 28.
(4) The Company made a capitalization of COP 2,220 in the Muverang business in 2021.
(5) The Plan Luz business was capitalized for COP 1,500 in 2021
(6) By the close of 2021, the bylaws of Termoeléctrica el Tesorito S.A.S. were amended. E.S.P., where Celsia Colombia S.A. E.S.P. lost control, retaining the same shareholding, but classifying it as an associate.
(7) On May 28, 2021, 25 common shares of SUMMA - Servicios Corporativos Integrales S.A.S. were purchased for COP 492, without this implying a change in the shareholding. At year-end the investment was negative and therefore a liability of COP 51 was reported.

Corporate purpose of investments in associates and joint ventures

SUMMA Servicios Corporativos Integrales S.A.S.

Celsia has a 25% shareholding in this company, which has the corporate purpose of providing shared services for the whole Business Group with the operation and development of common processes, contributing to competitiveness.

CNC del Mar S.A.S. E.S.P.

Celsia Colombia S.A. E.S.P. has an arrangement for joint control of 50 % of this company, which has the corporate purpose of providing the public utilities of distribution and sale of electricity, waterlines, sewage systems and natural gas pursuant to Law 142/1994 and Law 143/1994.

C2 Energía S.A.S

By private document no. 02499181, dated August 23, 2019, registered with the Bogotá Chamber of Commerce on the same date, C2 Energía S.A.S. was incorporated with an indefinite term and its registered address is in Bogotá. The main purpose of said company shall be the management, development and exploitation of renewable energy projects, which is governed by Law 1715/2014, adding Unique Regulatory Decrees 1073/2015 and 570/2018, CREG Resolutions 030/2018 and 038/2018 (among others), and Resolution 463/2018 of the Mining and Energy Planning Unit (UPME, for the Spanish original).

Caoba Inversiones S.A.S.

Celsia Colombia S.A. E.S.P. and Cubico Sustainable Investments Spain, S.L. entered into an investment framework agreement to incorporate Caoba Inversiones S.A.S., with 51% and 49%, respectively.

The transmission business was incorporated into Caoba Inversiones S.A.S. with the assets of P5C, STN, STR, f Guajira, Montería, Valledupar, Manzanillo, Caracolí and Norte, as well as the Tolima assets with voltage levels 3, 4 and 5. This company shall be the owner, managing and receiving the regulatory revenue from said assets and for the national transmission system and/or regional transmission system projects that Celsia Colombia S.A. E.S.P. implements as network operator in the sales markets of Tolima.

This platform's strategy is to focus the growth of the transmission business in regions other than Valle del Cauca through the association with Cubico, investor in the renewable energy sector with which there is already a strategic partnership for the development of the medium and large-scale solar business in Colombia. We have been strengthening strategic links that will enable us to access its financial and project structuring skills that have made it into a leader of the segments where it operates.

Celsia Colombia S.A. E.S.P. will continue to commercially represent the assets that are part of Caoba Inversiones S.A.S. and will provide the operations and maintenance services that guarantee the same levels of operational excellence that characterize our operations. Additionally, the Parent Company reflects this investment through the equity method due to the co-governance mechanisms established in Caoba Inversiones S.A.S.

P.A. Muverang

Celsia Colombia S.A. E.S.P., Bancolombia and Operaciones Generales Suramericana S.A. agreed to enter into an agreement in December 2019 through a business trust management and payment fund called P.A. Proyecto Dinamarca, with a 33.33% share for each party. It is a transportation project called Proyecto Dinamarca through three initiatives, called Shared Business Mobility (MEC, for the Spanish original) and Electra, starting with a pilot project in the city of Medellín through the Shared Business Mobility system.

According to the analysis of COVID-19's impact on the business in the project's three initiatives, there are new challenges and opportunities for the business, as this is a service that can be offered to different business sectors seeking to personalize transportation that is quick, safe and reliable.

Pursuant to the joint venture's brand definition, as of June 1, 2020, an addendum was signed for the trust contract to change the name of the stand-alone equity from to P.A. Dinamarca to P.A. Muverang.

Fideicomiso Plan Luz

Celsia Colombia constituted a joint venture with Plan Luz to ensure the availability of backup equipment for the electricity supply when the public grid fails..

Termoeléctrica El Tesorito S.A.S. E.S.P.

On May 10, 2019 Celsia Colombia S.A. E.S.P. (formerly EPSA) and Celsia Colombia Inversiones S.A.S. (formerly EPSA Inversiones S.A.S.) acquired 23% (represented in 2,300,000 shares) and 34.5% (represented in 3,450,000 shares), respectively, of shareholding in Termoeléctrica El Tesorito S.A.S. E.S.P., which represented an investment of USD 2,400,000 for Celsia Colombia S.A. E.S.P. and USD 3,600,000 for Celsia Colombia Inversiones S.A.S. This project consists of the construction and operation of a gas-fired power plant with a declared capacity of 200 MW and will be located in the department of Córdoba.

The summarized financial information included in the following tables corresponds to the values presented in the financial statements of the associates and joint ventures, prepared in accordance with the Accounting and Financial Reporting Standards accepted in Colombia and restated, when appropriate, by the adjustments made for the application of the equity method, including: adjustments related to the standardization of accounting policies, eliminations of acquisitions or transfers of assets between companies up to the share percentage:

December 2021	CNC del Mar S.A.S. E.S.P.	C2 Energía S.A.S.	Caoba Inversiones S.A.S.:	P.A. Muverang	Plan Luz	Termoeléctrica El Tesorito S.A.S. E.S.P.	SUMMA Servicios Corporativos Integrales
Current assets	4,664	1	101,245	5,637	9,164	23,602	26,489
Non-current assets	65,927	10	1,449,980	9,459	11,829	549,495	12,858
Total assets	**70,591**	**11**	**1,551,225**	**15,097**	**20,993**	**573,097**	**39,347**
Current liabilities	33,706	28	32,190	(69)	1,023	365,451	26,872
Non-current liabilities	28,016	-	1,229,213	(6,974)	15,729	46	12,681
Total liabilities	**61,721**	**28**	**1,261,403**	**(7,043)**	**16,752**	**365,497**	**39,553**
Equity	**8,870**	**(17)**	**289,822**	**22,140**	**4,241**	**207,600**	**(206)**
Revenue	11,474	-	181,137	1,256	8,938	-	10,733
Net loss of continuing operations	(344)	(11)	6,640	(6,319)	1,241	(3,957)	(2,729)
Total comprehensive income	(344)	(11)	6,640	(6,319)	1,241	(3,957)	(2,729)
Cash and cash equivalents	21	-	34,859	1,659	1,129	22,818	19,332
Current financial liabilities	-	-	6,673	-	-	257,685	776
Non-current financial liabilities	28,016	-	1,168,932	6,974	9,167	46	6,722
Financial liabilities	**28,016**	**-**	**1,175,605**	**6,974**	**9,167**	**257,731**	**7,498**
Depreciation and amortization expenses	1,717	-	48,444	1,570	1,202	-	1,010
Revenue from interest	1,331	-	272	-	-	137	140
Interest expenses	3,759	-	89,869	279	-	866	373

Income tax expenses	3,701	-	6,245	-	-	(1,065)	(625)

December 2020	CNC del Mar S.A.S. E.S.P.	C2 Energía S.A.S.	Caoba Inversiones S.A.S.	P.A. Muverang	Plan Luz	SUMMA Servicios Corporativos Integrales
Current assets	9,410	-	35,536	4,711	3,366	28,124
Non-current assets	54,889	1	1,412,326	4,721	11,380	16,570
Total assets	**64,299**	**1**	**1,447,862**	**9,432**	**14,746**	**44,694**
Current liabilities	29,037	17	**315,974**	4,285	638	28,521
Non-current liabilities	26,067	-	**874,585**	-	13,062	15,660
Total liabilities	**55,104**	**17**	**1,190,558**	**4,285**	**13,700**	**44,181**
Equity	**9,195**	**(16)**	**257,304**	**5,147**	**1,046**	**513**
Revenue	7,859	-	149,505	360	3,447	10,410
Net loss of continuing operations	(7,499)	(18)	10,422	(2,440)	83	49
Total comprehensive income	(7,499)	(18)	10,422	(2,440)	83	49
Cash and cash equivalents	101	-	18,684	4	1,835	2,287
Current financial liabilities	-	-	5,243	-	-	1,182
Non-current financial liabilities	26,067	-	839,262	-	-	9,599
Financial liabilities	**26,067**	**-**	**844,505**	**-**	**-**	**10,781**
Depreciation and amortization expenses	231	-	45,985	725	944	272
Revenue from interest	4	-	101	-	-	207
Interest expenses	1,175	-	48,848	-	-	338
Income tax expenses	896	-	5,616	-	-	384

Significant restrictions and commitments: There are no significant restrictions on the capacity of joint ventures and associate companies to transfer funds for dividends, reimbursement of loans, prepayments or other. Additionally, there are no reported commitments with joint ventures and associate companies at December 31, 2021, and 2020, that can give rise to outflows of cash or other resources in the future, such as: payment of funds or resources, commitments of loans or financial support, and commitments to acquire a share in the associate or joint venture of another party.

NOTE 11. OTHER FINANCIAL INVESTMENTS

	2021	2020
Financial investments through profit or loss (11.1)	232,070	86,039
Financial investments through other comprehensive income (11.2)	13,915	12,101
Total financial investments	**245,985**	**98,140**

11.1 Financial investments through profit or loss

As at December 31, financial investments through profit or loss were as follows:

Business name	Investment type	Currency	2021 (USD)	2020 (USD)	2021	2020
Sura SAC LTD – Cell Celsia	Captive reinsurance company investment (1)	USD	11,852,328	11,405,598	47,185	39,150
Sura SAC LTD – Cell Celsia	Captive insurance premium company investment (2)	USD	11,779,239	13,660,312	46,885	46,889
Total financial investments through profit or loss			**23,631,567**	**25,065,910**	**94,070**	**86,039**

1. The investment delivered as capital by Celsia S.A. to the cell of the captive cell insurance company.
2. Right over the retained risk in the share of the captive cell regarding the current insurance policy for material damages.

According to the operation of the cell company, the resources invested in Sura SAC LTD, in the cell, do not meet the condition of obtaining cash flows with specified payment dates of the principal and interest. Therefore, they are classified as fair value investments through the income of the year.

In the event of a claim being made, any obligation will be backed by the existing funds in the cell of the captive insurance company. In this situation, the change in fair value of the financial asset as a result of the claim will be reported and charged to the income of the period. In the event that the claim involves a greater obligation than the existing resources in the cell, a debt payable to Sura shall be reported for the resources that must paid that the funds in the cell are not sufficient to cover.

SURA SAC LTD – Cell Celsia

Sura SAC LTD is a captive insurance company with the aim to reinsure risks. Through the structuring of the captive insurance company, Celsia allocates a percentage of the insurance premium to the cell that it has currently rented with Sura SAC LTD. in the Bermudas for the 2020-2021 term, totaling USD 1,363,040 (2019-2020 USD 6,879,129)

According to the operation of the cell company, the resources invested in Sura SAC LTD in the cell do not meet the condition of obtaining cash flows with specified payment dates of the principal and interest. Therefore, they are classified as fair value investments through the income of the period.

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In the event of a claim being made, any obligation will be backed by the existing funds in the cell of the captive insurance company. In this situation, the change in fair value of the financial asset as a result of the claim will be reported and charged to the income of the period. In the event that the claim involves a greater obligation than the existing resources in the cell, a debt payable to Seguros Sura shall be reported for the resources that must paid stating that the funds in the cell are not sufficient to cover it.

			Cost		Appreciation		Net value	
Entities	Country	Functional currency	2021	2020	2021	2020	2021	2020
Banistmo S.A.	Panama	USD	201,120	-	(63,120)	-	138,000	-

In December 2021, the trust for the liquidation of Bahía Las Minas Corp. was constituted in Banistmo S.A., which has a contribution from Celsia S.A. of COP 18,819 (USD 4,700,000) and a contribution from Celsia Centroamérica S.A. of COP 182,301 (USD 45,791,119.36); the valuation of the trust showed a loss of COP 63,120 (USD 15,854,707.36).

11.2 Financial investments through other comprehensive income

As at December 31, financial investments through other comprehensive income were as follows:

						Cost		Impairment		Net value	
Entities	Main activity	Country	Number of shares acquired	Shareholding (%)	Functional currency	2021	2020	2021	2020	2021	2020
Gestión Energética S.A. E.S.P. (formerly Hidromiel S.A.)	Energy	Colombia	323699869	0.07%	COP	6,805	6,805	(6,805)	(6,805)	-	-
Derivex S.A.	Financial	Colombia	35764	4.99%	COP	579	579	-	-	579	579
Corporación Financiera Colombiana S.A.	Financial	Colombia	67690	0.03%	COP	1,936	2,227	-	-	1,936	2,227
Productora de Carbón de Occidente S.A.	Commercial	Colombia	170000	13.91%	COP	469	469	(469)	(469)	-	-
Centro de Eventos Valle del Pacífico	Commercial	Colombia	15192	0.34%	COP	152	152	-	-	152	152
Gas Natural Fenosa Telecomunicaciones Colombia S.A.	Energy	Colombia	118000	10.00%	COP	151	151	-	-	151	151
Termosur S.A.	Energy	Colombia	5	8.33%	COP	108	108	(73)	(73)	35	35
Hidroeléctrica Ituango S.A. E.S.P.	Energy	Colombia	45324496	0.08%	COP	66	66	(10)	(10)	56	56
Hidrosogamoso S.A.	Energy	Colombia	3	2.11%	COP	56	56	(56)	(56)	0	0
Emgesa S.A.	Energy	Colombia	433	0.03%	COP	17	17	(1)	(1)	16	16
Electrificadora del Caribe S.A.	Energy	Colombia	624516	0.00%	COP	26	26	(26)	(26)	-	-
Concentra Inteligencia en Energía	Energy	Colombia	84000	6.25%	COP	77	77	(39)	(39)	38	38
Stem , Inc. (1)	Technology	United States	1107595	0.58%	USD	-	6,604	-	-	-	6,604
Innowatts, Inc. (2)	Technology	United States	194696	0.96%	USD	2,536	2,164	-	-	2,536	2,164
Grupo de Inversiones Suramericana S.A. (3)	Investments	Colombia	332908	0.07%	COP	8,337	-	-	-	8,337	-
Other (4)						81	81	(2)	(2)	79	79
Total financial investments through other comprehensive income						**21,396**	**19,582**	**(7,481)**	**(7,481)**	**13,915**	**12,101**

(1) In November 2021, Celsia Centroamérica S.A., a subsidiary of Celsia S.A., sold the investment in Stem, Inc. for a sale price of USD 6,546,058.60, of which USD 5,823,664.14 (COP 23,185) were effectively received after discounts for commissions on the transaction.

(2) In 2021 Celsia Centroamérica S.A. bought Veronorte Capital II S.A.S. 6,022 Series B preferred shares in Innowatts.

(3) In December 2021 Celsia S.A. acquired 332,908 shares of Grupo de Inversiones Suramericana S.A. - Grupo Sura S.A. for COP 8,337.

(4) Mainly consists of the investments in Poblado Country Club (COP 62), Centro de Exposición de Tuluá (COP 10), Club Colombia (COP 5), and Siderúrgica del Pacífico (COP 4).

NOTE 12. TRADE DEBTORS AND OTHER ACCOUNTS RECEIVABLE, NET

The balance of trade debtors and other accounts receivable, net, as at December 31, was as follows:

	2021	2020
Trade debtors (1)	993,310	544,629
Accounts receivable from related parties (2)	63,475	341,700
Other accounts receivable	70,253	66,196
Impairment (3)	(79,947)	(63,665)
	1,047,091	**888,860**
Current	829,557	599,488
Non-current	217,534	289,372
	1,047,091	**888,860**

(1) Trade accounts receivable include accounts receivable for the sale of energy services, gas resale services, and the sale of other goods and services. In 2021, there was an increase mainly due to the tariff plan of COP 1,170,063 and energy sales and estimates of COP 253,609. For 2020 it includes a lower value for trade debtors of the Central America segment of COP 7,292, which are presented as a group of assets held for sale in accordance with Note 17.

As at December 31, 2020, the Company sold some accounts receivable to the Inter-American Development Bank (IDB). The sold debt portfolio has the rate option of Resolution 012/2020 and the Company's *Estamos contigo* (We are with you) program. The value of the sale was COP 98,624, with a cost of COP 127,688, leading to a financial expense of COP 29,063. The Company signed a mandate agreement with the IDB, where it continues to act as a collector for the sold debt and it commits to the monthly transfer of the resources with minimum payments until 2026. Although these payments serve as a guarantee, the IDB has all the associated risks and benefits, because according to the analysis proposed on the variability of the cash flows, the IDB absorbs this variability. The relative variability shows that the new expected volatility is much less than the existing one, so no allowance has been reported with respect to the credit guarantees.

(2) The variation is mainly due to the amortizations made by Caoba Inversiones S.A.S. for COP 263,040, and Celsia Move S.A.S. for COP 119,562. In the last quarter of 2021, Celsia Colombia S.A. E.S.P. assigned the loan it had with Caoba Inversiones S.A.S. to the financial institution Scotiabank Colpatria for an amount of COP 260,000, therefore, the obligation remained with Caoba Inversiones S.A.S. Accordingly, by 2021 there was a significant decrease in transactions with related parties.

(3) The changes in impairment of trade debtors and other accounts receivable are as follows:

	2021	2020
Initial balance	63,665	49,200
Reported impairment losses (a)	17,189	15,689
Write-off of amounts deemed non-chargeable (b)	(907)	(1,224)
Final balance	**79,947**	**63,665**

The average credit period on the sale of services is 30 days.

When determining the recoverability of a trade account receivable, the Company assesses the risk of default during the asset's entire lifetime (simplified method permitted by IFRS 9).

(a) Impairment reported according to the assessment of expected credit losses for the debt portfolio, mainly of conventional energy broken down into class of service and market.

(b) In 2021 and 2020, the transmission and distribution portfolio was written off according to the analysis made by the commercial area with respect to portfolio age and conditions.

According to the assessment made of the expected loss and the portfolio analysis as at December 31, there is no objective evidence that the past-due balances receivable pose significant credit risks that involve an adjustment of the impairment recorded in the financial statements on the reporting date.

The following table provides information about the credit risk exposure for trade accounts receivable and contractual assets as at December 31, 2021 and 2020:

2021	Credit loss rate	Gross accounts receivable	Loss allowance	Accounts receivable, net
Conventional energy and new businesses	4%	476,750	(58,219)	418,531
Wholesale market and distribution	0%	477,732	(15,644)	462,088
Other accounts receivable		172,556	(6,084)	166,472
Total		**1,127,038**	**(79,947)**	**1,047,091**

2020	Credit loss rate	Gross accounts receivable	Loss allowance	Accounts receivable, net
Conventional energy and new businesses	2.1%	235,649	(45,476)	190,173
Wholesale market and distribution	0%	295,818	(12,612)	283,206
Other accounts receivable		421,058	(5,577)	415,481
Total		**952,525**	**(63,665)**	**888,860**

Assessment of expected credit losses

For trade, lease or contractual asset accounts receivable, the Company recognizes the expected credit losses in reference to the expected loss throughout the asset's life.

When monitoring the credit risk, the clients are grouped according to their characteristics, including the business segment, type of market and type of service. The loss rates are based on the historical performance of the collections through the monthly averages and by type of service. Trade debtors and other accounts receivable are mainly related to clients of the regulated and non-regulated energy market of the residential, commercial, industrial and public sectors.

Due to the conditions of the wholesale market (spot market and bilateral contracts with third parties), an individual impairment analysis is made on the associated accounts receivable covering from the preliminary study of third parties to the coverage of the portfolio with real collateral or promissory notes. The latter is only in the case of third parties with a good rating.

NOTE 13. CASH AND CASH EQUIVALENTS

The balance of cash and cash equivalents as at December 31, 2021 and 2020 was as follows:

	2021	2020
Cash		
Cash	379	166
Bank accounts (1)	98,618	251,670
Current restricted-use cash (2)	121,647	95,098
Total cash	**220,644**	**346,934**
Cash equivalents		
Investment funds and collective portfolios	22,090	47,917
Trust funds	5,231	860
Restricted-use trust funds (2)	4,834	3,836
Total current financial investments	**32,155**	**52,613**
Total cash and cash equivalents	**252,799**	**399,547**

(1) The decrease in savings bank accounts is mainly due to higher expenses for payment of suppliers and loans.
(2) The breakdown of restricted cash and cash equivalents is as follows:

	2021	2020
Banco Banistmo S.A. (a)	117,444	92,852
Housing fund for the collective agreement (b)	3,136	985
Plan 5 Caribe	1,067	1,262
Patrimonio Autónomo Blanco y Negro	929	1,032
PA Fiducoldex UPME 02-2021 Pacifico	1,479	-
Housing fund for the trade union	941	972
Fiducoldex UPME Toluviejo substation	577	827
Celsia Colombia asset project funds	723	515
Tolima asset project funds	181	184
Complementary healthcare plan	4	305
Total restricted cash and cash equivalents	**126,481**	**98,934**

(a) As at December 30, 2021, Alternegy had restricted funds deposited in Banco Banistmo S.A. of COP 117,444 (2020 - COP 92,852), which form part of the public bond issue of USD 320,000,000.

(b) The increase in the account balance corresponds mainly to the transfer of COP 2,000 as agreed by the company with the Collective Agreement for the housing fund.

Use of the funds in these accounts is restricted to the observance of the trusts' terms and conditions.

Investments recorded at fair value are mainly acquired for trading and to generate short-term profit.

Issuer and counterparty risk: The Group applies a model of issuer and counterparty limits on a monthly basis with the aim to propose the maximum credit exposure for the different financial entities that meet the established guidelines. These limits are constantly monitored and are approved by a committee with the aim to warn of any possible excess in the use of said limits. As at December 31, all of the entities were within the permitted limits.

The average return on the investments at the end of the period was 1.31% (2020: 3.24% AER). Currently, these resources have a minimum rating of AA+ in the credit rating agencies and the counterparties are overseen by the respective control and oversight agencies of each country.

NOTE 14. OTHER NON-FINANCIAL ASSETS

	2021	2020
Prepayments	55,189	59,137
Other non-financial assets	115,071	98,423
	170,260	157,560

14.1 Prepayments

As at December 31, prepayments were as follows:

	2021	2020
Insurance (1)	48,813	43,547
Other prepayments	6,376	15,590
	55,189	59,137

(1) Insurance policies taken out by the Group to protect its production assets, mainly covering material damage caused by fire, explosion, short circuit, natural disasters, terrorism and other risks.

According to the negotiation of the respective policies, the balance at the end of 2021 corresponds to 12 months of pending amortization (6 months in 2020).

14.2 Other non-financial assets

As at December 31, other non-financial assets were as follows:

	2021	2020
Assets of the employee benefit plan	916	-
Other non-financial assets (1)	114,155	98,423
	115,071	98,423

(1) The balance receivable from Prime Colombia for the sale of Zona Franca Celsia S.A. E.S.P. of USD 35,000,000. A power purchase agreement (PPA) was signed for its payment.

NOTE 15. INVENTORIES

As at December 31, the inventory balance, net, was as follows:

	2021	2020
Materials and supplies	133,104	167,136

The balance of inventories is comprised of energy accessories, materials and supplies. The decrease at the close December 2021 compared to December 2020 is mainly due to reduced purchases of meters, pylons, cables and reconnection equipment, as well as their use in the implementation of projects.

As at December 31, the consumption of inventories reported as operating costs amounts to COP 88,037 (2020: COP 77,585). These inventories do not have restrictions or taxes that limit their sale or trading.

NOTE 16. NON-CURRENT ASSETS HELD FOR SALE

At the end of 2014 Celsia acquired generation assets in Panama and Costa Rica which included the Bahía Las Minas Corp thermal power plant. ("BLM"), a Panamanian company in which Celsia had a 51.24% share, and the Panamanian Government had a 48.76% .

At the general meeting of shareholders held on December 17, 2020, the shareholders of Bahia Las Minas Corp. (BLM) authorized the managers of the Company, after a stage of discussions with the main creditors, including bondholders and other stakeholders, to carry out the necessary actions to implement the plan to sell assets and settle the liabilities presented for the consideration of the shareholders.

In line with the above, Celsia reflected in its financial statements as at December 2021 and 2020 the following assets and liabilities of BLM as held for sale, measured at the their lower book value and fair value less costs of disposal at the time of reclassification, without generating any impact on the Group's results, taking into account the discussions that had been developed with the interested parties.

	2021		2020	
	USD	COP (millions)	USD	COP (millions)
Cash and cash equivalents	420,585	1,674	3,572,377	12,262
Other current assets	3,419,895	13,616	21,660,338	74,349
Property, plant and equipment	-	-	26,393,521	90,596
Assets classified as held for sale	**3,840,480**	**15,290**	**51,626,237**	**177,207**
Short-term liabilities	-	-	(34,916,648)	(119,852)
Long-term liabilities	-	-	(87,581,704)	(300,624)
Other liabilities (1)	(1,952,107)	(7,772)	(10,222,395)	(35,088)
Liabilities directly associated with assets classified as held for sale	**(1,952,107)**	**(7,772)**	**(132,720,748)**	**(455,564)**
Net liabilities classified as held for sale	**1,888,373**	**7,518**	**(81,094,511)**	**(278,357)**

(1) Other liabilities as at December 2020 included a deferred tax liability of COP 31,512, resulting from the difference in the accounting and tax depreciation bases derived from the recognition at fair value in the business combination; this balance will be derecognized in 2021 as a result of the completion of the disposal process of the company.

The operations of Bahía Las Minas Corp., which were reclassified to assets and liabilities held for sale, did not represent a separate main line of business or geographical area of operation, nor are they part of a single coordinated plan to dispose of a main line of business or separate geographical area of operation, so they are not considered a discontinued operation.

In 2021 the activities defined in the plan for the disposal of assets and repayment of debts defined by the shareholders in 2020 were executed. This plan contemplated the sale of assets, the payment of claims in cash, the payment of claims with securities of a liquidation trust and the cancellation of balances with their corresponding settlement.

As at December 31, 2021, only the definitive transfer of the contract for the sale of energy and power to Celsia Centroamérica was pending, which is subject to the approval of ASEP, which means that there are still balances in some accounts as a result of the intermediation that BLM performs for these securities while the assignment is finalized.

As a result of this process, the shareholders will not receive any assets, nor will they have to assume additional liabilities. Accordingly, at year-end it is deemed that the process of disposal of the investment has been completed and the effects of currency translation that had been accrued in other comprehensive income in prior periods were reclassified to the statement of income.

NOTE 17. EQUITY

The breakdown of equity as at December 31 is as follows:

17.1 Issued capital

The Company's authorized equity is comprised of 1,200,000,000 common shares with a nominal value of COP 0.25 per share. The subscribed and paid-in capital amounts to COP 267,493 and there are 1,069,972,554 outstanding shares. Each share confers a vote to its shareholder and the right to receive dividends.

17.2 Reserves

The companies are legally required to set aside 10% of their net annual profit as a statutory reserve until the balance of this reserve (which cannot be distributed until the companies are liquidated, but which can be used to absorb or reduce losses) is equal to at least 50% of the subscribed capital. The companies can allocate the excess of this amount for appropriations as authorized by the General Meeting of Shareholders. As at December 31, this reserve met the required minimum amount:

	2021	2020
Legal reserves	1,403	1,403
Reserve to protect equity	2,106,792	2,104,601
Growth and expansion reserve	197,273	197,273
Tax reserve	2,911	2,911
	2,308,379	**2,306,188**

17.3 Retained earnings of the period

The net earnings and dividends of the year on equity instruments were as follows:

	2021	2020
Balance at start of the year	572,340	473,447
Earnings attributable to controlling shareholders	334,547	249,320
Appropriated reserves	(2,191)	191,822
Surplus of profits made in the consolidation (a)	(289,816)	(352,830)

Dividends declared (b)	(280,333)	(312,439)
Balance at end of the period	**334,547**	**249,320**

(a) Consists of the retained earnings in the consolidated income of 2020 as a result of the records reported in the separate financial statements that do not have an impact on the consolidated income.

(b) At the Celsia S.A. General Meeting of Shareholders held on March 24, 2020, cash dividends were declared on common shares of COP 206 (2020: COP 198) per share, payable in four installments of fifty-one Colombian pesos and five cents COP 51.05 (2020 COP 49.5) per share in April, July and October 2021, and January 2022. In addition, an extraordinary dividend to be distributed in the amount of COP 59,919, equivalent to COP 56 per share per year on 1,069,972,554 shares.

As at December 2021, dividend payments of COP 410,928 (2020 - COP 286,032) have been made. In 2020, dividends declared were paid in April, July and October 2020 in January 2021,

17.4 Other comprehensive income

Accounts for the unrealized earnings that have not been reported in the income statement from:

	Earnings (losses) as at December 2021	December 31, 2021	Earnings (losses) as at December 2020	December 31, 2020
Share in other comprehensive income of joint ventures	23,114	5,695	(14,373)	(9,359)
Exchange difference in translation of subsidiaries abroad	206,585	654,518	70,488	412,634
Measurements of defined benefit plans	20,119	5,517	4,272	(9,138)
Valuation of investments in equity instruments	(5,316)	(9,030)	(2,774)	(3,819)
	244,502	**656,700**	**57,613**	**390,318**

17.5 Non-controlling interest

The breakdown of non-controlling interest as at December 31 is as follows:

	2021	2020
Balance at start of the period	1,192,329	1,126,742
Share in annual earnings	210,019	89,559
Cash dividends declared	(84,912)	(82,158)
Capitalizations	223,106	39,813
Capital issuance	67,090	24,350
Other comprehensive income	(21,880)	(5,977)
Retained losses due to deferred tax and change of rate	(21,035)	-
Loss of control over subsidiaries or businesses	(89,159)	-
	1,475,558	**1,192,329**

NOTE 18. BORROWINGS

The breakdown of financial liabilities as at December 31, is as follows:

	2021	2020
Outstanding bonds	3,208,685	3,090,969
Borrowings from Colombian banks	1,071,579	469,076
Borrowings from foreign banks	151,159	277,342
Interest payable on bonds	34,186	25,785
Interest payable on borrowings	8,588	2,683
	4,474,197	**3,865,855**

Current	492,083	483,336
Non-current	3,982,114	3.382.519
	4,474,197	**3,865,855**

The breakdown of current borrowings is as follows:

Financial institution	Debt holder	Interest rate	Maturity	2021	2020
Banco Davivienda Honduras S.A.: USD 30,549.91	Celsia Honduras	7.00%	2022	122	4,291
The Bank of Nova Scotia	Celsia Colombia	7.19% AER	-	-	223,113

Banco de América Central Honduras SA USD 738,766.41	Celsia Honduras	10.00%	2023	2,941	-
Banco Financiera Comercial Hondureña USD 134,693.24	Celsia Honduras	10.00%	2023	536	-
Banco Financiera Comercial Hondureña USD 40,476.08	Celsia Honduras	11.75%	2023	161	-
BANCO GENERAL, S. A. (USD 6,450,000)	Celsolar S.A.	3M LIBOR +4.00%	2022	25,509	-
Banco Davivienda (Panamá) SA: USD 12,000,000	Celsia Centroamérica S.A.	5.50%	2022	47,774	-
Leasing Banistmo , S.A. USD 470,334.26	Celsia Centroamérica S.A.	6.00%	2023	1,872	-
				78,915	**227,404**

Borrowings from national entities in millions of Colombian pesos:

Financial institution	Debt holder	Interest rate	Maturity	2021	2020
Findeter	Cetsa	-	2023	249	563
Findeter	Celsia Colombia	-	2023	4,826	13,273
Findeter	Celsia Colombia	-	2024	1,313	-
Bancolombia	Celsia S.A	IBR (nominal annual rate for semester in arrears) + 0.9%	2022	2,000	-
Bancolombia	Celsia S.A	Credit card	-	2	-
Bancolombia	Celsia Colombia	Credit card	-	-	1
Banco Popular	Cetsa	IBR (nominal annual rate for month in arrears) + 0.3%	2023	97	-
Banco de Occidente	Celsia Colombia	IBR (quarter in arrears) + 2.80%	2028	9,654	9,096
Banco de Bogotá	Celsia Colombia	IBR (quarter in arrears) + 0.96 %	-	-	100,000
Banco de Bogotá	Cetsa	4.29% AER	-	-	10,000
Banco de Bogotá	Cetsa	4.51% AER	-	-	1,500
Banco de Bogotá	Cetsa	IBR (semester in arrears) + 1%	2022	1,100	-
Banco de Bogotá	Celsia Colombia	11.75 % AER	-	-	50
Banco BBVA	Celsia Colombia	3.75 % AER	-	-	15,500
Banco BBVA	Cetsa	2.13 % AER	-	-	7,000
Banco BBVA	Cetsa	IBR (quarter in arrears) + 0.8%	2022	3,000	-
Banco BBVA	Celsia Colombia	IBR (month in arrears) + +0.30%	2022	2,079	3,638
Banco BBVA	Celsia Colombia	IBR (nominal annual rate for month in arrears) + 0.30 %	2022	1,867	3,565
Banco BBVA	Celsia Colombia	IBR (nominal annual rate for month in arrears) + 0,40%	2023	1,104	3,036
Banco BBVA	Celsia Colombia	IBR (month in arrears) + 0.40%.	2023	732	2,012
Banco BBVA	Celsia Colombia	IBR (nominal annual rate for month in arrears) + 0.30 %	2023	668	-
Banco BBVA	Celsia Colombia	IBR (nominal annual rate for month in arrears) + 0.30 %	2023	507	-
Banco BBVA	Cetsa	IBR (nominal annual rate for month in arrears) + 0,4 %	2022	353	618
Banco BBVA	Celsia Colombia	IBR (nominal annual rate for month in arrears) + 0.40%	2024	300	-
Banco BBVA	Celsia Colombia	IBR (nominal annual rate for month in arrears) + 0.30 %	2024	165	-
Banco BBVA	Cetsa	IBR (nominal annual rate for month in arrears) + 0.5%	2023	69	190
Banco BBVA	Cetsa	IBR (nominal annual rate for month in arrears) + 0,5 %	2024	21	-
Total current Colombian borrowings				**30,106**	**170,042**

Other debts:	2021	2020
Interest payable	8,588	2,683
	8,588	**2,683**

Short-term bonds			2021	2020
10-year series USD 17,280,000	Alternegy S.A.	3M LIBOR + 4.50%	107,014	59,314
Subseries A3 (c)	Celsia Colombia	FR 5.99% AER	236,240	-
Issuance costs			(2,967)	(1,892)
Interest payable			34,187	25,785
Total current borrowings			**374,474**	**83,207**

Total current borrowings	**492,083**	**483,336**

The breakdown of non-current borrowings is as follows:

National institutions	Debt holder	Interest rate	Maturity	2021	2020
Banco BBVA	Celsia Colombia	IBR (nominal annual rate for month in arrears) + 0,40 %	2023	1,012	-
Banco BBVA	Celsia Colombia	IBR (month in arrears) + 0.40 %	2023	732	-
Banco BBVA	Celsia Colombia	IBR (nominal annual rate for month in arrears) + 0.30 %	2023	167	-
Banco BBVA	Celsia Colombia	IBR (nominal annual rate for month in arrears) + 0.40%	2024	375	-
Banco BBVA	Celsia Colombia	IBR (nominal annual rate for month in arrears) + 0.30 %	2024	234	-
Banco BBVA	Celsia Colombia	IBR (nominal annual rate for month in arrears) + 0.30 %	2023	211	-
Banco BBVA	Cetsa	IBR (nominal annual rate for month in arrears) + 0.5%	2023	69	-
Banco BBVA	Cetsa	IBR (nominal annual rate for month in arrears) + 0,5 %	2024	27	-
Banco de Bogotá	Celsia Colombia	IBR (quarter in arrears) + 0.96%	2023	99,989	-
Banco de Bogotá	Celsia Colombia	IBR (quarter in arrears) + 0.96%	2023	100,000	-
Banco de Occidente	Celsia Colombia	IBR (quarter in arrears) + 2.80 %	2028	140,928	151,053
Banco Popular	Cetsa	IBR (nominal annual rate for month in arrears) + 0,3%	2023	24	-
Bancolombia	Celsia Colombia	IBR (nominal annual rate for month in arrears) + 1,55 %	2030	147,844	147,981
Bancolombia-Sustainable credit	Celsia Colombia	IBR (nominal annual rate for semester in arrears) + 2.35 %	2029	280,000	-
Findeter	Cetsa	-	2023	188	-
Findeter	Cetsa	-	2023	43	-
Findeter	Celsia Colombia	-	2023	2,734	-
Findeter	Celsia Colombia	-	2023	1,690	-
Findeter	Celsia Colombia	-	2024	751	-
Findeter	Celsia Colombia	-	2024	670	-
Scotiabank Colpatria	Celsia Colombia	IBR (semester in arrears) + 4.32%	2025	265,000	-
Scotiabank Colpatria valuation	Celsia Colombia	-	-	(1,215)	-
Total non-current Colombian borrowings				**1,041,473**	**299,034**

Financial institution	Debt holder	Interest rate	Maturity	2021	2020
Banco de América Central Honduras S.A. (USD 1,328,517.46)	Celsia Honduras S.A.	7.00%	2036	5,288	-
Banco Davivienda Honduras S.A. (USD 4,035,671.41)	Celsia Honduras S.A.	7.00%	2033	16,067	-
Leasing Banistmo S.A. (USD 3,930,660.32)	Divisa Solar 10MW SA	6.00%	2029	15,649	18,550
Banco Financiera Comercial Hondureña (USD 1,738,254.82)	Celsia Honduras SA	11.75%	2030	6,920	-
Banco de América Central Honduras SA (USD 6,716,077.79)	Celsia Honduras SA	10.00%	2034	26,738	22,996
Banco Financiera Comercial Hondureña (USD 399,784.28)	Celsia Honduras SA	10.00%	2030	1,592	8,392
BBVA New York Branch	Celsia Colombia			(11)	-

Total borrowings from foreign entities	72,243	49,938

*The rates of the obligations contracted with foreign financial institutions are reported in USD and the domestic rates in COP.

Bonds				2021	2020
Series D – Sub-series D12	Celsia	CPI + 5% AER	2025	240,650	240,650
Series D – Sub-series D20	Celsia	CPI + 5.33 % AER	2033	212,080	212,080
Cost of bond issuance	Celsia	-	-	(536)	(614)
10-year series: USD 249,920,000 (2019: USD 270,200,000)	Alternegy	3M LIBOR + 4.5% AER	2027	798,860	857,850
Cost of bond issuance	Alternegy	-	-	(13,015)	(9,529)
Series 3 – 3 years	Celsia Colombia	FR 6.50% AER	2023	29,000	29,000
Series 3 – 7 years	Celsia Colombia	CPI +3.96% AER	2027	171,000	171,000
20-year series	Celsia Colombia	CPI + 6.08% AER	2030	300,126	300,126
First tranche of green bonds	Celsia Colombia	IBR + 2.695% NAR	2030	70,000	70,000
Second tranche of green bonds	Celsia Colombia	CPI + 3.69% AER	2028	70,000	70,000
Green bonds	Celsia Colombia	IBR +2.77% NAR	2033	140,000	-
Subseries A3	Celsia Colombia	FR 5.99% AER	2022	-	236,240
Subseries C7	Celsia Colombia	CPI + 3.24% AER	2026	256,270	256,270
Subseries C12	Celsia Colombia	CPI + 3.68% AER	2031	281,515	281,515
Subseries C20	Celsia Colombia	CPI + 3.93% AER	2039	325,975	325,975
Cost of bond issuance	Celsia Colombia	-	-	(13,527)	(7,016)
Total non-current outstanding bonds				2,868,398	3,033,547

Total non-current borrowings	3,982,114	3,382,519

The breakdown of bonds is as follows:

	2021	2020
2013 ordinary bond issuance (a)	452,730	452,730
2010 ordinary bond issuance (b)	300,126	300,126
Green bonds (c)	140,000	140,000
2019 ordinary bond issuance (d)	1,100,000	1,100,000
2020 ordinary bond issuance (e)	200,000	200,000
Alternegy S.A. ordinary bonds (f)	905,873	917,164
2021 green bond issuance (g)	140,000	
Interest on bonds payable	34,187	25,785
Cost of bond issuance (h)	(30,045)	(19,051)
	3,242,871	3,316,754
Current	714,759	83,206
Non-current	2,868,398	3,033,548
	3,242,871	3.316.754

(a) In December 2013, Celsia issued its first ordinary bonds on the local securities exchange for COP 800,000. The placement was carried out via a Dutch auction at Bolsa de Valores de Colombia S.A.

The ordinary bonds, which are on-demand and may be traded on the secondary market through Bolsa de Valores de Colombia S.A., were allotted as follows:

Reference	Term in years	Interest rate	Value	Year of maturity
Series D – Sub-series D12	12	CPI + 5.00% AER	240,650	2025
Series D – Sub-series D20	20	CPI + 5.33% AER	212,080	2033
			452,730	

All the funds received from the placement of ordinary bonds were used to pay off financial liabilities as part of the strategy to optimize the Company's capital structure.

(b) The issuance of corporate bonds by Celsia Colombia S.A. E.S.P. in July 2010, which was listed on the Colombian stock exchange, as indicated below:

Reference	Interest rate	Value	Year of maturity
20-year series	CPI + 6.08% quarter in arrears	300,126	2030

	300,126

(c) As an issuer, Celsia Colombia S.A. E.S.P. issued green bonds on the secondary market with the following breakdown:
The first tranche of the issuance was granted to the International Finance Corporation (IFC) under the following conditions:
Series B12
Term 12 years
Index: IBR – one-day term
Issuance date: July 23, 2018
Maturity date: July 23, 2030
Rate of return IBR + 2.695% NAR
Frequency of interest payments Six months in arrears
Interest payment date May 30 and November 30 each year until maturity
Base Real / 360
Amount granted COP 70,000 million

The second tranche of the issuance was granted to Financiera de Desarrollo Nacional (FDN) under the following conditions:
Series B8
Term 10 years
Index CPI – CPI at end
Issuance date: December 07, 2018
Maturity date: December 07, 2028
Rate of return CPI + 3.69% AER
Frequency of interest payments Six months in arrears
Interest payment dates June 22 and December 22 each year until maturity
Base 365 / 365
Amount granted COP 70,000 million

The resources from the issuance will be used to finance investment in the Company's initiatives for the development of solar farms. The green bonds program obtained the Climate Bonds certification as part of the Climate Bonds Standard & Certification Scheme, which promotes large-scale initiatives for the reduction of carbon emissions and to prevent or reduce climate change.

(d) The second ordinary bonds issuance by Celsia Colombia S.A. E.S.P. charged to the commercial paper and ordinary bond issuance and placement program:

For all the series: July 24, October 24, January 24 and April 7 from the issuance date to the maturity date.

Subseries	A3	C7	C12	C20
Issuance date	4/24/2019	4/24/2019	4/24/2019	4/24/2019
Term	3 years	7 years	12 years	20 years
Maturity date	4/24/2022	4/24/2026	4/24/2031	4/24/2039
Index	Fixed rate	CPI at the start	CPI at the start	CPI at the start
Cut-off rate	5.99% AER	CPI + 3.24% AER	CPI + 3.68% AER	CPI + 3.93% AER
Interest payment term	Quarter in arrears	Quarter in arrears	Quarter in arrears	Quarter in arrears
Base	365	365	365	365
Capital amortization	On maturity	On maturity	On maturity	On maturity
Interest payment date	For all the series: July 24, October 24, January 24 and April 7 from the issuance date to the maturity date			
Amount	COP 236,240	COP 256,270	COP 281,515	COP 325,975

The resources obtained in this issuance were used to fund the investment plan of the subsidiary Celsia Colombia S.A. E.S.P. and to strengthen its liquidity position, refinancing some debts and replacing financial liabilities, among others.

(e) On April 20, Celsia Colombia S.A. E.S.P. carried out the third ordinary bond issuance and placement charged to the commercial paper and ordinary bond issuance and placement program for a value of COP 200,000. This issuance offered a sum of COP 150,000 with the over-allotment option of an additional COP 50,000. The Company allotted COP 200,000 on the market.

(f) The public issuance of bonds by Alternegy S.A. on the Panamanian securities exchange with Bontex S.A. and Planta Eólica Guanacaste S.A. as joint debtors. The funds obtained were used to pay the entire debt that these companies had with CTC Curazao B.V.:

Reference	Interest rate	USD	Millions of COP (Colombian pesos)	Year of final maturity	Breakdown
10-year series	3M LIBOR + 4.5%	227,540,000	905,873	2027	Payment every six months

The bond issuance is backed by local and foreign collateral trusts, which mainly include: (i) mortgage on the material assets of the issuer and guarantors (real estate and movable property); (ii) pledge of 100% of the shares in the power plants of the issuer (Celsia S.A.); (iii) allocation of all the revenue (PPAs and spot market sales) with a cascading payment mechanism; and (iv) transfer of insurance and material contracts of the issuer and guarantors. The maturity of the bonds is as follows:

Year	USD
2021	23,040,000
2022	26,880,000
2023	14,720,000

2024	16,640,000
2025	19,840,000
2026	24,960,000
2027	145,920,000

The bond issuance by the Alternegy subsidiary in 2018, which matures on December 22, 2027, considers compliances including those with the following financial agreements:

i. A hedging ratio of the debt service equal to or greater than 1.1 times for the last 12 months counted from December 31, 2018.
ii. A "Debt over Consolidated EBITDA" ratio equal to or greater than the ratio that applies from time to time.
iii. The issuer and the jointly liable guarantors cannot incur additional debts except for the permitted debts.

All the indicated financial agreements shall be assessed every six months based on the combined financial statements of the issuer, except for the "Debt over Consolidated EBITDA" ratio, which will be assessed based on the combined financial statements of the issuer and the jointly liable guarantors. The combined financial statements include Alternegy, Bontex and Planta Eólica Guanacaste (PEG).

According to the definition of the calculation period, the Company has a term of up to 120 calendar days from the closing date of the applicable period to submit the reports with the calculation based on the audited financial statements.

(g) As an issuer, the company issued and placed the second issue of Green Bonds for COP 140,000 under the first issuance and placement program approved by the Financial Superintendence of Colombia (SFC, for the Spanish original) in June 2018, whose authorization term was renewed in June 2021 for an additional period of five (5) years, to be offered in the second market, with a global credit limit of COP 210,000 million. The second tranche of the issuance was granted to the International Finance Corporation (IFC) under the following conditions:

Series B12
Term 12 years
Index: IBR – one-day term
Issuance date November 30, 2021
Maturity date November 30, 2033
Rate of return IBR + 2.77% NAR
Frequency of interest payments: Six months in arrears
Interest payment date May 30 and November 30 from the issuance date to the maturity date
Base Real / 360
Amount granted: COP 140,000

(h) The long-term bond issuance costs include COP 536 (2020: COP 615) of Celsia, COP 13,015 (2020: COP 9,529) of Alternegy and COP 13,527 (2020: COP 7,015) of Celsia Colombia.

Reconciliation between changes in liabilities and cash flows that arises from financing

	Loans and other financial liabilities	Bonds	Total borrowings	Derivative instruments	Liabilities for right-of-use assets
Balance as at start of the period, January 1, 2021	**749,101**	**3,116,754**	**3,865,856**	**43,474**	**61,225**
Changes in cash flows from financing activities					
Loans and other financial liabilities	1,837,011	140,000	1,977,011		-
New right-of-use liabilities	-	-			16,360
Payments of loans and other financial liabilities	(1,396,560)	(151,049)	(1,547,609)	(34,086)	
Payments of liabilities for right-of-use assets	-	-	-		(9,327)
Interest paid	(37,280)	(205,124)	(242,404)		(6,372)
Result of conversion from foreign currency	18,592	117,169	135,761		-
Earnings in hedging instruments valuation	-		-	(10,980)	
Unrealized exchange difference	17,277	11,812	29,088		
Accrued interest	43,185	213,309	256,494		6,372
Balance as at end of the period, December 31, 2021	**1,231,326**	**3,242,871**	**4,474,197**	**(1,592)**	**68,258**

	Loans and other financial liabilities	Bonds	Total borrowings	Derivative instruments	Liabilities for right-of-use assets
Balance as at start of the period, January 1, 2020	**621,503**	**3,335,578**	**3,957,081**	**-**	**72,810**
Changes in cash flows from financing activities					
Loans and other financial liabilities	1,478,144	200,000	1,678,144		-
New liabilities for right-of-use assets	-	-	-		2,932
Payments of loans and other financial liabilities	(1,093,514)	(286,551)	(1,380,065)	(13,293)	-
Payments of liabilities for right-of-use assets	-	-	-		(14,764)

Interest paid	(41,341)	(228,845)	(270,186)		(6,147)
Result of conversion from foreign currency	7,771	58,587	66,358		247
Loss in hedging instruments valuation	-	-	-	56,767	-
Unrealized exchange difference	(32,514)	-	(32,514)	-	-
Accrued interest	45,160	222,354	267,514		6,147
Other changes	(236,108)	(184,369)	(420,477)		
Balance as at end of the period, December 31, 2020	**749,101**	**3,116,754**	**3,865,855**	**43,474**	**61,225**

NOTE 19. EMPLOYEE BENEFITS

Employee benefits as at December 31 were as follows:

	2021	2020
Short-term employee benefits (1)	63,542	59,718
Long-term employee benefits (2)	121,408	140,894
	184,950	**200,612**

(1) Consists of severance funds, interest on severance funds, vacations, vacation bonus, and bonus for achieving goals.

(2) Consists of defined benefit plan for retirement pensions, social security payments (health insurance and pension) and health insurance plans of some of the Group's companies. In accordance with Decree 2131/2016, it is established to disclose the calculation of pension liabilities in accordance with the parameters established in Decree 1625 / October 2016, and in the case of partial pension transfers, pursuant to Decree 1833 / November 2016, and the differences to the calculation made in accordance with IAS 19 – Employee Benefits.

Employee benefits are presented in the Central America segment as a group of liabilities directly associated with assets classified as held for sale of COP 2,737 in accordance with Note 17.

Defined benefit plan

The employees of Celsia Colombia S.A. E.S.P., Cetsa E.S.P. and Celsia S.A. are members of a defined benefit plan managed by a private pension fund. The Company has to pay a specific percentage of the payroll costs to the defined benefit scheme in order to finance it. The Company's only obligation with respect to the benefit plan is to make the specified payments.

The total expenses recognized in income consist of the cost of interest on defined benefits which was COP 10,013 in 2021 (2020 - COP 8.982. This value represents the payments that the Company must make to said plans at the rates specified in the rules of the actuarial plan, 2021 and 2020 reporting period. The amounts were paid during and after the date of the reporting period.

With respect to the retirement pensions assumed by the Celsia S.A., the most recent actuarial valuation of the defined benefit obligation's current value was made as at December 31, 2020, by the Henao & Henao S.A.S. firm for Celsia Colombia S.A. E.S.P. and Cetsa E.S.P. The valuation was carried out by the Mercer firm. The current value and the prior cost of past related service were measured using the "projected unit credit method".

Actuarial assumptions

The main economic and demographic assumptions used in the present actuarial valuation are shown in the following table. The actuarial assumptions at the valuation date are used to establish the present value of the obligations as at December 31, and to estimate the cost and income of defined benefits of the following year.

Measurement date	December 31, 2021 and 2020
Discount rate	For the financial position of the tax year ending on December 31, 2021: 8.00% (2020– 6.25%). Rate used for the annual actuarial projection of 2021: 8.00% (2020: 6.25%).
Inflation	For the financial position of the tax year ending on December 31, 2021: 3.50% (2020: 3.00%). Rate used for the annual cash flow projection of 2022: 3% (2021: 3.0%).
Pension increase rate	For the financial position of the tax year ending on December 31, 2021: 3.50% (2020: 3.00%).
Salary readjustment rate	For pensions equivalent to a minimum monthly salary, 3.5%, and different to a minimum monthly salary, 1.73%.
Mortality rate	See table of demographic assumptions.

Table of demographic assumptions for 2021 and 2020

	Mortality rate	
Age	Man	Woman
30	0,084%	0,047 %
35	0,111%	0,062 %
40	0,155%	0,087 %
45	0,225%	0,126 %

	Mortality rate	
Age	Man	Woman
50	0,335%	0,187 %
55	0,505%	0,283 %
60	0,766%	0,429 %
65	1,274%	0,686 %
70	2,113%	1,135 %
80	5,371%	3,275 %
90	12,785%	9,572 %
100	29,395%	28,343 %
110	100.00%	100.00%

Reported amounts

The amounts reported in income with respect to these defined benefit plans are as follows:

	2021	2020
Cost of service		
Interest expenses, net	10,013	8,955
Cost of current service	478	490
Components of the defined benefit costs reported in income	**10,491**	**9,445**
New measurements of defined benefit liabilities, net		
Actuarial gains and losses resulting from changes of the financial assumptions	(16,085)	(6,673)
Actuarial gains and losses resulting from experience adjustments	(4,354)	778
Actuarial gains and losses not reported by remeasurements of the pension gap plan	541	440
Components of the defined benefit costs in other comprehensive income	**(20,980)**	**(5,455)**
Total	**(10,489)**	**3,990**

Net interest expenses for 2021 and 2020 are included in the employee benefit expenses in the statement of income, specifically in financial costs. The new measurements of net defined benefit liabilities are included in other comprehensive income.

The amount included in the statement of financial position resulting from the Group's defined benefit plan obligation is presented below:

	2021	2020
Current value of financed retirement benefit obligation	146,244	147,765
Fair value of the plan's assets	(9,208)	(6,871)
Defined benefit obligation liabilities, net	**136,836**	**140,894**

Changes in fair value of benefit assets

	2021	2020
Fair value of the benefit assets at December 31 of previous year	8,055	6,496
Pension gap payments	1153	375
Financial yields		0
Total	**9,208**	**6,871**

Changes in the present value of the defined benefit obligation:

	2021	2020
	Total employee benefits	**Total employee benefits**
Assets or (liabilities) of the defined benefit plan, net	136,836	139,059
Changes in the present value of the obligation		
Present value of the benefit obligations at December 31 of previous year	**144,913**	**137,340**
Cost of current service	477	490
Cost of interest on defined benefit obligation	10,012	8328
New measurements of defined benefit plan		
Actuarial (gains) losses from changes in:		

Experience	(4,354)	401
Financial assumptions	(16,085)	(6,673)
Actuarial gains and losses not reported by remeasurements of the pension gap plan	(541)	519
Benefits paid directly by the Company	(9,275.	(9,666)
Present value of the defined benefit obligations at December of the current year	**141,681**	**130,738**
Pension bonds-		13,761
Total benefit obligations	**137,752**	**145,931**
Plan assets	**(916)**	**(6,871)**
Assets or (liabilities) of the defined benefit plan, net	**136,836**	**139,060**

Sensitivities

The significant actuarial assumptions to determine the defined obligation are the discount rate and expected salary or pension increase. The sensitivity analyses below have been determined based on possible reasonable changes in the respective assumptions that occur at the end of the reporting period, while all the other assumptions remain constant.

Sensitivities of retirement pension plan	2021	2020
Discount rate (-100 bps)	127,021	127,436
Discount rate (+100 bps)	112,994	108,776
Salary increase rate (-100 bps)	112,256	107,947
Salary increase rate (+100 bps)	127,257	128,275
Duration of the defined benefit obligation (in years)		
Discount rate (-100 bps)	7.02	8.25
Discount rate (+100 bps)	6.47	7.58
Assumptions		
Discount rate (-100 bps)	7.00%	5.25 %
Discount rate (+100 bps)	9.00%	7.25 %
Salary increase rate (-100 bps)	2.00%	2.00%
Salary increase rate (+100 bps)	4.00%	4.00%

Sensitivities of social security payments	2021	2020
Discount rate (-100 bps)	2,742	3,135
Discount rate (+100 bps)	2,377	2,684
Salary increase rate (-100 bps)	2,355	2,662
Salary increase rate (+100 bps)	2,764	3,156
Duration of the defined benefit obligation (in years)		
Discount rate (-100 bps)	7.40	8.03
Discount rate (+100 bps)	6.91	7.50
Assumptions		
Discount rate (-100 bps)	6.75%	5.00%
Discount rate (+100 bps)	8.75%	7.00%
Salary increase rate (-100 bps)	2.00%	2.00%
Salary increase rate (+100 bps)	4.00%	4.00%

Sensitivities of health insurance plan (COMFANDI and SOS)	2021	2020
Discount rate (-100 bps)	13,600	21,161
Discount rate (+100 bps)	11,658	16,950
Salary increase rate (-100 bps)	11,547	16,800
Salary increase rate (+100 bps)	13,715	20,313
Duration of the defined benefit obligation (in years)		
Discount rate (-100 bps)	7.96	8.97
Discount rate (+100 bps)	7.45	8.37
Assumptions		
Discount rate (-100 bps)	7.00%	5.50%
Discount rate (+100 bps)	9.00%	7.50%
Salary increase rate (-100 bps)	2.00%	2.00%
Salary increase rate (+100 bps)	4.00%	4.00%

Sensitivities of retirement pension plan and health payments	2021	2020
Discount rate (-100 bps)	751	909
Discount rate (+100 bps)	674	804
Salary increase rate (-100 bps)	669	798
Salary increase rate (+100 bps)	7.56	915
Duration of the defined benefit obligation (in years)		
Discount rate (-100 bps)	6.25	6.36
Discount rate (+100 bps)	8.25	5.99
Assumptions		
Discount rate (-100 bps)	6.25%	4.25%
Discount rate (+100 bps)	8.25%	6.25%
Salary increase rate (-100 bps)	2.00%	2.00%
Salary increase rate (+100 bps)	4.00%	4.00%

Sensitivities of pension gap at discount rate	Discount rate	Current benefit value	Variation (%)	Cost of current service
Current study	8.19	7,022		477
1% increase in the discount rate	8.27	6,969	(0.75)	473
1% decrease in the discount rate	8.10	7,076	(0.76)	481

Sensitivities of pension gap to inflation	Inflation rate	Current benefit value	Variation (%)	Cost of current service
Current study	3.50	7,022		477
1% increase in CPI	3.43	7,044	(0.31)	479
1% decrease in CPI	3.46	7,001	(0.31)	476

The sensitivity analysis presented above may not be representative of the real change in the defined benefit obligation, because it is not probable that changes in assumptions occur in isolation from one another, given that some of the assumptions may be correlated.

Furthermore, when presenting the sensitivity analysis above, the current value of the obligation by defined benefit has been calculated using the projected unit credit method at the end of the reporting period, which is the same method that was applied when calculating the defined benefit obligation liability reported in the statement of financial position.

There were no changes from the methods and assumptions used in the sensitivity analysis of previous years.

Expected payments for the next ten years

For Celsia Colombia, the breakdown of the retirement pension plan is as follows:

Pension	2021	2020
Year 1	8,755	8,647
Year 2	8,676	8,597
Year 3	8,654	8,595
Year 4	8,585	8,565
Year 5	8,518	8,489
Years (6-10)	40,829	40,888

For Celsia Colombia, the breakdown of the social security payment plan is as follows:

Health and pension payments	2021	2020
Year 1	278	295
Year 2	277	276
Year 3	273	273
Year 4	267	268
Year 5	261	261
Years (6-10)	1,174	1,182

For Celsia Colombia, the breakdown of the health insurance plan (COMFANDI and SOS) is as follows:

Health insurance plan (COMFANDI / SOS)	2021	2020

Year 1	1,227	1,574
Year 2	1,225	1,568
Year 3	1,225	1,563
Year 4	1,223	1,563
Year 5	1,218	1,559
Years (6-10)	5,898	7,579

For CETSA E.S.P., the breakdown of the retirement pension plan is as follows:

Pension	2021	2020
Year 1	88	106
Year 2	101	105
Year 3	98	102
Year 4	93	98
Year 5	87	92
Years (6-10)	320	350

Actuarial Methods

The liabilities and service cost of the current period were calculated using the "projected unit credit method". This method consists of quantifying the benefits of each beneficiary in the plan according to the beneficiary's entitlement to them, taking into account future salary increases and the formulation of the plan to allocate benefits. Therefore, the total estimated benefit to which each beneficiary is expected to be entitled upon leaving the Company is divided into units, each one related to an accredited year of service, whether past or future.

The valuation is carried out individually for each employee. Through the application of actuarial hypotheses, the projected amount of the benefit is calculated, which depends on the estimated date of separation, accredited service, and the salary at the time of the causing event.

The estimated benefit to which an individual is entitled for the purposes of a valuation related to a separation date corresponds to the benefit described in the plan calculated with the projected salary for the benefit at the expected separation date.

The benefit attributed to the service provided during a period is the difference between the obligation of the valuation at the end of the period less the obligation at the start of the period, that is the valuation date.

Therefore, the benefit plan obligation as at December 31, 2020, is calculated by applying the existing proportion between the accredited service at the measurement date and the total service that each beneficiary will reach by the expected separation date over the total amount of the estimated benefit.

The defined benefit plan obligation is the sum of the obligation of each individual at the measurement date. The service cost of the plan's current period is calculated as the sum of the costs of the individual services in the current period.

Provisions of the retirement pension plan

This valuation reflects the provisions of the plan as at December 31, 2021 and 2020. A summary of the main provisions of the plan used to determine the financial position is provided below. They must not be used to establish the individual benefits under the plan.

Sponsor	Celsia Colombia S.A. E.S.P.
Eligibility	Closed group of retirees (and their beneficiaries) comprised of employees who received a pension from the Company before Legislative Act 01/2005.
Pensionable service	The service is considered from the employee's date of entry into the Company.
Pensionable salary	Average salary of the last year before retirement.
Pension plan benefit	The pension benefit is established in accordance with Article 260 of the Colombian Labor Code: 1. The benefit is equivalent to 75% of the pensionable salary. In the event of termination with more than 10 years of pensionable service and less than 20 years of pensionable service, a proportional pension is received. 2. The benefit is paid monthly as a joint and survivor pension. 3. The Company pays 14 monthly pension payments a year.
Maximum and minimum benefits	The monthly benefit cannot exceed 20 times the minimum monthly salary (15 times in the case of 14 premiums or an additional monthly payment in June) and cannot be less than one minimum monthly salary.
Normal payment method	Joint and survivor annuity of 100%.
Optional payment method	None.
Employee contributions	None. The Company assumes the total cost of the plan.

Sponsor	Compañía de Electricidad de Tuluá S.A. E.S.P. – Cetsa E.S.P.

Eligibility	Closed group of retirees (and their beneficiaries) comprised of employees who received a pension from the Company before Legislative Act 01/2005.
Pensionable service	The service is considered from the employee's date of entry into the Company.
Pensionable salary	Average salary of the last year before retirement.
Pension plan benefit	The pension benefit is established in accordance with Article 260 of the Colombian Labor Code: 1. The benefit is equivalent to 75% of the pensionable salary. In the event of termination with more than 10 years of pensionable service and less than 20 years of pensionable service, a proportional pension is received. 2. The benefit is paid monthly as a joint and survivor pension. 3. The Company pays 14 monthly pension payments a year.
Maximum and minimum benefits	The monthly benefit cannot exceed 20 times the minimum monthly salary (15 times in the case of 14 premiums or an additional monthly payment in June) and cannot be less than one minimum monthly salary.
Health payments	Corresponds to the monthly quotation of the 8% on the monthly pension payment charged to the Company, paid 12 times a year.
Normal payment method	Joint and survivor annuity of 100%.
Optional payment method	None.
Employee contributions	None. The Company assumes the total cost of the plan.

Provisions of the health and pension social security payment plan

This valuation reflects the provisions of the plan as at December 31, 2020 and 2019. A summary of the main provisions of the plan used to determine the financial position is provided below. They must not be used to establish the individual benefits under the plan.

Sponsor	Celsia Colombia S.A. E.S.P.
Eligibility	Closed group of retirees (and their beneficiaries) comprised of employees who are entitled to receive an additional monthly sum of health and/or pension payments.
Pensionable service	The contributions are calculated over the monthly pension payment that the pensioner receives from the Company.
Health payments	Consists of the payment of a specific percentage of 7.00%, 7.95%, 9.33%, 9.67% or 12.00%, calculated over the monthly pension payment charged to the Company, paid 12 times a year.
Pension payments	Consists of a monthly payment of 16% of the monthly pension payment charged to the Company, paid 12 times a year, for pensioners who expect to receive a pension from Colpensiones.
Normal payment method	The pension payment benefit consists of a temporary annuity effective until the time that the Company shares the monthly pension payment with Colpensiones. The health payment benefit consists of a joint and survivor annuity of 100%.
Optional payment method	None.

Provisions of the health insurance plan (COMFANDI and SOS)

This valuation reflects the provisions of the plan at December 31, 2021 and 2020. A summary of the main provisions of the plan used to determine the financial position is provided below. They must not be used to establish the individual benefits under the plan.

Sponsor	Celsia Colombia S.A. E.S.P.
Eligibility	Closed group of retirees and their spouses, parents and/or dependent children who are entitled to receive a monthly subsidy for medical plans from Celsia Colombia S.A. E.S.P.
Pensionable service	The benefit granted by the health insurance plans does not depend on the salary or pension of the participant.
COMFANDI health insurance plan	The payment of the monthly premium of the COMFANDI health insurance plan charged to the Company, which is paid 12 times a year.

	The value of the premium for 2021 was COP 469,161. Said value was reported by the Company. The value of the premium for 2022 was COP 483,236. Said value was reported by the Company.
SOS health insurance plan	Consists of the payment of the monthly premium of the SOS health insurance plan charged to Company, which is paid 12 times a year. The value of the premium for 2021 was COP 442,915. Said value was reported by the Company. The value of the premium for 2022 was COP 456,203. Said value was reported by the Company.
Normal payment method	The payment of health insurance plans varies according to the type of beneficiary, as shown below: retirees, widows, dependent parents and disabled children: Consists of a life annuity. Dependent children: Consists of an annuity payable until they turn 25.
Optional payment method	None.

Description of the pension gap plan

The benefit of this payment consists of granting a one-off premium at the time of departure from the Company to enjoy the retirement pension. Its value consists of the money necessary to fund an annuity pension for the executive (without including the substitution of beneficiaries) equal to the outstanding balance with respect to the maximum legal pension of 70% of 25 legal minimum monthly salaries to achieve an ideal pension, for which the amount depends on the number of years worked in the Group, with a maximum of 35% of the salary accrued at the time of retirement (this maximum is achieved with 30 or more years of service).

Information on the beneficiaries of Celsia Colombia's retirement pension plan

The defined benefit obligation as at December 31, 2021 and 2020, is based on information about the beneficiaries as at December 31, 2021 and 2020, and the projection to December 31, 2022:

Pension	Average value		
Holder beneficiaries	**Number**	**Age**	**Monthly pension**
As at December 31, 2020	453	79.08	0.780
As at December 31, 2021	428	79.89	0.740
As at December 31, 2022	428	80.89	0.772

Pension	Average value		
Substitute beneficiaries	**Number**	**Age**	**Monthly pension**
As at December 31, 2020	307	77.10	0.999
As at December 31, 2021	330	76.77	0.960
As at December 31, 2022	330	77.77	1,001

Information on the beneficiaries of the Cetsa E.S.P. retirement pension plan

The defined benefit obligation as at December 31, 2021 and 2020, is based on information about the beneficiaries as at December 31, 2021 and 2020, and the projection to December 31, 2022:

Pension	Average value		
Holder beneficiaries	**Number**	**Age**	**Monthly pension**
As at December 31, 2020	7	85.90	14,776
As at December 31, 2021	6	86.11	16,630
As at December 31, 2022	6	87.11	17,277

	Average value		
Beneficiaries with health insurance payments	**Number**	**Age**	**Monthly pension**
As at December 31, 2020	2	75.50	0.999
As at December 31, 2021	2	77.50	1,002
As at December 31, 2022	2	78.50	1,446

Information on the beneficiaries of the health and pension social security plan

The defined benefit obligation as at December 31, 2021 and 2020, is based on information about the beneficiaries as at December 31, 2021 and 2020, and the projection to December 31, 2022:

	Average value		
Beneficiaries with health insurance payments	**Number**	**Age**	**Monthly pension**
As at December 31, 2020	316	82.36	0.887

As at December 31, 2021	309	82.73	0.887
As at December 31, 2022	309	83.73	0.925

	Average value		
Beneficiaries with pension payments	**Number**	**Age**	**Monthly pension**
As at December 31, 2020	07	63.24	0.413
As at December 31, 2021	05	66.32	0.293
As at December 31, 2022	05	67.32	0.309

Information on the beneficiaries of the (COMFANDI and SOS) health insurance plan

The defined benefit obligation as at December 31, 2020 and 2019, is based on information about the beneficiaries as at December 31, 2020 and 2019, and the projection to December 31, 2021:

	Average value		
COMFANDI beneficiaries	**Number**	**Age**	**Monthly pension**
As at December 31, 2020	72	67.00	0.562
As at December 31, 2021	63	69.00	0.433
As at December 31, 2022	63	70.00	0.446

	Average value		
SOS beneficiaries	**Number**	**Age**	**Monthly pension**
As at December 31, 2020	170	71.80	0.461
As at December 31, 2021	162	72.30	0.409
As at December 31, 2022	162	73.30	0.421

Valuation of pension bonds

The interest rates used for the actuarial valuation are mandatory, using a capitalization of 4% (2020: 4% and a CPI for the year prior to 2020 of 3.18%. The methodology used is the one established in current regulation in that respect: Decree 1748/1997, Decree 1474/1997, Decree 1513/1998 and Decree 3798/2003.

The value of the bonds that have already matured is COP 10,109 (2020: COP 8,988), meaning that around 63% (2020: 59%) of this liability is represented by this group of bonds, covering 58 (2020: 62) out of the 107 (2020: 49) people included in this assessment.

Disclosure required by Decree 2131/2016 on defined benefit plans

In accordance with Decree 2131/2016 and the main assumptions used for the purposes of the actuarial assessments in accordance with Decree 1625/2016:

Under the previous local regulation, the interest rate used was the one established by regulation (technical interest rate: 4.80%), while in the new regulation, the rate corresponds to a market expectation given the term of the obligation. The difference as a result of this change is COP 13,463 (2019: COP 19,176).

The results of the pension calculation are as follows:

	2021		2020	
	With regulated rate	**With market rate**	**With regulated rate**	**With market rate**
Celsia Colombia S.A. E.S.P.	87,843	87,639	88,684	102,147
Discount rate	7.52%	8.00%	8.62%	6.25%
Inflation	2.60%	3.00%	3.64%	3.00%
Technical interest	4.80%	4.85 %	4.80%	3.16%

	2021		2020	
	With regulated rate	**With market rate**	**With regulated rate**	**With market rate**
Cetsa E.S.P.	683	711	734	853
Discount rate	7.52%	7.25%	8.62%	5.25%
Inflation	2.60%	3.00%	3.91%	3.00%
Technical interest	4.80%	4.13%	4.80%	2.18%

The breakdown of the accounting expenses component of the difference between the calculation of the defined benefit plans is provided below, under the methodology described in Decree 2131/2016 and the applicable methodology to comply with the technical regulatory framework applicable in Colombia as at December 31, 2021:

	Assumptions of Decree 1625 (Decree 2131)	Employee benefit assumptions (IAS 19)	Difference

Cost of service			
Interest expenses, net	10,535	8,344	2,191
Amortization of actuarial calculation	-	-	-
Components of the defined benefit costs reported in income	10,535	8,344	2,191
New measurements of defined benefit liabilities, net			
Actuarial gains and losses resulting from changes in the financial assumptions	-	11,599	(11,599)
Actuarial gains and losses resulting from experience adjustments	-	1,580	(1,580)
Actuarial gains and losses not reported by remeasurements of the pension gap plan	-	-	-
Components of the defined benefit costs in other comprehensive income	**-**	**13,179**	**(13,179)**
Total	**10,535**	**21,523**	**(10,988)**

NOTE 20. PROVISIONS

As at December 31, provisions were as follows:

	2021	2020
Provisions for administrative and ordinary, labor and tax lawsuits	159,928	217,789

The following details reflect the changes in provisions:

	2021	2020
Balance at start of the period	217,789	232,420
New provisions	120	5,444
Recoveries	(63,064)	(13,007)
Provisions paid directly by the Company	(174)	(10,017)
Financial update of existing provisions	5,174	2,892
Effect of conversion	203	57
Total current provisions	**159,928**	**217,789**

The balance of the provision as at December 2021 includes COP 142,773 (2020: COP 199,841) for value of the percentage of the penalty in the class-action lawsuit filed by some Afro-Colombian community councils of the Anchicayá river against Celsia Colombia del Pacífico S.A. E.S.P. (formerly Empresa de Energía del Pacífico S.A. E.S.P. - EPSA E.S.P.), and the Regional Autonomous Corporation of Valle del Cauca (CVC), in which on June 16, 2021 the Council of State notified the ruling, ordering Celsia Colombia S.A. E.S.P. to pay compensation to the community of Bajo Anchicayá, the Regional Autonomous Corporation of Valle del Cauca (CVC) and the Ministry of the Environment, for the impacts caused to the river by the disposal of sediments from the power plant, in an operation carried out between July and August 2001, a usual practice for this type of dams, allowing the passage of river sediments retained in the reservoir and that could not be evacuated by applying other types of technical maneuvers. At the time of the occurrence of the facts subject of the lawsuit, Empresa de Energía del Pacífico belonged to the previous owners. The effects of the discharge of this sediment on the river and the riverbank areas were grounds for the lawsuit filed by the communities, as they claimed that there were different kinds of impact. The evidence provided on the magnitude of these effects was highly controversial and did not demonstrate what was requested by the communities, establishing, moreover, that it is impossible to perform new tests to determine the impact generated, which was declared temporary and reversible by the environmental authority in May 2002.

Finally, the Council of State declared that the damages derived from the maintenance work carried out in 2001 are legally attributable to EPSA for "exceptional risk", given the nature of the hazardous activity of hydroelectric generation - a lawful activity necessary for life in society, i.e., it was not condemned for lack of skill, negligence or fault in the maintenance. Now, the communities have received full reparations with the ruling by the Council of State, following the dispute since 2001.

The registered agent for some of the members of the plaintiff group and the registered agent for CVC filed requests for clarification of the Unification Ruling, and to date such requests have not been resolved by the Council of State. Once the sentence is ruled, as established by law, these provisioned funds will be transferred to the Ombudsman’s Fund for the Defense of Collective Rights and Interests, so that this entity, as established by the ruling, can pay the compensation to the beneficiaries of the ruling.

The company adjusted the value of the provision to the amount of COP 142,773 with the CPI of May 31, 2021, the last monthly cut-off prior to the notification of the judgment, corresponding to the percentage of the sentence that it must assume according to the final judgment, which implied a recovery of the provision in the amount of COP 62,122.

The increase in the existing provisions as at December 31, 2021 will include the update of the CPI (Consumer Price Index), the readjustment to the minimum wage and any other rate such as the DTF that may apply in each particular case, based on which the estimate of the contingency for legal proceedings in progress is made.

In 2021, the increase in the existing provisions of COP 5,054 (2020: COP 2,892) includes the update of the consumer price index (CPI) for the estimation of the contingency for the legal proceedings underway on Bajo Anchicayá.

In 2020, the lawsuit filed by plaintiff Óscar Mauricio de la Torre Holguín for the amount of COP 1,075, with file number 2020-00064 in the office of the Second Civil Court of the Circuit of Cartago, was included. The proceeding is for the case of an electrical accident involving the Company's infrastructure, where one person was injured, and it is in the procedural stage of defense.

Also on March 9, 2020, the Superintendence of Residential Public Utilities announced a resolution through which it imposed a fine of COP 878. This value had been provisioned and was paid on March 16, 2020.

Similarly, a notification was received on Wednesday, April 08, 2020, through which a fine of COP 1,214 was imposed. The fines are based on the fact that allegedly, the grouped quarterly distribution index of voltage levels 1, 2 and 3 exceeded the basic average and interference band established in CREG Resolution 173/2010. Therefore, the Company allegedly violated the established regulation related to the users categorized as the "worst served". Additionally, a charge was made for having 26,405 users categorized as "worst served" and whose estimated compensation exceeded the costs of the distribution service billed for the months April to May 2017, July to September 2017, and April to December 2018.

The most relevant recoveries as at December 31, 2021, totaling COP 63,064, are detailed below:

Totaling COP 62,122 for the Bajo Anchicayá process described above.

- Totaling COP 115,479 related to the claim filed by plaintiff Sandra Patricia Salas Betancourt for an electrical incident due to the explosion of a porcelain SPD (surge protector) of the Company's infrastructure. The court declared the proceeding over on February 23, 2021. As the provision amounted to COP 206,479, a payment of COP 91,000 was generated.
- Totaling COP 304,474 related to the claim filed by plaintiff Esteban Suárez Alomía:, who was on the third floor of the building located at the address Cra. 63 No. 2A-21, Barrio los Pinos, in Buenaventura and received an electrical shock from the high-voltage cables of the electric power grid when he made contact with a zinc sheet he had in his hands. The court ruled in the second instance against the Company, however it reduced the value of the sentence, which was paid on March 26, 2021.
- Totaling COP 108,125 related to the claim filed by plaintiff Diego Patiño, who argues that the execution of the works of the power plants in Alto Tuluá and Bajo Tuluá affect his rights and requests the recognition of damages and loss. On February 22, 2021, the sentence was ruled in the first instance against Celsia Colombia S.A. E.S.P. An appeal was filed and the specific objections were submitted on February 25, 2021.

The most relevant recoveries as at December 31, 2020, totaling COP 13,007, are detailed below:

- In the amount of COP 8,999 for the claim filed by Luis Alfredo Salcedo and others. The proceeding is regarding an electrical accident involving the Company's infrastructure where one person was injured. In the first instance, the judge decided to deny the lawsuit's claims for reasons including that it was not possible for the defendants to foresee the occurrence of the accident or to prevent the way in which the plaintiff acted, with a favorable outcome for Celsia Colombia S.A. E.S.P. Additionally, it includes the claim filed by plaintiffs Vivian Bardawil Tobón and others: the process is related to an electrical accident involving the Company's infrastructure close to a household, where one person died. In the second instance, the Council of State revoked the sentence of the first instance and determined that there were grounds exempting the exclusive liability of the victim, denying the lawsuit's claims, and ruling in favor of Celsia Colombia S.A. E.S.P.
- Totaling COP 645 for the claim filed by Carolina Duque and others: the process deals with an electrical accident in which the affected person suffered personal injuries and company infrastructure close to a house (safety distances) is involved; the judge determined, among other aspects, that there were grounds exempting the exclusive liability of the victim. In this sense, the judge of first instance denied the claims of the lawsuit in favor of the Company.
- Totaling COP 3,362 for the executive proceeding filed under number 76001-23-33-008-2014-00481-01 by the municipality of Tuluá against Cetsa E.S.P., based on the same events of the contract dispute proceeding filed under number 76001-23-33-001-2014-00918-00, also against the company, which were carried out in parallel.

According to the negotiation process started in the second half of 2019, the parties made reciprocal concessions and accepted to end the two aforementioned cases. In turn, Cetsa E.S.P. had to pay the municipality the sum of COP 15,500 as a one-off and global amount to satisfy all of the municipality's claims in the aforementioned legal proceedings, both recognized and unrecognized. The payment was conditional to the execution of the legal rulings that approve the transaction, also determining to definitively end any past, present or future dispute arising from the signing, execution, termination and settlement of Concession Agreement no. 002, dated April 10, 1997. Through the ruling notified on November 8, 2019, the Council of State accepted the transaction and, consequently, declared the definitive termination of the executive proceeding filed under number 76001-23-33-008-2014-00481-01. In the contract dispute proceeding filed by the municipality of Tuluá against the Company for the amounts not reported by the Company in the execution of the public lighting contract, in November 2019, the court declared the exception of the judged case as proven and consequently terminated the proceeding without ruling on whether or not it accepted the transaction contract signed by the parties. The legal representative of the municipality of Tuluá appealed against this decision. On December 3, 2019, the transaction agreement was amended by the parties to adjust the payment method pursuant to the issued legal rulings. Consequently, the first installment of the transaction agreement, amounting to 50%, was paid by CETSA E.S.P. on December 16, 2019, and January 17, 2020.

The provision for the public lighting proceeding filed by the municipality of Tuluá against the company was adjusted in the first half of 2020, pursuant to the transaction agreement entered into between the parties and accepted by the Council of State and the addendum to the initial contract. Under these terms, on March 13, 2020, the ruling of the Administrative Tribunal of Valle del Cauca was notified, which established fulfillment of the condition for the second and final payment to the municipality of Tuluá by Cetsa E.S.P., which was executed and became definitive on Monday July 6, 2020, due to the suspension of legal terms because of the health, social and economic emergency in Colombia caused by COVID-19. The payment was made on July 17, 2020, for COP 7,750; the amount has been reimbursed. On September 21, 2021, the court ordered the return of legal deposit security no. 469030001672891 of December 9, 2014, for COP 3,500; it was reimbursed on October 21, 2021. The proceeding has ended.

The Company duly attended to its legal affairs. During 2021, the Company received notification of a lawsuit, which was classified as a contingency and because of its amount, did not affect its financial position.

In general, there are no new cases that could affect the Company's financial position and that are not provisioned given their probability of future disbursement.

The contingent assets and liabilities have not presented significant variations in their amount and/or rating as at December 31, 2021.

NOTE 21. TRADE CREDITORS AND OTHER ACCOUNTS PAYABLE

The trade creditors and other accounts payable as at December 31 were as follows:

	2021	2020
Colombian suppliers	464,149	328,817
Foreign suppliers	80,788	43,408
Sundry creditors (1)	234,338	252,189
Accounts payable to related parties	126,169	153,615
Advances and prepayments received	34,442	16,443
Other accounts payable	3,083	4,801
	942,969	**799,273**
Less current creditors	831,295	692,408
Non-current	111,674	106,865
	942,969	**799,273**

(1) Includes COP 111,674 (2020: COP 106,865) for the commitment with Integral S.A. acquired in 2015 regarding the purchase of Porvenir II. Said commitment will start to be met from 2022 and it is annually updated according to the CPI. It also includes other prepayments of suppliers, deposits delivered, and prepaid taxes in its favor.

In accordance with the current payment policy where the average credit period or terms for payments to suppliers is stipulated:

- 30 days - General services payment.
- 45 days - Equipment and materials MSME
- 90 days - Equipment and materials large companies

The term for payment between related parties or economic associates depends on the conditions established in the contract; however, on average the term is 30 days.

The term of interlinked loans in 2021 was 2 years at 3M LIBOR + 2.50%, and in 2020 was 1.66 years at Libor + 1.25%.

The Group has implemented financial risk management policies to ensure that all the accounts payable are paid in accordance with the agreed credit terms.

NOTE 22. OTHER LIABILITIES

As at December 31, other non-financial liabilities were as follows:

	2021	2020
Collections for third parties (1)	31,217	28,592
Other prepayments received (2)	474	1,587
	31,691	**30,179**

(1) Payments received for public lighting and sanitation that must be reintegrated to comply with the contracts signed with the municipalities.
(2) Income received in advance from the sale of energy services.

NOTE 23. REVENUE

Celsia and its related companies mainly generate revenue from energy sales through bilateral contracts on the regulated and non-regulated markets, on the spot market, through the automatic generation control (AGC) service, and through the reliability charge.

As at December 31, revenue from the provision of public utilities was as follows:

	2021	2020
Sales on the regulated and non-regulated market	2,146,744	1,847,796
Electricity sales on the spot market	657,479	725,601
Electricity sales in contracts	616,826	391,749
Grid use and connection	308,496	271,591
Reliability charge	203,507	181,003
Other operating services	177,683	116,254
Natural gas sales and transportation capacity	-	2,013
Total revenue	**4,110,735**	**3,536,007**

The variation in consolidated accumulated income at December 2021 compared to December 2020 is explained below:

- Income at December 2021 amounted to COP 4,110,735, increasing COP 574,728 (+16.25%) compared to the same period of 2020.
- Retail energy sales increased by COP 298,948 compared to 2020 (+16.18%), mainly due to the greater demand in the regulated market, +911 GWh, and the higher rate of +COP 40.6/KWh, and greater demand in the non-regulated market +188 GWh and higher rate of +37.3 COP/KWh. The increase in tariffs is mainly due to higher PPI.
- Income from spot market sales decreased COP 68,122 compared to 2020, (-9.39%) explained by the lower rate of spot market sales of -COP 102.2/KWh.
- Revenue from energy sales in contracts were higher by COP 225,077 (+57.45%) due to higher sales (+733 GWh) and higher tariffs (+COP 25.1/KWh). Influenced by higher electric power generation +1,134 GWh
- Revenue from grid use and connection were higher by COP 36,905 (+13.59%), mainly explained by higher revenues from the SDL.
- The reliability charge was higher by COP 22,504 (+12.43%), affected by the increase in the representative exchange rate (TRM, for the Spanish original).
- Other operating services were higher by COP 61,429 (+52.84%) compared to the previous year, due to higher revenues from new businesses, other conventional services and Celsia Internet.

Revenue by geographical area is as follows:

	2021	2020
Colombia		
Sales on the regulated and non-regulated market	2,134,995	1,842,114
Electric power generation	1,006,645	881,915
Grid use and connection	308,496	271,591
Other operating services	168,171	110,520
Natural gas sales and transportation capacity	-	2,013
	3,618,307	3,108,153
Central America		
Electric power generation	471,168	416,438
Sales	11,748	5,683
Other operating services	9,512	5,733
	492,428	427,854
Total revenue	4,110,735	3,536,007

NOTE 24. COST OF SALES

The cost of sales for activities related to the provision of services as at December 31 was as follows:

	2021	2020
Costs of goods and public utilities	1,844,118	1,517,146
Depreciation and amortization	347,337	325,320
Personnel services	183,946	176,886
Operation and maintenance	139,956	102,062
General costs	95,142	71,121
Materials and other operating costs	65,801	57,106
Insurance	51,086	40,567
Licenses and contributions	50,392	40,722
Taxes	23,384	20,184
Professional fees	16,474	16,637
Public utilities	9,391	7,949
Leases	2,356	2,276
	2,829,383	2,377,976

Consolidated costs reflect an increase of COP 451,407, equivalent to 18.98% compared to December 2020. Colombia's costs increased by 21% due to higher energy purchases and costs of tolls of the reseller (increase in demand), as well as the increase in the CERE (for the Spanish original) due to higher generation and representative exchange rate. In Central America, cost of sales increased 5.98% compared to 2020, mainly due to higher purchases of energy in the stock market, diesel fuel, occasional power compensation, maintenance, environmental management and insurance policies.

NOTE 25. OTHER INCOME (EXPENSES), NET

As at December 31, the balance of other income (expenses) was as follows:

	2021	2020
Recoveries (1)	94,228	15,433
Income from the sale of property, plant and equipment (2)	29,639	15,323
Miscellaneous	4,802	1,716

Income from leases	358	466
Dividends of equity investments	138	3,419
Profit from the sale of investments (3)	-	13,264
Total other income	**129,165**	**49,621**
Impairment of goodwill on investments (4)	(68,843)	-
Impairment of trust (5)	(62,908)	-
Other expenses (6)	(28,646)	(8,041)
Donations (7)	(11,692)	(13,977)
Impairment of property, plant and equipment (8)	(10,106)	-
Provision for legal proceedings	(120)	(5,444)
Loss from derecognition of property, plant and equipment	(101)	(10)
Total other expenses	**(182,416)**	**(27,472)**
Total (expenses) revenue, net	**(53,251)**	**22,149**

(1) In 2021 mainly includes the recovery of the provision for the Bajo Anchicayá reported in Celsia Colombia S.A. E.S.P. due to the difference between the provisioned value and the value of the judgment included in the final ruling. Additionally includes recovery of impairment of property, plant and equipment of COP 23,184 over what was reported in December 2019.
(2) Corresponds mainly to the gain on the sale of land of Bahia Las Minas Corp. for COP 22,265 in the process of the company's orderly liquidation.
(3) Corresponds to the adjustment to profits on the sale of the company Zona Franca Celsia in 2020 in accordance with the negotiation terms agreed in September 2019.
(4) Corresponds to the impairment of goodwill of the investment in Porvenir II S.A.S. E.S.P. and in Celsia Centroamérica S.A. for COP 19,078 and COP 49,765, respectively, reported in Celsia S.A.
(5) Corresponds to the 2021 impairment of the liquidation trust of Bahia Las Minas Corp. located in Central America.
(6) Other expenses mainly include legal expenses for the completion of the merger process between Celsia Colombia S.A. E.S.P., Celsia Tolima S.A. E.S.P. and Begonia Power S.A.S. in the amount of COP 3,644; reported severance payments for personnel in Central America for COP 4,176; loss on sale of the investment of Celsia Move S.A.S. for COP 1,038; additionally includes non-deductible expenses, assumed taxes, expenses for shortages, write-offs and adjustment in price of inventories.
(7) Primarily includes donations made to Fundación Grupo Argos for COP 5,000 (2020 - COP 4,600); Fundación Celsia Colombia for COP 6,588 (2020 - COP 7,400), and in 2020 COP 550 to Corporación Antioquia Presente.
(8) Corresponds to impairment due to damage to the transformer of the Meriléctrica power plant for COP 6,774 reported in Celsia S.A. It also includes impairment of non-current assets held for sale for COP 3,333 in accordance with their measurement at fair value.

NOTE 26. ADMINISTRATIVE EXPENSES

As at December 31, administrative expenses were as follows:

	2021	2020
Personnel expenses	89,590	78,223
Depreciation and amortization	51,273	55,554
Professional fees	37,918	37,787
Charged and effective payments	30,235	24,523
Maintenance and repairs	22,724	22,661
Portfolio impairment	17,329	15,689
Services	14,196	14,717
Taxes, contributions and rates	10,730	11,376
Travel expenses	7,496	5,847
Miscellaneous	7,177	10,246
Cleaning and cafeteria services	6,737	5,937
Security and surveillance	4,133	3,523
Communications and transportation	3,564	3,424
Leases	2,710	3,379
Insurance	2,092	1,637
Publicity and advertising	2,061	6,079
Management of real estate	1,533	2,213
Total administrative expenses	**311,498**	**302,815**

Variation in administrative expenses is mainly due to:

- Higher personnel expenses in 2021 compared to the same period in 2020 mainly due to the reported employee bonuses.
- Greater impairment of trade accounts receivable due to the current situation of COVID-19, which is focused in the socioeconomic levels where there have been lower collection percentages.

NOTE 27. EQUITY METHOD

As at December 31, the balance of the equity method in the income of the period and in other comprehensive income was as follows:

Business name of the subsidiary	Description	Reported shareholding 2021		Reported shareholding 2020	
		In income of the period	In other comprehensive income	In income of the period	In other comprehensive income
CNC del Mar S.A. E.S.P.	Joint venture	(1,779)	-	(3,844)	-
Caoba Inversiones S.A.S.:	Joint venture	3,387	23,120	(426)	-
P.A. Muverang (formerly P.A. Dinamarca)	Joint venture	(2,117)	-	(814)	-
C2 Energía S.A.S.	Joint venture	(6)	-	(9)	-
Fideicomiso Plan Luz	Joint venture	598	-	457	-
Termoeléctrica El Tesorito S.A.S. E.S.P.	Associate	(1,258)	-	-	-
SUMMA Servicios Corporativos Integrales S.A.S.	Associate	(682)	(11)	(14)	-
Total equity method		**(1,857)**	**23,109**	**(4,650)**	**-**

NOTE 28. FINANCIAL REVENUE (COSTS), NET

As at December 31, financial revenue was as follows:

	2021	2020
Other financial revenue (1)	77,532	2,468
Interest and returns on accounts receivable (2)	21,235	15,395
Interest of investments (3)	3,311	8,832
Fines and surcharges	1,635	2,068
Commissions for collateral provided	1,262	-
Miscellaneous	421	83
Total financial revenue	**105,396**	**28,846**
Interest on borrowings (4)	(256,494)	(267,514)
Financial transaction tax	(20,220)	(17,039)
Other financial costs	(18,678)	(47,537)
Pension liability financial cost	(10,962)	(8,955)
Bank fees and expenses	(8,346)	(7,579)
Financial costs for rights of use	(6,372)	(6,147)
Total financial costs	**(321,072)**	**(354,771)**
Exchange difference income	74,570	104,784
Exchange difference expenses	(49,831)	(51,573)
Income from appreciation of derivatives	47,637	7,330
Expenses from appreciation of derivatives	(36,657)	(64,097)
Exchange difference, net (5)	**35,719**	**(3,556)**
Total financial (costs), net	**(179,957)**	**(329,481)**

(1) Corresponds to the revenue from the forgiveness of financial obligations in the framework of the orderly liquidation of Bahía Las Minas Corp in 2021.
(2) Primarily includes interest on user financing of COP 6,330 (2020 - COP 4,694), and interest on long-term loan to Caoba Inversiones S.A.S. of COP 14,379 (2020 - COP 10,087).
(3) In 2020 higher value for return on cash and cash equivalents, due to higher balance and rate of return.
(4) Correspond to interest reported during the period for obligations acquired.
(5) Includes the net effect of the appreciation of the derivative financial instruments which the Companies have acquired to hedge the debt and to purchase equipment in foreign currency. The representative exchange rate used for the reconversion of foreign currency is COP 3,981.16 (2020: COP 3,432.50) per U.S. dollar.

NOTE 29. INCOME TAX

According to current tax regulation, the Company is subject to income tax and additional taxes. The applicable rates for 2020 and 2021 were 32% and 31%, respectively.

The taxable income from capital gains is taxed at the rate of 10%.

The base for determining income tax cannot be less than 0.5% (2020 tax year) of its liquid equity on the last day of the previous tax year (presumptive income). In 2021 the minimum tax base determined for presumptive income was eliminated.

Through Article 22, Law 1819/2016 established that for the 2017 term and subsequent years, to determine the income tax and related taxes, the payers of this tax obliged to file accounts shall apply the recognition and measurement systems to the value of assets, liabilities, equity, income, costs and expenses, pursuant to the technical, regulatory, accounting frameworks in effect in Colombia, when tax law expressly refers to them, and in the cases in which it does not regulate them. In all cases, the tax law can expressly establish a different treatment, pursuant to Article 4 of Law 1314/2009.

In addition:

i) The income tax returns of the tax years 2016 to 2020 are available for statutory audit by the tax authorities. Additional taxes are not expected in the event of an audit.

ii) The CREE tax returns of the year 2016 are subject to audit by the tax authorities. Additional taxes are not expected in the event of an audit.
iii) The tax losses to offset income tax as at December 31, 2021, are listed below.

Year of origin	Value
2021	COP 5,822

The accumulated tax losses up to 2016 can be offset with the future liquid income of income tax at any time without any kind of percentage limitation. The tax losses of years 2017, 2018, 2019, 2020 and 2021 can be offset with a maximum of the liquid income of the following twelve (12) years from their occurrence.

The general term of definitiveness of income tax returns is unified in 3 years; for companies that present the following situations, the definitiveness will be subject to the following:

Year of tax return	Term of definitiveness
2015	Returns liquidating and/or offsetting losses would become final within five (5) years from the date of filing the statement.
2016 to 2018	Returns that show tax loss have definitiveness of twelve (12) years; if tax losses are offset;if they are subject to the transfer pricing regime, the definitiveness is of six (6) years.
As of 2019 tax return	For tax returns that liquidate and/or offset tax losses or that are subject to the transfer pricing regime, the period of definitiveness will be five (5) years.

29.1 Income tax recognized in the income statement

	2021	2020
For the current year	(196,291)	(174,792)
For previous years	4,277	1,684
Current tax	**(192,014)**	**(173,108)**
Deferred tax for the current year	1,791	(31,247)
Total income tax	**(190,223)**	**(204,355)**

The reconciliation between earnings before tax and taxable liquid income for the years ending as at December 31 is as follows:

	2021	2020
Earnings before tax from continuing operations	**734,789**	**543,234**
Accounting losses (earnings) that are not a base for income tax	6,706	37,210
Effect of untaxed income (1)	(163,599)	(51,649)
Effect of deductible and non-deductible expenses (2)	140,836	98,448
Difference between fiscal and IFRS depreciation and amortization, and other IFRS	30,753	53,293
Net effect of sale of fixed assets (4)	7,901	(32,390)
Deduction from application of Law 1715	(39,535)	(14,817)
Deduction from investment in research certified by Colciencias	(51,606)	(33,440)
Offsetting of tax credits from previous periods	(1,797)	(27,308)
Liquid income	**664,448**	**572,581**

Taxes	2021	2020
Income tax at 31% in 2021 (2020: 32%)	205,979	183,226
Central America income tax	16,696	9,850
Tax base on presumptive income	-	5
Income tax from the sale of fixed assets	-	7,571
Capital gains tax	583	1,326
Tax deductions (3)	(26,967)	(27,186)
Tax adjustment to income of previous years	(4,277)	(1,684)
Total income tax	**192,014**	**173,108**

(1) Untaxed income	2021	2020
Untaxed dividends	-	(3,419)
Net effect of captive cell	3,339	13,178
Recoveries	(100,530)	(7,742)
Unrealized exchange difference	(59,347)	(53,666)
Compensation	(7,061)	-
	(163,599)	**(51,649)**

(2) Non-deductible expenses	2021	2020
Update of Bajo Anchicayá financial contingency	5,054	2,891
Provisions	-	878
Environmental management projects	5,704	2,235
Portfolio provision	773	(38)
Financial transaction tax	9,908	8,536
Net effect of captive cell	-	24
Net effect of pensions	1,746	(1,495)
Donations	11,688	13,489
Non-deductible taxes	21,935	22,015
Limitation of expenses – Art. 177-1 Tax Law	21,937	23,581
Impairment of BLM (2020 and 2019) and Porvenir II (2019) investments	36,767	38,767
IFRS 16 lease expenses vs. financial costs	(9,110)	(14,547)
Other	34,434	2,112
	140,836	98,448

(3) Tax deductions (25%-50%)	2021	2020
Donations (25%)	1,672	3,158
Ministry of Science (25%)	12,901	8,360
Environmental management projects (25%)	1,426	559
Energy efficiency (25%)	-	4,599
Industry and commerce (50%)	10,968	10,510
	26,967	27,186

29.2 Reconciliation of the effective rate

The Group's effective income tax and related tax rate differs from the applicable nominal rate according to current laws. The reconciliation between the rates is listed below:

	2021		2020	
Profit before tax	**734,789**	**%**	**543,234**	**%**
Theoretical tax expenses calculated according to the current tax rates	227,785	31.00%	173,835	32.00%
Accounting losses that are not a tax base	2,079	0.28%	11,907	2.19%
Untaxed income	(50,716)	(6.90%)	(16,532)	(3.04%)
Non-deductible expenses	43,659	5.94%	31,508	5.80%
Difference between IFRS and tax depreciation	9,533	1.30%	17,054	3.14%
Net effect of sale of assets	2,449	0.33%	(10,365)	(1.91%)
Colciencias deduction	(15,998)	(2.18%)	(10,701)	(1.97%)
Deduction from Law 1715	(12,256)	(1.67%)	(4,741)	(0.87%)
Offsetting of tax losses	(557)	(0.08%)	(8,739)	(1.61%)
Other	-	0.00%	-	-
Tax deductions	(26,967)	(3.67%)	(27,186)	(5.00%)
Adjustment of previous periods	(4,277)	(0.58%)	(1,685)	(0.31%)
Presumptive income tax effect	-	0.00%	5	0.00%
Capital gains tax effect	583	0.08%	1,326	0.24%
Central America tax effect	16,696	2.27%	9,850	1.81%
Income tax from the sale of fixed assets	-	0.00%	7,571	1.39%
Deferred property, plant and equipment	(1,978)	(0.27%)	10,158	1.87%
Deferred provisions	-	0.00%	2,887	0.53%
Deferred defined benefit obligations	905	0.12%	447	(0.08%)
Deferred tax losses	(125)	(0.02%)	8,313	1.53%
Deferred investments	2,462	0.34%	(13,477)	(2.48%)
Deferred borrowings	-	0.00%	11,094	2.04%
Other deferrals	(3,054)	(0.40%)	11,826	2.18%
Total income tax expenses	**190,223**	**25.89%**	**204,355**	**37.62%**

29.3 Deferred tax

The difference between the book value of the assets and liabilities and their tax bases gives rise to the following temporary differences generated by the deferred taxes calculated and reported in the periods ending on December 31, 2021 and 2020, based on the current tax bases as a reference for the years in which said temporary differences shall be reversed.

There are no unrecognized temporary differences.

The analysis of the deferred tax presented in the consolidated statements of financial position is presented below:

	2021	2020
Deferred tax assets	2,585	2,189
Deferred tax liabilities	(417,240)	(325,585)
	(414,655)	**(323,396)**

The balances above are broken down as follows:

Related to:	Initial balance as at December 2020	Reported in income	Other changes	Closing balances as at December 2021
Property, plant and equipment, and intangible assets	(348,807)	1,978	(36,063)	(382,892)
Provisions	6,970	475	-	7,445
Defined benefit obligations	12,277	(905)	-	11,372
Tax losses	479	125	-	604
Other	5,684	118	-	5,802
Change in tax reform rate	-	-	(56,986)	(56,986)
	(323,397)	**1,791**	**(93,049)**	**(414,655)**

Related to:	Initial balance as at December 2019	Reported in income	Other changes	Closing balances at December 2020
Property, plant and equipment, and intangible assets	(365,910)	(10,158)	27,261	(348,807)
Provisions	9,857	(2,887)	-	6,970
Defined benefit obligations	15,429	(447)	(2,705)	12,277
Tax losses	8,792	(8,313)	-	479
Other	15,128	(9,443)	-	5,685
	(316,704)	**(31,247)**	**24,556**	**(323,396)**

According to current tax legislation in Colombia, neither the distribution of dividends nor the retention of profits have an effect on the income tax rate.

In compliance with IAS 12 – Income Taxes, the Parent Company did not report deferred tax liabilities related to temporary differences of investments in subsidiaries, mainly due to concepts of undistributed profits and tax readjustments on investments. The above is due to the fact that: i) the Company has control over the subsidiaries and, therefore, it can decide about the reversal of said temporary differences; and ii) the Parent company does not have their realization planned in the medium term, therefore, it is probable that said temporary differences will not be reversed in the foreseeable future.

Deferred tax assets are reported to the extent that their realization is probable through future tax benefits.

Considering the increase in the basic income tax rate from 31% in 2021 to 35% applicable as from 2022, provided by Law 2155/ 2021 (Social Investment Law), in accordance with the provisions of Decree 1311/2021, the Company opted to record the remeasurement of the deferred tax in the retained earnings account of prior years in equity, the effect of which was an expense amounting to COP 56,986.

The deferred tax liability included COP 31,512 resulting from the difference between the tax and accounting basis arising from the recognition at fair value in the business combination.

29.4 Uncertainties in open tax positions

Additional taxes are not expected in 2021 and 2020 in the event of possible visits from the tax authorities or the existence of uncertainties related to tax positions applied by the Company.

29.5 Transfer prices

In response to Law 788/2002 and Law 863/2003, the Company prepared a study of transfer prices on the operations carried out with foreign economic associates during 2020. The study did not lead to adjustments that would affect the Company's tax income, costs and expenses.

Although the study of transfer prices in 2021 is in the process of preparation, significant changes from the previous year are not expected.

29.6 Social Investment Law and Economic Growth Law - (Latest Tax Reforms)

In September 2021, the Colombian Tax Law was amended through Law 2155 (Social Investment Law), which increased the income tax rate to 35% as of 2022 and subsequent years.

On the other hand, Law 1943/December 28, 2018 (Economic Growth Law), was declared unenforceable in Constitutional Court Ruling, C-481 of 2019, a situation that resulted in the National Government submitting a new tax reform initiative, which was approved by the Congress of the Republic and issued through Law 2010/December 27, 2019.

Said Law includes the provisions of Law 1943/2018 that were considered essential for the reactivation of economic growth and competitiveness in the country and introduced some amendments which are highlighted below:

- For the 2021 tax year, the applicable income tax rate is 31%. For taxable year 2020 it is 32%. As from 2022 and subsequent years, with the issuance of Law 2155/2021 (Social Investment Law), the rate is 35%.
- For purposes of calculating income tax under the presumptive income system, the Economic Growth Law keeps gradually reducing the rate from 0.5% for 2020 to 0% as of 2021 and subsequent years.
- It keeps as deductible 100% of the taxes, rates and payments effectively paid in the tax year that are directly related to income generation (except income tax). Fifty percent of the financial transaction tax will be deductible regardless of whether it is directly related to the income generating activity or not.
- Fifty percent of industry and commerce tax could be treated as a tax deduction on income tax in the tax year in

which it is effectively paid and to the extent that it is directly related to the economic activity.

- The following continue as tax deductions: (i) VAT paid on the import, formation, construction or acquisition of real fixed production assets, including the necessary services for their construction and start-up (ii) industry and commerce tax in the terms indicated in the previous section.
- With respect to dividend tax, the following amendments were introduced:
  - The withholding tax rate on untaxed dividends declared for the benefit of foreign companies and entities, non-resident individuals, and permanent establishments increased 10%.
  - The table applicable to untaxed dividends declared for the benefit of resident individuals in Colombia and undistributed estates of residents who incur tax was amended, providing a marginal rate of 10% for dividends that exceed 300 UVTs.
  - It was established that tax on taxed dividends shall be determined: (i) by applying the income tax rate of the year in which they are declared (2020: 32%; 2021: 31%; and 2022 onward: 35%); and (ii) on the remainder, the rate applicable to untaxed dividends shall be applied, depending on the beneficiary (if it is a resident individual or undistributed estate of a resident who incurs tax, the table shall apply and for the other cases, the rate of 7.5% shall be applied).
  - The withholding tax regime on dividends declared for the first time by Colombian companies remains, which shall be transferable to the final beneficiary as a resident individual or investor resident abroad at the rate of 7.5%.
  - Dividends declared charged to profits in 2016 and previous years shall maintain the current treatment for that time; and those for profits of the years 2017, 2018 and 2019 declared from 2020 onward shall be governed by the rates provided in Law 2010.
- With the Economic Growth Law, it is specified that the taxpayers can opt for the Obras por Impuestos (Works for Taxes) mechanism as a way of extinguishing the tax obligation, established in Article 238 of Law 1819/2016 or for the mechanism of the direct investment agreement established in Article 800-1 of the Tax Law.
- The Growth Law established that the term for definitiveness of the tax returns that establish or offset tax losses or that are subject to the transfer price regime shall be five (5) years from submission of the tax return.
- The term for correction for the taxpayers who make corrections that increase the tax or reduce the balance in their favor is amended, as the term the taxpayer had to voluntarily correct its tax returns was two (2) years. With the Economic Growth Law, this term is amended and it is unified with the general term of definitiveness for tax returns, setting it at three (3) years.

The audit benefit is extended for the income tax returns to the 2020 and 2021 tax years, for which the increase in the net income tax from the previous year is required so that the return becomes definitive in six months (30%) or in 12 months (20%), as established in Law 1943/2018 for the returns of the tax years 2019 and 2020. It is specified that the provisions established in Law 1943/2018 with respect to the audit benefit shall have the effects established herein for taxpayers that have used the audit benefit for the 2019 tax year.

NOTE 30. EARNINGS PER SHARE

The calculation of basic earnings per share as at December 31 was based on the profit of COP 544,566 (2020: COP 338,879) taxable to the shareholders of 1,069,972,554 outstanding common shares.

The earnings per share as at December 31 are as follows:

	2021	2020
Annual net income	544,566	338,879
Number of outstanding shares	1,069,972,554	1,069,972,554
Earnings per basic share	**508.95**	**316.72**

The net earnings per diluted share are equal to income from the basic share.

NOTE 31. OPERATING SEGMENTS

31.1 Segmentation criteria: The Group coordinates its activity according to the approach of priority to its basic business, which is comprised of electric power generation, transmission and distribution, and the sale of gas and related services, and it establishes two large lines of business, each one based in a geographical area: Colombia and Central America.

Given that the Group's structure basically coincides with that of the businesses and, therefore, of the segments, the distributions established in the information by segment that is presented below are based on the financial information of the companies that comprise each segment. The companies that comprise the segments are:

Colombia: Includes the companies Celsia S.A., Colener S.A.S., Celsia Colombia S.A. E.S.P., CETSA E.S.P., Celsia Colombia Inversiones S.A.S. and Porvenir II S.A.S. E.S.P.

Central America: Comprised of Bahía Las Minas Corp., Bontex S.A., Alternegy S.A. and Celsia Centroamérica S.A., located in Panama; Enerwinds S.A. and Celsia Costa Rica S.A. in Costa Rica and Celsia Honduras S.A. in Honduras.

Operations between segments form part of the normal activities in terms of their aim and conditions, as observed in Note 35. Transactions with related parties.

31.2 Information by segment

The information by segment as at December 31 is presented below:

Colombia	2021	2020
Revenues	3,618,307	3,108,153
Cost of sales	(2,490,899)	(2,058,603)

	2021	2020
Gross profit	**1,127,408**	**1,049,550**
Other income	80,592	52,917
Administrative expenses	(268,702)	(264,739)
Other expenses	(96,449)	(23,325)
Equity method, net	(1,857)	(4,650)
Earnings before financial costs	**840,992**	**809,753**
Financial income	26,347	27,902
Financial costs	(245,573)	(261,143)
Exchange difference, net	39,196	(2,022)
Pre-tax income	**660,962**	**574,490**
Income tax	(205,798)	(191,194)
Earnings of the period, net	**455,164**	**383,296**
Earnings attributable to:		
Controlling shareholders	272,815	256,698
Non-controlling interests	182,349	126,598
Earnings of the period, net	**455,164**	**383,296**

Central America	2021	2020
Revenues	492,428	427,854
Cost of sales	(338,484)	(319,374)
Gross profit	**153,944**	**108,480**
Other income	364,262	560
Administrative expenses	(42,795)	(38,076)
Other expenses	(319,043)	(4,147)
Earnings before financial costs	**156,368**	**66,816**
Financial income	79,687	944
Financial costs	(76,137)	(101,310)
Exchange difference, net	(3,477)	(1,534)
Earnings (losses) before tax	**156,441**	**(35,083)**
Income tax	(15,937)	(13,162)
Earnings (losses) for the period, net	**140,504**	**(48,245)**
Profit (loss) attributable to:		
Controlling shareholders	112,833	(11,206)
Non-controlling interest	27,671	(37,039)
Earnings (losses) for the period, net	**140,504**	**(48,245)**

Statement of Financial Position	Colombia		Central America	
	2021	2020	2021	2020
Non-current assets	8,807,371	8,208,480	2,713,100	2,175,585
Current assets	951,732	942,959	386,783	486,308
Total assets	**9,759,103**	**9,151,439**	**3,099,883**	**2,661,893**
Non-current liabilities	4,016,408	3,120,826	854,798	893,467
Current liabilities	1,403,349	1,487,303	272,538	571,081
Total liabilities	**5,419,757**	**4,608,129**	**1,127,336**	**1,464,548**
Total equity	**4,339,346**	**4,543,310**	**1,972,547**	**1,197,345**
Total liabilities and equity	**9,759,103**	**9,151,439**	**3,099,883**	**2,661,893**

NOTE 32. FINANCIAL INSTRUMENTS

32.1 Compliance with loan agreements

As at December 31, the consolidated companies had not breached any of the financial clauses or other part of the signed loan agreements. ADDITIONALLY, there were no defaults on the payment of capital or interest on financial liabilities and/or loans payable, or material changes in the calculations of the measurement of the loans or covenants during the reporting period.

During the period, the companies in Colombia have not been required to process waivers or exemptions in their loan agreements; however, for the companies Bahía Las Minas and Celsia Honduras in Central America, a waiver was requested in the financial commitments for the year 2021.

32.2 Reclassification of financial assets

During the current and previous period, the Companies have not made changes to the business model for management and administration of the financial assets, so financial assets have not been reclassified from the fair value category to amortized cost, or vice versa.

32.3 Categories of financial instruments

	2021	2020
Cash and cash equivalents (Note 14)	252,799	399,547
Financial assets at fair value through profit or loss (1)	232,071	86,039
Financial assets at fair value through other comprehensive income (2)	13,914	12,102
Financial assets measured at amortized cost (3)	217,534	289,372
Derivative instruments in hedging relationships	1,592	-
Total financial assets	**717,910**	**787,060**
Financial liabilities measured at amortized cost (4)	4,585,871	3,972,721
Derivative instruments in hedging relationships	-	43,474
Total financial liabilities	**4,585,871**	**4,016,195**

(1) Mainly the investment of USD 22,565,465 delivered as capital by Celsia to the cell of the captive insurance company and liquidation trust of BLM Corp. for COP 138,001.

(2) Equity investments other than prepayments for future capitalizations and shares in associates and joint ventures.

(3) Long-term accounts receivable, which are measured at amortized cost using the effective interest rate method.

(4) Financial liabilities measured at amortized cost:

	2021	2020
Outstanding bonds	3,242,871	3,116,754
Borrowings (a)	1,231,326	749,102
Trade liabilities and other accounts payable (b)	111,674	106,865
Total financial liabilities at amortized cost(*)	**4,585,871**	**3,972,721**

(a) Increase in the period mainly due to new short-term loans for working capital.

(b) The commitment acquired in 2015 with Integral for the purchase of Porvenir II, which will start to be met from 2022, developments and implementation based on technology, which permit the integration of energy generation, transmission and distribution operations through a unified control center.

The book value of the financial liabilities reported in the financial statements are close to their fair value, so the fair value comparison is not included in the notes to the financial statements.

Short-term accounts receivable and accounts payable are presented at their nominal value.

(*) Financial liabilities do not include the right-of-use liabilities, which are within the scope of IFRS 16.

Description of the significant valuation variables

The significant variables used in the fair value measurements are shown below:

	Hierarchical level	Valuation technique	Technical description of valuation	Significant variables
Financial assets				
Measured at fair value through other comprehensive income				
Equity investments	1	Market prices (bvc)	(1)	Share price
Measured at fair value through profit or loss				
Equity investments	1	Market prices (bvc)	(1)	Share price
Measured at amortized cost				
Trade debtors and other accounts receivable	2	Discounted cash flows	(2) and (3)	Market rate
Financial liabilities				
Measured at amortized cost				
Borrowings	2	Discounted cash flows	(2)	Market rate
Outstanding bonds	2	Discounted cash flows	(4)	Discount rate that produces the zero-coupon yield curve

The valuation techniques used for fair value measurement are described below for the purposes of disclosure of the Group's financial assets and liabilities:

(1) Market listing prices: The fair values of these investments are determined by reference to the listed prices published on active markets for the financial instrument in question.

(2) Market discount rate: The future cash flows are discounted at present value with the market rate for loans in similar conditions on the measurement date according to the days they are due.

(3) The Companies assessed that the fair values of the accounts receivable, dividends receivable and payable, suppliers, accounts payable and other current liabilities are close to their book value, largely

due to the short-term expiry of these instruments. The future cash flows of the accounts receivable or payable that expire in more than 12 months are discounted at present value with the market rate for loans in similar conditions at the measurement date, according to the days they are due.

(4) The fair value is calculated by discounting the future cash flows with the zero-coupon yield curve of the ordinary bonds issued by the Company according to the days of maturity.

NOTE 33. FINANCIAL RISK MANAGEMENT

33.1 Strategic risks

Risk management approach:

For the Company, risk management is a determining factor in the fulfillment of its strategy.

The aim of enterprise risk management is to assess the positive and negative impacts that could affect the achievement of strategic objectives as well as the performance of the businesses. This process reduces uncertainty in decision-making to create and protect the Organization's value.

Celsia conceives enterprise risk management as the implementation of a set of actions for risk management. This management system is based on a cycle that includes identification, analysis, assessment, registration, monitoring and communication, as well as the actions established to mitigate the risks.

The Risk Management System mainly affects the following stakeholders: employees, suppliers, shareholders, communities, clients, government and authorities. This effect is reflected in risk management's contribution to maintaining the profitability and stability of the Organization's operations, as well as contributing to the achievement of the Company's objectives and maintaining its image.

Some pillars aimed at supporting the structure of the Enterprise Risk Management System have been defined, which consist of the creation of a governance framework, a process, supporting technology, and the establishment of a risk management culture.

Risk management methodology:

The risk management process is defined in its Integrated Risk Management System (ERMS) and aligned with international best practices such as ISO 31000 and the COSO ERM standard.

The Organization identifies risks based on a qualitative and quantitative analysis both strategically and operationally, on the basis of understanding the business, objectives and trends. This is subsequently complemented with an assessment of the controls established in order to prioritize the main risks that affect business growth.

The analysis of each risk is approached from different kinds of impact, seeking to cover the strategic variables and stakeholders. The different perspectives used are: economic, reputational, occupational safety and health and information.

The identified strategic risks, as well as a brief description of their level of exposure and the treatment actions implemented for their management, are presented below:

Strategic risk	Definition	Potential impact of the risk on the business	Mitigation actions
1. Human talent and culture	Impact on the achievement of the strategy due to human resources that do not suit the capabilities and culture required by the Organization.	Reputational/Financial	Correct management of employee selection and training processes. Definition of development plans that increase leadership capacity.
2. Regulatory	Changes or new regulation that adversely affect the operation of the assets and the delivery of products and services.	Reputational/Financial	Monitoring and analysis of the variables that may generate adverse regulatory changes for the Company. Work with professional associations, ministries and the Colombian Government to review the proposals for change.
3. Political	Probability that political forces generate radical changes that could affect the business.	Reputational/Financial	Monitoring of variables that could generate adverse political changes for the Company. Management with government bodies.
4. Technology	Not having the IT technology required to leverage the operation and growth of the business.	Financial	Update and upgrade of the technologies that support the business.
5. Climate variability	Reduction of rainfall and level of the reservoirs. Effects on resources and production supplies.	Reputational/Financial	Mitigation, compensation, adaptation and communication plans within the climate change strategy. Assessment of legal requirements; carbon footprint measurements. Definition and execution of environmental management plans.
6. Projects	Overcharge or increase in the projects' execution times.	Reputational/Financial	Proactive management with the communities and authorities. Adequate selection of suppliers,

Strategic risk	Definition	Potential impact of the risk on the business	Mitigation actions
			validating their experience and financial stability.
7. Commercial	Failures in the sales strategy of the businesses and the processes of delivering products and services.	Reputational/Financial	Strengthening of sales and innovation skills with the capacity to efficiently assess the new businesses.
8. Fuel	Changes in the availability and price of fuels that make the assets unfeasible.	Financial	Strengthening of the infrastructure required to operate with different fuels, supported by adequate maintenance and hiring systems.
9. Obsolescence of assets	Assets that lose efficiency, value and competitiveness.	Reputational/Financial	Maintenance and replacement plans for the operating assets.
10. Cybersecurity	Cyber attacks or failures that affect the provision of services or delivery of products.	Reputational/Financial	Implementation of tools to detect incidents promptly and with the capacity to remotely isolate the compromised operations.
11. Demand	Decrease in the energy demand due to the entry of new technology or changes in consumer patterns.	Financial	Diversification of the energy portfolio and businesses. Improvement of sales and innovation skills that drive changes in consumer habits.
12. Financial	Inadequate financial structure to support the business, new projects and economic resources for growth.	Financial	Improvement of the financial assessment of the business cases and new businesses. Adequate funding plans. Adequate counterparty risk management.
13. Acquisitions	Errors and omissions in partnerships, mergers or acquisitions and structuring of projects.	Reputational/Financial	Adequate implementation of the business cases, intervention plan and capital structure. Participation of specialized teams.
14. Supply and distribution chain	Failures in the process of supplying and delivering products and services that affect the cost and consumers.	Reputational/Financial	Implementation of a new strategic supply model.
15. Competitors	Reaction of the competitors to the new businesses and products, and the entry of new competitors that harm business performance.	Financial	Positioning of the business and contractual models in light of the other competitors.
16. Energy portfolio	Inadequate structuring of the energy portfolio that reduces the Company's competitiveness.	Financial	Change in the energy sales strategy. Search for new energy purchase options associated with asset development.
17. Social	Production assets or projects becoming unfeasible due to problems related to communities.	Reputational/Financial	Agreement processes with the communities of the areas of influence and strengthening of relations with the different stakeholders of the area.
18. Reputational	Situations that expose the prestige and credibility of the Company for stakeholders.	Reputational/Financial	Prior and aware assessment of all the actions that the Organization intends to carry out. Commitment to good practices and actions, and compliance with the Corporate Governance Code and Code of Business Conduct.

33.2 Capital risk management:

Celsia's capital structure depends on the net financial debt comprised of the short and long-term borrowings, bonds and commercial papers, and equity, comprised of the issued shares, reserves and other equity components, as disclosed in Note 18. Borrowings and Note 17. Equity.

Celsia manages its capital to ensure its capacity to continue as a going concern, while it maximizes the return for its shareholders through the efficient enhancement of the capital structure in line with the expansion and investment plans. In the same way, it manages the risk by handling some levels of reasonable debt (mainly measured in the net debt / EBITDA ratio).

Celsia is not subject to external capital requirements, so all the leverage and target capital level decisions are made with the premise of value creation for the shareholders.

33.3 Objectives of financial risk management:

Celsia's financial policies aim to guarantee a strong financial structure and to maintain the exposure to market, liquidity and credit risk at acceptable levels according to the nature of the business and according to the policies established by the Parent Company.

Celsia constantly assesses and quantifies under different capital structures (equity-debt mix, debt interest rate –fixed or variable–, currency and interest rate). The risk is mitigated through the use of natural hedging or financial derivatives to the extent that the market permits it. It is not Celsia's policy to use derivatives for speculation.

Special operations such as acquisitions and issuances of shares or bonds can cause them to temporarily exceed the limit established by Management, which is controlled though constant monitoring of the volatility and of the execution of the investment plans associated with the specific operation carried out.

33.3.1 Market risk:

Due to the activities that it carries out and its capital structure, Celsia is exposed to changes in the exchange rate and interest rates. Exposure to different market risks is measured by determining the value at risk (VaR) of Celsia's portfolio of electricity assets and complementing this with a sensitivity analysis. Compared to the previous year, the exposure to market risks or the way in which said risks are managed and measured has not changed.

33.3.2 Exchange risk management:

At the close of 2021 and 2020, Celsia's profit before tax was exposed to changes in the exchange rate through the components of cost of sales in U.S. dollars and borrowings.

The net exposure of Celsia S.A. based on the notional value of monetary assets and liabilities after exchange rate hedging, mainly with the U.S. dollar, is as follows:

As at December 31, 2021	In U.S. dollars
Monetary assets	37,183,469
Monetary liabilities	76,671,624
Net exposure	**(39,488,155)**

As at December 31, 2020	Exposure to the U.S. dollar	Exposure to the Euro	Exposure to currencies other than the U.S. dollar, Euro and Colombian peso	Total exposure
Monetary assets	60,980,618	43,173	4,101	61,027,892
Monetary liabilities	113,225,209	638,559	-	113,863,768
Net exposure	**(52,244,591)**	**(595,386)**	**4,101**	**(52,835,876)**

As at December 31, 2021	In millions of Colombian pesos
Monetary assets	148,033
Monetary liabilities	305,242
Net exposure	**(157,209)**

As at December 31, 2020	Exposure to the U.S. dollar	Exposure to the Euro	Exposure to currencies other than the U.S. dollar, Euro and Colombian peso	Total exposure
Monetary assets	209,316	148	14	209,478
Monetary liabilities	388,645	2,192	-	390,837
Net exposure	**(179,329)**	**(2,044)**	**14**	**(181,359)**

Foreign currency sensitivity analysis

Celsia conducts sensitivity analyses in order to quantify the impact of the exchange rate on the figures of its income. It is mainly exposed to the U.S. dollar.

The following table shows the sensitivity to a 20% increase or decrease in the Colombian peso against foreign currency. The 20% change represents the sensitivity percentage used when the exchange rate risk is internally reported to key risk management staff and it represents risk management's assessment of the possible reasonable change in the exchange rates. The sensitivity analysis only includes the pending monetary entries denominated in foreign currency and their conversion is adjusted at the end of the period for a change of 20% in the exchange rates. A positive figure further on indicates an increase in income, where the Colombian peso becomes 20% stronger against the relevant currency. If there is a 20% weakening of the functional currency against the benchmark currency, there will be a comparable impact on income.

Strengthening of the Colombian peso against the U.S. dollar	*Impact on profit before tax and continuing operations* [20%]	[-20%]
As at December 31, 2021	(31,442)	31,442
As at December 31, 2020	(35,866)	35,866

The sensitivity analysis on the foreign exchange risk shows that at a 20% appreciation of the Colombian peso against the U.S. dollar would have the following impact on the conversion into Colombian pesos of the profit before tax and of continuing operations of subsidiaries whose functional currency is not the Colombian peso.

	Appreciation of the U.S. dollar 2021	2020
Impact on profit before tax and continuing operations	73,398	(5,480)
Equity	67,011	(57,358)

A drop of 20% in the value of the Colombian peso against the U.S. dollar would have produced the opposite effect. For the analysis, it is assumed that all the other variables are constant.

Operations and balances in foreign currency are converted using the representative exchange rate certified by the Central Bank of Colombia. In the preparation of the financial statements, the assets and liabilities, as well as the income, costs and expenses in foreign currency, have been converted into Colombian pesos using the average and closing exchange rates, as follows:

	2020		2020	
Against the U.S. dollar	Closing exchange rate	Average exchange rate	Closing exchange rate	Average exchange rate
COP	3,981.16	3,967.77	3,432.50	3,468.50
EUR			0.817	
GBP			0.819	

33.3.3 Interest rate risk management:

Celsia is exposed to different indicators, such as the CPI, IBR and LIBOR, which enable efficient absorption of changes in monetary policy and the performance of the national and international macroeconomic variables. Additionally, 70% of this debt is indexed to the CPI and IBR, thus achieving a natural hedge with the Company's revenue that mainly varies with the changes in the CPI.

The following table shows the liability and agreed interest rate. Exposure occurs on the amounts with a variable interest rate:

	Debt		Debt	
Agreed interest rate	2021	2020	2021	2020
Fixed interest	416,504	691,305	9%	15%
Variable interest	4,033,818	3,225,260	90%	69%
Does not accrue interest	12,466	727,273	0%	17%
Total consolidated debt	**4,462,789**	**4,719,431**	**100%**	**100%**

Interest rate derivatives and inflation rates

The derivatives acquired by Celsia to hedge the interest rate risk are designated as cash flow hedging instruments. The value recognized in other comprehensive income (OCI) for the valuation of these derivative instruments is explained in Note 17 Equity, in the Reserves and Other comprehensive income sections.

The breakdown of the current foreign exchange derivatives at December 31 is provided below:

		Notional underlying value – Amount of derivative instrument			Fair value of derivative instrument asset (liability)
Type of instrument	Hedged item	December 2021	Derivative instrument rate	Maturity of derivative instrument	December 2021
Non-deliverable forward	Liability	USD 1,132,049	3,665.01	Jan-19-22	367
Non-deliverable forward	Liability	USD 2,195,389	3,675.59	Feb-23-22	719

Non-deliverable forward	Liability	USD 525,048	3,684.70	Mar-23-22	173
Non-deliverable forward	Liability	USD 503,787	3,694.29	Apr-20-22	168
Non-deliverable forward	Liability	USD 810,652	3,783.81	Jan-12-22	164
					1,592

		Notional underlying value – Amount of derivative instrument			Fair value of derivative instrument asset (liability)
Type of instrument	**Hedged item**	**December 2020**	**Derivative instrument rate**	**Maturity of derivative instrument**	**December 2020**
Non-deliverable forward	Liability	USD 65,000,000	4,074.67	Jan-29-21	(41,804)
Non-deliverable forward	Liability	USD 250,000	3,662.75	Jan-21-21	(58)
Non-deliverable forward	Liability	USD 4,900,000	3,634.44	Feb-24-21	(1,140)
Non-deliverable forward	Liability	USD 1,800,000	3,626.53	Jan-20-21	(349)
Non-deliverable forward	Liability	USD 500,000	3,641.50	Apr-19-21	(98)
Non-deliverable forward	Liability	USD 400,000	3,498.24	Feb-24-21	(25)
					(43,474)

Exchange rate derivatives

The following table shows the notional capital amounts and the remaining terms of the currency forwards and swaps at the end of the reporting period:

	Notional value of the hedged item in Colombian pesos	Fair value of derivative instrument asset (liability)
	December 2021	**December 2021**
Not designated as hedge accounting		
One year or less	20,570	1,592
Foreign currency derivatives	**20,570**	**1,592**

	Notional value of the hedged item in Colombian pesos	Fair value of derivative instrument asset (liability)
	December 2020	**December 2020**
Not designated as hedge accounting		
One year or less	250,058	(43,474)
Currency derivatives	**250,058**	**(43,474)**

Sensitivity analysis of exchange rates and inflation rates

An analysis is prepared for the liabilities at variable rates, assuming that the pending amount of the liability at the end of the reporting period has been the pending liability for the whole year. When internally informing the key risk management staff of the interest rate risk, the increase or decrease of 100 bps on the spot market rate of the indexer is used, keeping the rest of the variables constant, which represents risk management's assessment of the possible reasonable change in the interest rates:

	CPI		IBR		LIBOR	
Annual	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Profit before tax and discontinued operations	18,576	18,576	12,703	4,097	9,056	11,413

33.3.4 Credit risk management: Credit risk refers to the risk of one of the parties not meeting its contractual obligations resulting in a financial loss. The Company has adopted a policy to only become involved with solvent parties and to obtain sufficient collateral, when appropriate, as a way of mitigating the risk of financial loss caused by default.

In sales in which the Organization determines its counterparty in advance and agrees to special conditions that allow it to mitigate the risks of the counterparty, the Company adjusts its respective offers (price, payment method, etc.), so that they reflect the assessment made of the counterparty, as well as the amount exposed in each of the operations.

The credit risk of liquid funds and derivative financial instruments is limited because the counterparties are financial institutions with high credit ratings awarded by credit rating agencies. Celsia applies a strict practice of distribution of its cash and investments, which mitigates the risk of concentration of its funds in the same entity or security.

The Company is exposed to credit risk with respect to the financial guarantees it grants to its subsidiaries. The Company's maximum exposure in this respect represents the maximum amount that the Company would have to pay in the event that the collateral is required.

33.3.5 Liquidity risk management: Liquidity risk can be generated when there is insufficient capital structure and/or the return on investments is affected. This risk is managed through financial planning and cash administration exercises, with constant monitoring of cash flow. Additionally, through the design and monitoring of working capital needs and the capital structure, Celsia efficiently plans the sources and uses, guaranteeing financial flexibility, risk management and returns.

To mitigate the liquidity risk on the capital maturities and renewals of borrowings, Celsia regularly monitors the concentration of the debt maturities, which enables it to manage them in advance. It also has an ample portfolio of liquidity providers in different currencies, index rates and terms, which include Colombian banks, foreign banks, commercial financing companies, and securities market brokers, as well as the issuance of bonds and commercial papers on the capital market as a recurring issuer. Additionally, Celsia has uncommitted credit limits with Colombian and foreign banks of a sufficient amount to respond to any situation.

Celsia maintains a liquidity policy according to the flow of working capital, executing the supplier payment agreements in line with the established payment policy. This management is supported by the preparation of cash flow budgets, which are regularly reviewed, enabling the establishment of the liquid asset position necessary to respond to liquidity needs.

33.3.6 Rate risk: In light of the volatility risk of the spot market price, electricity wholesale in contracts is a hedging mechanism that allows the Company to maintain a stable or minimum flow of income in light of sales on the spot market, which record high volatility due to water levels and the spot market price. The Company has a commercial policy that limits concentration in spot market sales. The contracts are made with sales and distribution companies in Colombia with financial stability and experience.

33.3.7 Other price risks: The portfolio investments that remain in equity are maintained for strategic reasons and not for sales purposes. The Company does not actively trade these investments.

33.4 Analysis of the maturity of non-derivative financial liabilities

The following tables show Celsia's remaining contract maturity for its non-derivative financial liabilities with agreed reimbursement periods. The tables have been designed based on the financial liabilities' undiscounted cash flows based on the date on which Celsia must make the payments. The tables include the cash flows from both interest and capital. To the extent that the interest is at the variable rate, the undiscounted amount derives from the interest rate curves at the end of the reporting period. The contractual maturity is based on the minimum date by which Celsia must make the payment.

	Effective weighted average rate	One year or less	From 1 to 5 years	Five years or more	Total	Book value
As at December 31, 2021						
Financial liabilities that do not accrue interest	N/A	837,746	6,078	0	843,824	843,824
Instruments with variable interest rate	COP 5.96% AER USD 5.50% AER	415,885	2,371,409	3,376,885	6,164,179	4,042,246
Instruments with fixed interest rate	COP 5.26% AER USD 5.79% AER	340,949	147,444	188,493	676,886	531,096
		1,594,580	**2,524,931**	**3,565,378**	**7,684,889**	**5,417,166**

The contractual flows from the lease liabilities are disclosed in Note 7. Right-of-use assets and liabilities.

33.5 Maturity of derivative financial instruments

The following table shows the maturity of the derivative financial instruments of Celsia Colombia S.A. E.S.P. The table has been designed based on the net discounted contractual cash flows that are paid on a net base, and the gross discounted cash flow on the derivatives that require gross payment. When the amount payable or receivable is not fixed, the disclosed amount has been determined based on the projected interest rates, as illustrated in the return curves at the end of the reporting period:

	One year or less	From 1 to 5 years	Five years or more	Total	Book value
As at December 31, 2021					
Forward	1,592	-	-	1,592	1,592
Total	**1,592**	**-**	**-**	**1,592**	**1,592**

	One year or less	From 1 to 5 years	Five years or more	Total	Book value
As at December 31, 2020					
Forward	(43,474)	-	-	(43,474)	(43,474)
Total	**(43,474)**	**-**	**-**	**(43,474)**	**(43,474)**

NOTE 34. TRANSACTIONS WITH RELATED PARTIES

The immediate parent company of Celsia S.A. is Grupo Argos S.A., with its main business address in Medellín, Colombia, which holds a direct share of 52.93%, making it the controlling shareholder.

34.1 Qualitative information about relations between related parties

34.1.1 Relations between Celsia S.A. and its parent company Grupo Argos S.A.

- Dividend payment
- Air travel of employees
- Lease service of constructions and buildings
- Technical administrative support services

34.1.2 Relations between Celsia S.A. and entities with significant influence on the Group

- Insurance policies hired by the companies to protect their production assets, mainly covering material damage caused by fire, explosion, short circuit, natural disasters, terrorism and other risks

34.1.3 Relations between Celsia S.A. and joint ventures

- The transactions mainly account for the sale of distribution and transmission assets by Celsia Colombia S.A. E.S.P. to Caoba Inversiones S.A.S.
- Representation contract with Caoba Inversiones S.A.S. for the operation of distribution and transmission assets in Tolima and Plan 5 Caribe
- Loans to be used as working capital

34.2 Quantitative information about relations between related parties

The following commercial transactions were made with related parties during the period:

	Sale of assets and other income		Purchase of assets and other expenses	
	2021	2020	2021	2020
Parent company	-	-	36	30
Other related parties	26,376	14,668	58,202	60,841
Associates	691	-	1,291	1,901
Joint ventures	34,268	24,608	-	-
Key management staff	-	-	46,778	47,502
Professional fees for Board of Directors	-	-	1,273	1,375
All related parties	**61,311**	**39,276**	**107,580**	**111,649**

	Amounts receivable		Amounts payable		Lease assets		Lease liabilities	
	2021	2020	2021	2020	2021	2020	2021	2020
Parent company	-	-	29,168	54,657	-	-	-	-
Other related parties	21,539	4,688	46,644	2,330	39,537	67,969	47,670	55,485
Associates	1,634	1,491	1,018	785	-	-	-	-
Joint ventures	42,082	330,462	49,339	35,040	-	-	-	-
Key management staff (1)	6,188	5,024	-	-	-	-	-	-
All related parties	**71,443**	**341,665**	**126,169**	**92,812**	**39,537**	**67,969**	**47,670**	**55,485**

As at December 31, 2021 and 2020, the Company had not recognized impairment and expenses due to the impairment of the amounts receivable from related parties. The Company has granted guarantees of balances payable to related parties. The transactions between the reporting Company and its related parties are made in equivalent conditions to those that exist in transactions between independent parties.

The average term of accounts receivable to related parties in connection with the sale of goods is 30 days. The current payment policy, which stipulates the average credit period or terms for payments between related parties or economic associates, indicates that this depends on the conditions established in the contract; however, on average it is 30 days.

The term of interlinked loans in 2021 was 2 years at 3M LIBOR + 2.50%, and in 2020 was 1.66 years at Libor + 1.25%.

(1) The credit balances granted to the Company's executives mainly for housing, special loans to senior executives, and vehicle and health insurance.

Until 2020, dividends payable to minority shareholders were presented as related party transactions; however, since they do not have control or significant influence over the Group, they are removed from the disclosure.

34.3 Payment of key management personnel: Payment of executives and other key members of Management during the period was as follows:

	2021	2020
Short-term employee benefits	41,981	43,582
Long-term employee benefits	4,797	3,920
Professional fees (1)	1,273	1,375
Loans granted to key management staff	6,188	5,024
Total compensation of key management staff in the period	**54,239**	**53,901**

(1) The payments of professional fees consist of the payments for attending meetings of the Board of Directors and the supporting committees for its management.

NOTE 35. JOINT AGREEMENTS

35.1 Joint operations

At the cut-off of December 31, 2021, the following operations were presented, where the Company operates jointly:

With Blanco y Negro Masivo S.A. and with Blanco y Negro Móvil S.A.S.

They are companies dedicated to providing the service, and managing and operating the massive transportation system in Cali, with its registered business address in the municipality of Yumbo, Valle del Cauca. Celsia Colombia S.A. E.S.P. signed a business cooperation agreement with the aim to provide the massive passenger transportation public service in Cali with electric buses, by virtue of the transportation agreement that Blanco y Negro Masivo has signed with Metro Cali.

Celsia Colombia S.A. E.S.P. has 50% share in the cooperation agreement and its contribution to the business is providing the electric fleet required to operate the transportation service agreement. Like in every cooperation agreement, the parties share the risks and rewards of the business.

With Cubico Colombia S.A.S.

Company with the corporate purpose to jointly invest in the development, construction and start-up of solar power generation projects with its main registered address in the city of Bogotá. Celsia Colombia S.A. E.S.P. has entered into a joint arrangement with a 50% share in the business. The main purpose of the cooperation agreement is the joint exploitation of power generation using renewable energy in Colombia and like every cooperation agreement, the parties share the generated risks and rewards. Cubico has global experience in renewable energy projects. In turn, Celsia Colombia S.A. E.S.P. has ample experience in the planning, structuring, construction, management and operation of solar power plants.

With PC Mejía S.A.

An electrical engineering company, which has the corporate purpose of building and installing electricity solutions, more than 20 years on the market, and experience in more than 450 projects of this kind. Celsia Colombia S.A. E.S.P. has entered into a joint arrangement with the company with a 50% share. The purpose of the business is the exploitation and installation in joint projects of electrical engineering, electricity assets and lighting. By virtue of this, the parties will make different contributions to the business and they will share the generated risks and rewards. Likewise, a structured vehicle was created for 2021 with PC Mejía called Unión Temporal Celsia- PC Mejía Patio Perdono, in order to execute jointly and severally in favor of VGMobility Perdomo S.A.S. the contract for the construction of the electrical support infrastructure of the Perdomo II functional unit, the participation of the project is 50% for each of the parties.

NOTE 36. OTHER DISCLOSURES

36.1 Energy supply commitments

At the close of 2021, these were the relevant commitments:

Celsia Colombia S.A. E.S.P.: At the close of 2021, Celsia Colombia S.A. E.S.P. had commitments with third parties for the electricity supply acquired through the traditional energy sales process (traditional public calls for tender) or through the Centralized System of Public Calls for Tender Information (SICEP, for the Spanish original) until 2028. In turn, and as a result of the UPME auction process for non-conventional renewable energy sources, it has energy sales contracts until 2037. Said commitments are financial contracts and they do not have the obligation of physical delivery from any power plant in particular. In the event that the seller does not generate energy from its own portfolio, it is supplied from the exchange.

All of the contracts with third parties are “contract pay” agreements where the amounts are established according to the hours and the majority of the prices are set in COP/kWh of a month and are indexed on a monthly basis to the Producer Price Index. For the contracts resulting from the UPME auction, an additional correction is made to the rate due to the actual evolution of the real equivalent cost of energy (CERE in Spanish).

CETSA E.S.P.: At the close of 2021, CETSA E.S.P. does not have commitments for the supply of electricity with third parties. Until 2035, it has commitments with one related company (Celsia Colombia S.A. E.S.P.). The amounts of the contract with Celsia Colombia S.A. E.S.P. will depend on the generation of CETSA E.S.P.’s power plants in ideal dispatch versus the signed contracts, and they will be equal to the surplus. Said commitments are financial contracts and they do not have the obligation of physical delivery from any power plant in particular. In the event that the seller does not generate energy from its own portfolio, it is supplied from the exchange.

Alternegy S.A.: Contracts of commitments for the supply of power and electricity with distribution companies, and power and energy reserve contracts with other energy generation companies; in addition to power reserve contracts with an annually renewable supply period.

Bontex S.A.: Contracts of commitments for the supply of power and electricity with distribution companies, and power and energy reserve contracts with other power generation companies; in addition to power reserve contracts with an annually renewable supply period.

Bahía Las Minas Corp.: Contracts of commitments for the supply of only power with distribution companies, and electric power reserve contracts with other power generation companies; in addition to power reserve contracts with an annually renewable supply period.

Celsia Centroamérica S.A.:

- Contracts of commitments for the supply of only power with distribution companies, and power and energy reserve contracts with other power generation companies
- Contracts for electricity supply to large customers.
- Power reserve contracts with an annually renewable supply period.

Divisa Solar 10 MW S.A.: Power reserve contract with other generating companies.

CELSOLAR, S.A.: Power reserve contract with other generating companies.

Said commitments are financial contracts and they do not have the obligation of physical delivery from any power plant in particular. In the event that the seller does not have the electricity, this is supplied through the spot market at the seller’s cost.

36.2 Contingencies

Celsia and its subsidiaries duly addressed its legal affairs and did not receive any notification of lawsuits or penalties that could affect its financial position. The contingent assets and liabilities have not presented significant variations with respect to their amount and/or rating as at December 31, 2021.

However, we inform that based on Law 1955/2019 (Articles 18 and 314), the Superintendence of Residential Public Utilities officially settled the special payment and additional payment for Celsia Colombia S.A. E.S.P., Celsia Tolima S.A. E.S.P and Compañía de Electricidad de Tuluá S.A. E.S.P. for 2020. These settlements were notified to the Company during the second half of the year and the respective appeals for review with supplementary appeals were filed, which are pending resolution, because to date, a final decision on them has not been notified.

The regulations of Law 1955/2019, which supported the issued settlements, were declared unconstitutional by means of Sentence C-484/2020 and Sentence C-464/2020. These sentences declared for immediate and future effects Article 18 (amends the special payment) unenforceable, and as of 2023, Article 314 (creates the additional payment and orders its settlement pursuant to the rules of special payment) unenforceable, respectively. The sentence establishes that the ruling applies for consolidated legal situations and the text of Article 85 would resume its validity before being amended by Law 1955, because if not, it would generate a legal vacuum that would leave the Superintendence of Residential Public Utilities without any financing mechanism to develop its functions.

As a result of the above, it is established that: i) the settlements of the special and additional payment that were subject to appeals for review with supplementary appeals consist of unfinished proceedings –unestablished legal positions– and ii) regarding the actions to determine or charge the additional payment, the weakening of the settlements based on Article 314 would occur, having to revoke or annul the acts that attempt to determine an unconstitutional payment. The Company has the written opinion of an external lawyer ratifying the high probability of success of this administrative, legal dispute; based on such expert opinion, no related provisions have been recognized.

NOTE 37. RELEVANT EVENTS DURING THE REPORTING PERIOD

2021 was a year of transition and post-pandemic economic revival. In the last year, the company made investments to grow and guarantee electric power service as a basis to support economic recovery, competitiveness and employment preservation in the countries where we operate.

There were also some challenges during the year. We faced disruptions in international supply chains, and for a couple of months there were road blockades in Colombia that impacted our operations, in addition to the threats arising from the presence of several COVID-19 variants and contagion peaks. Despite the above, and aware that energy service is essential, the company focused all its efforts on guaranteeing one hundred percent of our operation and a quality and reliable service for our customers. The operational and financial results were remarkable, and demonstrate Celsia's resilience in overcoming difficulties.

To date, we have connected more than 1,225,000 customers, 43,000 km of distribution lines and 291 km of transmission lines, and we are firmly committed to continue modernizing these networks to support the needs of our customers. To this end, we invested in substations, new circuits and control systems to improve reliability and make them safer.

Aimed primarily at improving service, these investments, are remunerated and generate stable cash flows that ensure the profitability of the operations. At the same time, the SAIDI (System Average Interruption Duration Index) and SAIFI (System Average Interruption Frequency Index) indicators show significant progress.

In growth activities, we are moving forward with the development and operation of solar farms in the alliance we have with Cubico Sustainable Investments, an investment vehicle of two Canadian pension funds that believe in Colombia. In this platform we already have 47.5 MW in operation and we expect to have 1 GW in solar farms under development in the next 3 or 4 years.

The El Tesorito thermal power plant project is moving forward with the construction of the generation plant and installation of the walls and covers of the operation buildings. The 11 power plant generators and motors are in temporary storage in Colombia while awaiting construction progress. The teams are working to bring this 200 MW project, which is necessary for the country's energy reliability, into operation in the coming months.

NOTE 38. EVENTS THAT OCCURRED AFTER THE REPORTING PERIOD

There were no relevant events that occurred after the closure of the financial statements and until the date of their approval that could significantly affect the financial position of the Company reflected in these financial statements.

NOTE 39. APPROVAL OF THE FINANCIAL STATEMENTS

The Condensed Consolidated Financial Statements were authorized for their disclosure by the Board of Directors on February 24, 2022. These financial statements will be submitted for the consideration of the highest corporate body, which can approve or reject them.