

Promigas S.A. E.S.P. and Subsidiaries

Condensed Consolidated Interim Financial Statements

For the Quarter ended June 30, 2022

With Independent Auditor's Report

Promigas S.A. E.S.P. and Subsidiaries
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
(In thousands of Colombian Pesos)

	Note	June 30, 2022	December 31, 2021
ASSETS			
CURRENT ASSETS:			
Cash	4	\$ 598.169.978	427.848.665
Financial assets at fair value	5	206.611.016	241.164.321
Financial assets at amortized cost	6	1.287.777.957	1.201.291.883
Inventories	7	130.552.516	117.695.122
Advances or credit balances due to taxes		31.650.634	36.531.195
Other assets	8	234.737.089	166.234.814
TOTAL CURRENT ASSETS		2.489.499.190	2.190.766.000
Non-current assets held for sale		1.069.613	1.429.613
TOTAL CURRENT ASSETS AND ASSETS HELD FOR SALE		2.490.568.803	2.192.195.613
NON-CURRENT ASSETS			
Financial assets at fair value	5	3.396.100.930	3.246.887.347
Financial assets at amortized cost	6	1.783.118.493	1.783.825.121
Investments in associates	9	851.492.712	878.395.620
Property, gas pipelines, networks, plant and equipment	10	1.284.930.061	1.267.139.852
Intangible assets:			
Concessions	11	5.236.296.154	4.832.490.325
Goodwill		151.652.212	150.716.870
Other intangible assets	12	114.809.307	115.051.948
Total intangible assets:		5.502.757.673	5.098.259.143
Right-of-use assets	13	137.052.152	132.879.120
Investment property		8.815.676	9.259.620
Deferred tax assets, net	14	68.503.720	66.136.281
Other assets	8	272.250.888	247.393.800
TOTAL NON-CURRENT ASSETS		13.305.022.305	12.730.175.904
TOTAL ASSETS		\$ 15.795.591.108	14.922.371.517
LIABILITIES			
CURRENT LIABILITIES:			
Financial obligations	15	\$ 665.356.821	428.437.053
Bonds outstanding	16	547.890.685	268.827.276
Accounts payable	17	944.906.950	601.983.615
Employee benefits	18	24.259.710	22.909.552
Current income tax	14	44.853.602	62.492.248
Provisions	20	48.786.002	42.672.697
Other liabilities	19	171.879.636	166.178.472
TOTAL CURRENT LIABILITIES		2.447.933.406	1.593.500.913
NON-CURRENT LIABILITIES:			
Financial obligations	15	2.338.339.648	2.256.771.906
Bonds outstanding	16	4.330.161.126	4.597.101.390
Accounts payable	17	24.454.278	26.550.092
Employee benefits	18	3.548.316	3.600.580
Provisions	20	324.840.067	309.718.878
Deferred tax liabilities, net	14	926.111.320	869.891.255
TOTAL NON-CURRENT LIABILITIES		7.947.454.755	8.063.634.101
TOTAL LIABILITIES		10.395.388.161	9.657.135.014
EQUITY			
SHAREHOLDERS' EQUITY			
Subscribed and paid-in capital	21	113.491.861	113.491.861
Issue premium		322.822.817	322.822.817
Reserves		1.226.467.276	1.104.531.324
Retained earnings		3.147.080.673	3.197.235.580
Other equity transactions		(11.554.814)	(11.554.865)
Other comprehensive income		317.982.250	258.553.530
TOTAL SHAREHOLDERS' EQUITY		5.116.290.063	4.985.080.247
NON-CONTROLLING INTERESTS	22	283.912.884	280.156.256
TOTAL EQUITY		5.400.202.947	5.265.236.503
TOTAL LIABILITIES AND EQUITY		\$ 15.795.591.108	14.922.371.517

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

Natalia Abello Vives
Legal Representative (Alternate)

John Jairo Rodriguez Benavides
Public Accountant
Professional License No.11628-T

Rosangela Barrios Pantoja
Independent Auditor
Professional License No. 155173-T
Member of KPMG S.A.S.
(See my report dated August 12, 2022)

We, the undersigned Legal Representative and Public Accountant certify that we have previously verified the statements contained in these condensed consolidated interim financial statements and that they have been prepared in accordance with the information faithfully taken from the accounting books of the parent company and its subsidiaries.

Promigas S.A. E.S.P. and Subsidiaries
CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
(In thousands of Colombian pesos, except for net income per share, which is expressed in Colombian pesos.)

	Note	For six-month periods ended:		For three-month periods ended:	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Revenue					
Contracts with customers	\$	2.297.501.934	1.872.218.237	1.170.764.781	939.177.341
Revenue from national concession agreements		74.566.192	54.761.760	39.845.581	35.803.764
Revenue from foreign concession agreements		304.544.753	338.821.103	144.325.176	251.318.442
Other revenue		190.115.649	151.416.988	96.558.482	76.977.641
Total revenue	23	2.866.728.528	2.417.218.088	1.451.494.020	1.303.277.188
Cost of sales and services rendered		(1.571.888.242)	(1.292.785.074)	(825.332.283)	(650.051.490)
Cost of construction of national concession agreements		(43.044.149)	(48.560.628)	(24.245.344)	(32.467.916)
Cost of construction of foreign concessions agreements		(169.563.143)	(189.268.004)	(79.838.770)	(138.126.313)
Total cost of sales and services rendered	24	(1.784.495.534)	(1.530.613.706)	(929.416.397)	(820.645.719)
GROSS PROFIT		1.082.232.994	886.604.382	522.077.623	482.631.469
Administrative and selling expenses	25	(213.960.401)	(164.954.761)	(114.168.865)	(84.957.335)
Share of profit of equity-accounted					
National associates		61.317.015	58.038.295	(14.756.018)	30.659.525
Foreign associates		84.815.703	64.431.290	84.815.703	35.832.488
Total share of profit of equity-accounted	9	146.132.718	122.469.585	70.059.685	66.492.013
Dividends received		1.250.450	456.146	-	-
Impairment for expected credit losses	6	(33.121.397)	(23.603.780)	(26.838.929)	(16.317.536)
Other, net	26	31.341.432	19.593.781	5.724.345	4.305.097
OPERATING INCOME		1.013.875.796	840.565.353	456.853.859	452.153.708
Finance income	27	162.508.706	162.330.616	80.583.438	71.375.971
Interest expense	28	(256.313.223)	(178.258.400)	(133.376.024)	(86.309.800)
Foreign exchange difference, net	29	1.952.913	(156.445)	4.057.008	592.108
INCOME BEFORE INCOME TAX		922.024.192	824.481.124	408.118.281	437.811.987
Income tax	14	(230.034.111)	(200.533.575)	(99.642.178)	(98.542.337)
NET INCOME	\$	691.990.081	623.947.549	308.476.103	339.269.650
ATTRIBUTABLE TO:					
Company shareholders	\$	659.148.373	597.600.628	293.915.678	326.637.788
Non-controlling interest	22	32.841.708	26.346.921	14.560.425	12.631.862
	\$	691.990.081	623.947.549	308.476.103	339.269.650
NET INCOME PER SHARE	\$	580,83	526,59	258,99	287,83

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

Natalia Abello Vives
Legal Representative (Alternate)

John Jairo Rodriguez Benavides
Public Accountant
Professional License No.11628-T

Rosangela Barrios Pantoja
Independent Auditor
Professional License No. 155173-T
Member of KPMG S.A.S.
(See my report dated August 12, 2022)

We, the undersigned Legal Representative and Public Accountant certify that we have previously verified the statements contained in these condensed consolidated interim financial statements and that they have been prepared in accordance with the information faithfully taken from the accounting books of the parent company and its subsidiaries.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME
(In thousands of Colombian Pesos)

	Note	For six-month periods ended:		For three-month periods ended:	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
NET INCOME		\$ 691.990.081	623.947.549	308.476.103	339.269.650
OTHER COMPREHENSIVE INCOME					
<i>Other comprehensive income that will not be reclassified to profit or loss of the period</i>					
Fair value of equity instrument	5	5.981.760	282.628	-	-
Deferred tax	14	(598.117)	(28.516)	5.945	-
		5.383.643	254.112	5.945	-
<i>Other comprehensive income to be reclassified to profit or loss for the period</i>					
Currency translation adjustment		51.607.796	59.644.786	119.641.232	16.625.945
Hedging transactions		(23.305.552)	(69.476.054)	(68.696.895)	(14.737.282)
Deferred tax	14	7.532.244	20.022.799	20.919.288	4.535.551
		35.834.488	10.191.531	71.863.625	6.424.214
OTHER COMPREHENSIVE INCOME FOR THE PERIOD IN ASSOCIATES	9				
<i>Other comprehensive income to be reclassified to profit or loss for the period</i>					
Currency translation adjustment		16.179.297	41.320.829	48.401.881	8.570.554
Hedging transactions		7.647.398	(2.840.597)	6.683.800	(3.570.212)
TOTAL OTHER COMPREHENSIVE INCOME		23.826.695	38.480.232	55.085.681	5.000.342
		65.044.826	48.925.875	126.955.251	11.424.556
TOTAL INCOME AND OTHER COMPREHENSIVE INCOME		\$ 757.034.907	672.873.424	435.431.354	350.694.206
TOTAL INCOME AND OTHER COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Company shareholders		\$ 718.577.094	636.888.849	407.990.314	335.795.137
Non-controlling interest		38.457.813	35.984.575	27.441.040	14.899.069
		\$ 757.034.907	672.873.424	435.431.354	350.694.206

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

Natalia Abello Vives
Legal Representative (Alternate)

John Jairo Rodriguez Benavides
Public Accountant
Professional License No.11628-T

Rosangela Barrios Pantoja
Independent Auditor
Professional License No. 155173-T
Member of KPMG S.A.S.
(See my report dated August 12, 2022)

We, the undersigned Legal Representative and Public Accountant certify that we have previously verified the statements contained in these condensed consolidated interim financial statements and that they have been prepared in accordance with the information faithfully taken from the accounting books of the parent company and its subsidiaries.

Promigas S.A. E.S.P. and Subsidiaries
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
(In thousands of Colombian pesos)

	Note	Retained earnings											
		Subscribed and paid-in capital	Issue premium	Reserves	Previous year results	Net income	First-time adoption effect	Total	Other equity transactions	Other comprehensive income	Total shareholders' equity	Non-controlling interests	Total equity
For the six-month periods ended:													
Balances as of December 31, 2020		\$ 113.491.861	322.822.817	919.938.627	156.522.903	1.137.444.552	1.505.786.626	2.799.754.081	(11.556.845)	163.229.800	4.307.680.341	259.056.726	4.566.737.067
Acquisition of interest from non-controlling interests		-	-	-	-	-	-	-	1.764	-	1.764	(1.743)	21
Creation of reserves	21	-	-	184.592.697	(184.592.697)	-	-	(184.592.697)	-	-	-	-	-
Cash dividends declared	21	-	-	-	(524.299.796)	-	-	(524.299.796)	-	-	(524.299.796)	(32.181.792)	(556.481.588)
Withholdings on dividends declared		-	-	-	(3.256.400)	-	-	(3.256.400)	-	-	(3.256.400)	-	(3.256.400)
Withholdings on dividends transferred to shareholders		-	-	-	10.291.237	-	-	10.291.237	-	-	10.291.237	-	10.291.237
Carryforwards	21	-	-	-	1.137.444.552	(1.137.444.552)	-	-	-	-	-	-	-
Income and other comprehensive income		-	-	-	-	597.600.627	-	597.600.627	-	39.288.222	636.888.849	35.984.575	672.873.424
Balances as of June 31, 2021		<u>113.491.861</u>	<u>322.822.817</u>	<u>1.104.531.324</u>	<u>592.109.799</u>	<u>597.600.627</u>	<u>1.505.786.626</u>	<u>2.695.497.052</u>	<u>(11.555.081)</u>	<u>202.518.022</u>	<u>4.427.305.995</u>	<u>262.857.766</u>	<u>4.690.163.761</u>
Balances as of December 31, 2021		\$ 113.491.861	322.822.817	1.104.531.324	592.316.351	1.099.132.603	1.505.786.626	3.197.235.580	(11.554.865)	258.553.530	4.985.080.247	280.156.256	5.265.236.503
Acquisition of non-controlling interests		-	-	-	-	-	-	-	51	-	51	(51)	-
Creation of reserves	21	-	-	121.935.952	(121.935.952)	-	-	(121.935.952)	-	-	-	-	-
Cash dividends declared	21	-	-	-	(585.581.590)	-	-	(585.581.590)	-	-	(585.581.590)	(34.701.129)	(620.282.719)
Withholdings on dividends declared		-	-	-	(3.792.948)	-	-	(3.792.948)	-	-	(3.792.948)	(5)	(3.792.953)
Withholdings on dividends transferred to shareholders		-	-	-	2.007.209	-	-	2.007.209	-	-	2.007.209	-	2.007.209
Carryforwards	21	-	-	-	1.099.132.603	(1.099.132.603)	-	-	-	-	-	-	-
Income and other comprehensive income		-	-	-	-	659.148.374	-	659.148.374	-	59.428.720	718.577.094	38.457.813	757.034.907
Balances as of June 2022		<u>\$ 113.491.861</u>	<u>322.822.817</u>	<u>1.226.467.276</u>	<u>982.145.673</u>	<u>659.148.374</u>	<u>1.505.786.626</u>	<u>3.147.080.673</u>	<u>(11.554.814)</u>	<u>317.982.250</u>	<u>5.116.290.063</u>	<u>283.912.884</u>	<u>5.400.202.947</u>

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

Natalia Abello Vives
Legal Representative (Alternate)

John Jairo Rodriguez Benavides
Public Accountant
Professional License No.11628-T

Rosangela Barrios Pantoja
Independent Auditor
Professional License No. 155173-T
Member of KPMG S.A.S.
(See my report dated August 12, 2022)

We, the undersigned Legal Representative and Public Accountant certify that we have previously verified the statements contained in these condensed consolidated interim financial statements and that they have been prepared in accordance with the information faithfully taken from the accounting books of the parent company and its subsidiaries. ☐

Promigas S.A. E.S.P. and Subsidiaries
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
(In thousands of Colombian pesos)

For the six-month periods ended:	Note	June 30, 2022	June 30, 2021
Cash flows from operating activities:			
Net income		\$ 691.990.081	623.947.549
Adjustments to reconcile net income to net cash provided by:			
operating activities:			
Depreciation	.0, 13, 24, 25	24.940.719	22.852.999
Amortization of intangible assets	.1, 12, 24, 25	134.816.680	122.312.550
Compensation received in kind	11, 23	(8.778.409)	-
Accrued interest	15, 16	272.466.815	182.710.835
Accrued yields	27	(221.178.756)	(183.848.248)
Restatement of financial assets	27	(142.337.377)	(144.457.956)
Income from equity method	9	(146.132.718)	(122.469.585)
Impairment of:			
Inventories	7	2.059	83.922
Accounts receivable, net	6	33.121.397	23.603.780
Other intangible assets	12	-	239.186
Provisions accrued	20	14.177.381	10.517.230
Exchange difference on foreign currency transactions	29	(1.991.971)	7.707.540
Gain on sale of:			
Property, pipelines, networks, plant and equipment	12	(5.231.590)	(166.000)
Loss (gain) on derecognition of:			
Inventories	7	-	873.022
Property, pipelines, networks, plant and equipment	10, 26	105.075	22.913
Concessions	11, 26	1.487.477	1.386.594
Other intangible assets	12	-	57.154
Rights of use	13, 26	(112.735)	(117.625)
Valuation of:			
Recognition of finance leases - lessor		-	(614.322)
Fair value hedges		-	(20.570.369)
Investment property	3	(432.254)	(176.519)
Construction contracts concessions		(135.534.234)	(149.553.099)
Income tax	14	230.034.111	200.533.575
Changes in assets and liabilities:			
Accounts receivable		(49.815.927)	(32.356.150)
Inventories		(11.481.009)	(9.269.712)
Equity instruments through profit or loss		(10.844.856)	40.613.689
Hedging transactions		37.235	(204.304)
Other assets		(89.423.434)	(47.459.829)
Accounts payable		17.060.948	12.561.482
Employee benefits		1.101.231	(282.656)
Other liabilities		27.186.812	26.413.046
Cash provided from operating activities		<u>625.232.751</u>	<u>564.890.692</u>
Cash flows from investing activities:			
Acquisition of:			
Property, pipelines, networks, plant and equipment	10	(34.940.775)	(36.632.484)
Concessions	11	(265.592.125)	(249.405.332)
Other intangible assets	12	(9.746.917)	(11.477.737)
Proceeds from the sale of:			
Property, pipelines, networks, plant and equipment	10,26	5.602.956	166.000
Non-current assets held for sale		360.000	-
Investments in companies		(20.391)	-
Excess paid for acquisition of interest to non-controlling interests		51	1.764
Dividends received from associates	9	192.015.204	24.368.378
Net cash used in investing activities		<u>(112.321.997)</u>	<u>(272.979.411)</u>
Cash flows from financing activities:			
Dividends paid	17	(299.889.465)	(263.104.293)
Acquisition of financial obligations	15	363.248.965	532.029.815
Payments of financial obligations	15	(144.980.309)	(445.164.315)
Payment of bonds	16	(120.000.000)	33.580
Non-controlling interest		(51)	(1.743)
Net cash used in financing activities		<u>(201.620.860)</u>	<u>(176.206.956)</u>
Net increase (decrease) in cash		164.463.479	(21.726.241)
Effect of translation adjustment on cash		4.891.675	20.713.609
Effect on cash exchange difference		966.159	210.948
Cash opening balance		427.848.665	420.470.760
Cash closing balance		<u>\$ 598.169.978</u>	<u>419.669.076</u>

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

Natalia Abello Vives
Legal Representative (Alternate)

John Jairo Rodríguez Benavides
Public Accountant
Professional License No.11628-T

Rosangela Barrios Pantoja
Independent Auditor
Professional License No. 155173-T
Member of KPMG S.A.S.
(See my report dated August 12, 2022)

We, the undersigned legal representative and Certified Public Accountant, certify that we have previously verified the statements contained in these condensed consolidated interim financial statements and that they have been prepared in accordance with information faithfully taken from the accounting books of the parent company and its subsidiaries.☐

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022
(Expressed in thousands of Colombian Pesos, unless otherwise stated)

NOTE 1. REPORTING ENTITY

Promigas S.A. E.S.P. (hereinafter Promigas S.A. E.S.P., Promigas or the Company) was incorporated in accordance with Colombian Law on December 27, 1974, and its corporate purpose is the purchase, sale, transportation, distribution, exploitation and exploration of natural gas, oil and hydrocarbons in general, and the gas and oil activities in all their forms. It can also sell or provide goods or services to third parties, either financial or non-financial, and finance the acquisition of goods or services from third parties with its own resources. Promigas' controlling shareholder is Corporación Financiera Colombiana S.A., whose parent company is Grupo Aval Acciones y Valores S.A., both are public companies incorporated in Colombia, the corporate seat of the Company is in Barranquilla, its address is Calle 66 No. 67 – 123 and its term of duration expires on December 27, 2074.

The Company and its subsidiaries are supervised by the Superintendence of Residential Utilities and in order to keep the National Register of Securities and Brokers (RNVI, for its Spanish acronym) current subject to the concurrent supervision of the Colombian Financial Superintendence, in accordance with the provisions of Articles 5.2.4.1.2 and 5.2.4.1.3 of single Decree 2555/2010 of the Colombian Financial Superintendence and Regulation Letter 007/2015, Title Three. The Company is also required to submit separate financial statements and consolidated financial statements, which shall include its shareholding interest in subsidiaries and investments in associates.

Regulatory Framework

Promigas S.A. E.S.P., Surtigas S.A. E.S.P., Gases de Occidente S.A. E.S.P., Promioriente S.A. E.S.P. and Transmetano E.S.P. S.A. are mainly governed by Act 142/1994, whereby the Public Utilities Regime is established, CREG Resolution 071/1999, whereby the Single Regulation for Natural Gas Transportation (RUT, for its Spanish acronym) in Colombia is established, Act 689/2001, whereby Act 142/1994 is partially amended, the industry's regulations, the concession agreements in force, its bylaws and other provisions contained in the Code of Commerce.

The rates these Companies charge its customers for natural gas transportation and distribution services are regulated by the National Government through the Energy and Gas Regulatory Commission (CREG, for its Spanish acronym).

Compañía Energética de Occidente S.A.S. E.S.P. is subject to the Laws of the Republic of Colombia, especially to Acts 142 of 1994, Regime of Residential Public Utilities, and 143 of 1994, Regime for the Generation, Interconnection, Transmission, Distribution and Sale of Electricity in the National Territory, where authorizations are granted and other provisions are dictated in energy matters and all others that regulate the electricity sector (CREG Regulation).

Regarding tariffs for energy sales to regulated users, the Company must adhere to the tariff formula established by the Energy and Gas Regulatory Commission. Article 42 of Act 143 of 1994 provides: "electricity transactions between generating companies, between distributors, between the former and the latter and between all of them and the companies engaged in the sale of electricity and deregulated users are free and will be compensated through the prices agreed upon by the parties."

The tariffs for the residential public service of electric energy are established through CREG Resolution 119 of 2007.

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022
(Expressed in thousands of Colombian Pesos, unless otherwise stated)

The percentages of subsidies and contributions contained in the final tariffs do not depend on the CREG; they are set by law. The CREG designs the tariff structure under the terms of the legal mandate.

Promisol S.A.S. is inspected and supervised by the Superintendence of Corporations, which, based on its surveillance responsibilities, is authorized to request, confirm and analyze information on the legal, accounting, economic and administrative situation of the business companies, branches of foreign companies and supervised sole proprietorships; activities and terms granted by law, in accordance with the provisions of Act 222 of 1995, in numerals 2 and 3 of Article 7 of Decree 1023 of May 18, 2012, Decree 1074 of May 26, 2015, Act 1314 of 2009 and Decree 1736 of 2020, partially amended by Decree 1380 of 2021.

Sociedad Portuaria el Cayao S.A. E.S.P. (hereinafter "SPEC LNG") is mainly governed by Act 142 of 1994, which provides the Regime of Residential Public Utilities, Decree 2100 of 2011, which provides mechanisms to promote the assurance of the national supply of natural gas, Resolution 062 of 2013 of the Energy and Gas Regulatory Commission (hereinafter "CREG"), which provides a regulated income for the use of Imported Natural Gas (hereinafter "GNI"), in security generations, subject to surveillance by the Superintendence of Transportation regarding the rendering of the public maritime transportation service and the quality of infrastructure, the concession contract in force with the National Infrastructure Agency for the construction, operation and maintenance of a port terminal to carry out the port activity of regasification and the import, export and cabotage of liquefied natural gas, the regulation of the sector, the Regasification Service Provision contracts in force with its customers, its bylaws and other provisions contained in the Code of Commerce.

The port tariffs charged by SPEC LNG are established and registered by the national government through the Superintendence of Transportation in accordance with the provisions of Act 1 of 1991, Resolution 723 of 1993, as amended.

Gases del Pacífico S.A.C. and Gases del Norte del Perú S.A.C. and Promigas Perú S.A. are governed, among others, by Article No. 76 of the Organic Hydrocarbons Act (Act No. 26221) enacted in August 1993, which provides that the transportation, distribution and sale of hydrocarbon products shall be governed by the regulations approved by the Ministry of Energy and Mines. The Sole Ordered Text of the Regulations for the distribution of natural gas through pipelines was approved by Supreme Decree No. 042-99-EM.

The companies' operations in the country are regulated by OSINERGMIN - Supervisory Agency of Investment in Energy and Mining, in accordance with Act No. 26734 and by OEFA - Environmental Evaluation and Oversight Agency, in accordance with Act No. 29325.

NOTE 2. TECHNICAL REGULATORY FRAMEWORK, BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Technical Normative Framework

The condensed consolidated interim financial information has been prepared in accordance with the Accounting and Financial Reporting Standards accepted in Colombia (CFRS), set out in Act 1314 of 2009, regulated by Single Regulatory Decree 2420 of 2015, as amended by Decrees 2496 of 2015, 2131 of 2016, 2170 of 2017, 2483 of 2018, 2270 of 2019, 1432 of 2020 and 938 of 2021. The CFRS applicable in 2022 are based on the International Financial Reporting Standards (IFRS), along with its interpretations, issued by the International Accounting

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022
(Expressed in thousands of Colombian Pesos, unless otherwise stated)

Standards Board (IASB). The base standards correspond to the officially translated to Spanish by the IASB as of the first half of 2020.

2.2 Basis of Preparation

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and must be read together with the annual consolidated financial statements as of December 31, 2021, which include and disclose the policies, calculation methods, judgments and accounting estimates used in the preparation of the condensed consolidated interim financial statements of the quarter ended June 30, 2022.

The condensed consolidated interim financial statements do not include all the information required for a complete set of financial statements under CFRS, however, notes were selected which include explanation of events and significant transactions that allow us to understand the changes observed in the condensed consolidated interim financial position and the development of the Company since the latest consolidated annual financial statements.

2.3 Significant Accounting Policies

The main accounting policies and bases established below have been applied consistently by the Company and its subsidiaries in preparing the financial statements in accordance with the Colombian Financial Reporting Standards (CFRS).

Bases of Consolidation

According to the Colombian Financial Reporting Standards, the Company must prepare consolidated financial statements. Separate financial statements are the basis for dividend allocation and other appropriations by the shareholders. Consolidated financial statements are presented to the General Meeting of Shareholders for information purposes only.

Consolidation of Subsidiaries

According to International Financial Reporting Standard (IFRS) 10 – Consolidated Financial Statements, the Company must prepare consolidated financial statements with controlled entities. The Company has control over another entity if, and only if, it meets the following elements:

- Power over the investee, giving the parent company current ability to direct any relevant activities of the former that may significantly affect its performance.
- Exposure or right to variable returns from its involvement with the investee.
- Ability to use its power over the investee to influence the amount of investor returns.

Such consolidated financial statements include the financial statements of Promigas S.A. E.S.P. and its subsidiaries (hereinafter “the Companies”), understanding as subsidiaries the companies whose decision-making power is directly or indirectly subject to the will of Promigas.

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022
(Expressed in thousands of Colombian Pesos, unless otherwise stated)

In this process, the Company consolidates the assets, liabilities and results of the entities in which it determines control, prior homogenization of its accounting policies and conversion into Colombian pesos of foreign subsidiaries.

The consolidation process involves the elimination of intercompany transactions and unrealized profits between them. The share of non-controlling interests in subsidiaries is presented in equity separately from the equity of the Company shareholders.

For the translating process of financial statements of foreign subsidiaries whose functional currency is the United States Dollar and the Mexican Peso, the Company converts assets and liabilities into Colombian pesos at the exchange rate current on the closing date of the reported period; the income statement is converted at the average exchange rate for the year; and equity at its respective historical rate. The resulting net adjustment is included in equity as “translation adjustment of financial statements” under “other comprehensive income”.

The consolidated financial statements hereto include assets, liabilities, equity and income of the Company and its subsidiaries.

Entity	June 2022			December 2021		
	Direct	Indirect	Total	Direct	Indirect	Total
Surtigas S.A. E.S.P.	99.99%	0.00%	99.99%	99.99%	0.00%	99.99%
Transoccidente S.A. E.S.P.	79.00%	0.00%	79.00%	79.00%	0.00%	79.00%
Promioriente S.A. E.S.P.	73.27%	0.00%	73.27%	73.27%	0.00%	73.27%
Transmetano E.S.P. S.A.	99.67%	0.00%	99.67%	99.67%	0.00%	99.67%
Gases de Occidente S.A. E.S.P.	94.43%	0.00%	94.43%	94.43%	0.00%	94.43%
Compañía Energética de Occidente S.A. E.S.P.	49.00%	48.16%	97.16%	49.00%	48.16%	97.16%
Orión Contac Center S.A.S.	0.00%	96.65%	96.65%	0.00%	96.65%	96.65%
Promisol S.A.S.	100.00%	0.00%	100.00%	100.00%	0.00%	100.00%
Gases del Pacífico S.A.C.	95.49%	4.51%	100.00%	95.49%	4.51%	100.00%
Gases del Norte del Perú S.A.C.	99.09%	0.91%	100.00%	98.92%	1.08%	100.00%
Promigas Perú S.A.	100.00%	0.00%	100.00%	100.00%	0.00%	100.00%
Promigas Panamá Corporation	100.00%	0.00%	100.00%	100.00%	0.00%	100.00%
Promisol México S.A. de C.V. (1)	0.00%	0.00%	100.00%	5.00%	95.00%	100.00%
Zonagen S.A.S.	0.00%	99.95%	99.95%	0.00%	99.95%	99.95%
Sociedad Portuaria El Cayao S.A. E.S.P.	51.00%	0.00%	51.00%	51.00%	0.00%	51.00%
Enlace Servicios Empresariales Globales S.A.S. (1)	100.00%	0.00%	100.00%	100.00%	0.00%	100.00%

(1) In May 2022, Promisol México S.A. de C.V. settled its accounts and therefore the company was dissolved. Given the above, Promigas S.A. E.S.P. and Promisol S.A.S., as shareholders, cancelled their investments abroad before the Colombian Central Bank. This process ended on May 9, 2022. In that month, both Promigas S.A. E.S.P. and Promisol S.A.S. proceeded to account for the derecognition of this investment in their Financial Statements, this investment was 100% impaired in the Financial Statements of Promigas and the companies.

(2) Until May 2022 the company’s corporate name was “Enlace Servicios compartidos S.A.S.”

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022
(Expressed in thousands of Colombian Pesos, unless otherwise stated)

Cash

Cash comprises cash and bank balances that are subject to an insignificant risk of change in value and are used by the Company in the management of its short-term commitments.

Financial Instruments

Financial assets

The classification and measurement approach for financial assets is determined through the business model in which these assets and their cash flow characteristics are managed. It also includes three classification categories at the time of initial recognition and subsequent measurement for financial assets:

- Amortized cost
- Fair value through other comprehensive income
- Fair value through profit or loss

Financial liabilities

Financial liabilities are initially recorded by their transaction value, unless otherwise determined, being similar to its fair value, less transaction costs directly attributable to their issue. Subsequently such financial liabilities are measured at amortized cost according to the effective interest rate method initially determined and recorded as debit to profit and loss under financial expenses.

Transactions with derivate instruments

Forward contracts entered into by the Company to cover the fluctuation of exchange rates in revenues are considered a cash flow hedge, given that they cover a particular risk associated with a recognized asset or liability or a highly likely expected transaction, in which case the effective portion of the changes in the fair value of derivatives is recognized in the account other comprehensive income in equity. Gains or losses in the derivative relative to the portion that is not effective to the hedge or that does not correspond to the hedged risk is recognized immediately in the income statement.

The result of the valuation, as well as the settlement of fair value hedges by the Company and its subsidiaries with a derivative financial instrument is recognized in profit or loss for the period.

Financial assets and liabilities by transactions with derivatives are not offset in the statement of financial position; however, when there is a legal and exercisable right to offset the recognized values and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously, they are then presented net in the statement of financial position.

Investments in associates

Investments by the Company and its subsidiaries in entities where it has no control or joint control, but has significant influence are called "investments in associates" and are accounted for by the equity method.

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022
(Expressed in thousands of Colombian Pesos, unless otherwise stated)

Significant influence is presumed to be exercised over another entity if it directly or indirectly holds between 20% and 50% or more of the voting power of the investee, unless it can be clearly demonstrated that such influence does not exist.

The company has an interest in the following associates:

Entity	Country of incorporation	Ownership interest	
		June 30, 2022	December 31, 2021
Gases del Caribe S.A. E.S.P. (Gas Caribe)	Colombia	30.99%	30.99%
E2 - Energía Eficiente S.A. E.S.P.	Colombia	32.41%	32.41%
Concentra en Inteligencia en Energía S.A.S.	Colombia	22.24%	22.24%
Gas Natural de Lima y Callao S.A.C.	Perú	40.00%	40.00%

Dividends

Dividend income is recognized when the right of the Company and its subsidiaries to receive the corresponding payment is established, which generally occurs when the shareholders declare the dividend. Dividends from investments in associates and subsidiaries are recognized in the balance sheet as a reduction of the investment as they are investments accounted for by the equity method. Dividend income is recognized in profit or loss for the period when it comes from investments recognized as equity instruments, where Promigas does not have significant influence or control.

Net Investment Hedges in Foreign Operations

The Company hedges the exchange rate risk arising from the translation effect of a net investment in a foreign country through natural hedges related to financial liabilities measured at amortized cost. The loss or gain or loss resulting from the foreign exchange difference related to the financial liabilities designated as hedging instruments is recognized in other comprehensive income to offset the impact of the recognition of the translation adjustment of the hedged portion of the net foreign investment.

Hedge accounting is discontinued when the hedged item expires or is sold, terminated or exercised, or when it no longer meets the criteria for hedge accounting.

Property, pipelines, networks, plant and equipment

Elements of property, plant and equipment are measured at cost less cumulative depreciations and cumulative amounts and any impairment losses suffered. Costs include expenditures that are directly attributable to the acquisition of the asset.

The Company and subsidiaries capitalize borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets as part of the cost of such assets. According to the policy of the

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022
(Expressed in thousands of Colombian Pesos, unless otherwise stated)

Company and its subsidiaries, a qualifying asset is one that requires a minimum of three months for its construction and start-up.

The cost of replacing part of an item of property, plant and equipment is capitalized if it is probable that future economic benefits will be received, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. General maintenance costs of property, plant and equipment are recognized in profit or loss when incurred.

The depreciable amount of property, plant and equipment is allocated systematically over their useful lives.

The following is a summary of the types of assets of the Company and its subsidiaries and their estimated useful lives:

Type of assets	Time in years
Land	No depreciation
Buildings and constructions	50
Gas pipelines and plants	70
Networks	70
Machinery and equipment	5 to 10
Furniture and fixtures	5 to 10
Computer and communication equipment	3 to 5
Fleet and transportation equipment	5
Leasehold improvements	Associated with the lease
Major spare parts	Associated with component

The useful life of an asset may be shorter than its economic life.

In the event that the company disposes of the asset, the difference between the proceeds from the sale and the net book value of the asset is recognized in profit or loss when the sale or derecognition takes place.

Concession Agreements

The Company and its subsidiaries recognize an intangible asset to the extent that it receives a right to charge users of the public service. The right to make such charges is not an unconditional right to receive cash because the amounts are conditioned on the degree of use of the service by the public.

In case of concessions where cash payment of constructed assets is not guaranteed, Promigas and subsidiaries recognize revenue and its contra entry, the intangible, in accordance with the following alternatives:

- fair value of the intangible asset using a financial model.
- By reference to the independent sales price of the goods or services committed to the customer (or class of customer) in exchange for the consideration: cost plus margin.
- By reference to the stand-alone selling price of the goods or services committed to the customer (or class of customer) in exchange for the consideration: cost plus zero margin.

Given the above, Management defined that:

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022
(Expressed in thousands of Colombian Pesos, unless otherwise stated)

- 1) Alternatives a and b: Applies to those infrastructure projects that involve capacity expansion and guarantee the generation of additional future flows, will be recognized in accordance with the defined financial model, considering the expected future flows, as well as the uncertainties inherent to the valuation process or with a margin that remunerates in addition to the construction, any additional effort for its management. The company and its subsidiaries shall document and disclose the judgments considered.
- 2) Alternative c: Those projects that do not entail capacity expansion or represent higher revenues will continue to be recognized under the cost plus zero (0) margin methodology. The replaced asset will be derecognized when applicable.

The useful life of the assets associated with the concession agreements is determined by their duration.

Although to date Promigas does not yet have any renewal that allows us to determine that the next contracts to expire will be extended, there is other evidence that allows us to conclude that these contracts will be renewed, and this has to do with the approval of the tariffs that contemplate a regulatory useful life of 20 years for the assets. Those assets or components whose useful life is shorter than the term of the contract are depreciated over the shorter of the useful life of the asset or until the end of the term of the contract to which they are associated.

Leases

Lessor

Leases will be classified as finance lease when they transfer substantially all the risks and benefits inherent to the property. Otherwise, they will be classified as operating leases.

The Company and its subsidiaries determine whether a lease is a finance or operating lease depending on the economic essence and nature of the transaction and not on the form of the contract.

Lessee

Leases are recognized as a right-of-use asset and a liability on the date the asset is leased and is available for use by the Entity. Each lease payment is allocated between the liability and the financial cost. The financial cost is recognized in the income statement during the lease period. Right-of-use assets are depreciated over the shorter of the asset's useful life and the end of the lease term, on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on the basis of their present value.

Lessors that are both manufacturers or distributors of the leased goods

In cases where the Company acts as lessor and at the same time as manufacturer or distributor of the leased goods, it will recognize the proceeds of the sale under the guidelines of IFRS 15 - Revenue from Contracts with Customers.

Impairment

Financial assets

The Company and its subsidiaries apply the expected credit loss (ECL) impairment model. This model requires the recognition of an allowance for the weighted probability of default since the granting of the loan, for which

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022
(Expressed in thousands of Colombian Pesos, unless otherwise stated)

considerable judgment is applied with respect to how changes in economic factors affect the ECL, which will be determined on a weighted average basis. The impairment model is applicable to the following financial assets that are not measured at Fair Value Through Profit or Loss:

- Investments in debt securities.
- Commercial accounts receivable.
- Other accounts receivable.

Non-financial assets

An impairment test is performed when there is an indication that the carrying amount of an asset or a cash-generating unit may exceed its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. The Company and its subsidiaries assess at the end of each reporting period whether there is any indication of impairment of an asset. If any such indication exists, the Company estimates the impairment of the asset.

Provisions

A provision is recognized if: it results from a past event, the Company and its subsidiaries have a legal or constructive obligation that can be reliably estimated, 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, which reflects the current market assessment of the time value of money and the specific risks of the obligation.

Taxes

Income taxes

Tax expense or income comprises current and deferred taxes.

Current and deferred taxes are recognized as income or expense and are included in profit or loss, except when they relate to items in other comprehensive income or directly in equity, in which case the current or deferred tax is also recognized in other comprehensive income or directly in equity, respectively.

Current taxes

Current tax is the amount payable or recoverable for current income tax and complementary taxes, calculated based on the tax laws enacted at the date of the statement of financial position. Management periodically evaluates the position assumed in the tax returns with respect to situations in which the tax laws are subject to interpretation and, if necessary, establishes provisions for amounts expected to be paid to the tax authorities.

To determine the provision for income tax and complementary taxes, the Company and its subsidiaries make their calculation based on the higher of taxable income or presumptive income (minimum return on net equity of the previous year that the law presumes to establish income tax).

The Company and its subsidiaries only offset current income tax assets and liabilities if there is a legal right before the tax authorities and it intends to settle the resulting debts for their net amount or realize the assets and settle the debts simultaneously.

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022
(Expressed in thousands of Colombian Pesos, unless otherwise stated)

Deferred taxes

Deferred tax is recognized using the liability method, determined on the temporary differences between the tax bases and the carrying amounts of assets and liabilities included in the financial statements.

Deferred tax liabilities arising from taxable temporary differences are recognized in all cases, unless:

- They arise from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination, and the date of the transaction does not affect the accounting result or the taxable tax base.
- Correspond to differences associated with investments in subsidiaries, associates and joint ventures over which the Company has the ability to control the timing of their reversal and it is not probable that their reversal will occur in the foreseeable future.
- In the case of recognition of deferred tax liabilities for temporary differences related to investments in associates when there is no intention to sell the investment in the foreseeable future, deferred tax liabilities will only be recognized for the existence of undistributed earnings that may generate taxable dividends in the foreseeable future and for which there is no agreement establishing the non-distribution of taxable dividends.

Deferred tax assets arising from deductible temporary differences are recognized provided that:

- It is probable that there will be sufficient future taxable profits to offset them, except in those cases in which the differences arise from the initial recognition of assets or liabilities in a transaction that is not a business combination and at the date of the transaction affects neither the accounting result nor the taxable income for tax purposes.
- They correspond to temporary differences associated with investments in subsidiaries, associates and joint ventures to the extent that the temporary differences will reverse in the foreseeable future and are expected to generate future positive taxable profits to offset the differences.

Deferred tax assets that do not meet the above conditions are not recognized in the statement of financial position. The Company reconsiders at year-end whether the conditions for recognizing previously unrecognized deferred tax assets are met.

Tax planning opportunities are only considered in the assessment of the recoverability of deferred tax assets if the Company intends to adopt them or it is probable that they will be adopted.

Deferred tax assets and liabilities are measured using the tax rates that apply in the years in which the assets are expected to be realized or the liabilities are expected to be settled, based on tax legislation enacted or substantively enacted, and after considering the tax consequences that will follow from the way the Company expects to recover the assets or settle the liabilities.

The Company and its subsidiaries offset deferred income tax assets and liabilities, as there is a legal right of set-off before the tax authorities and such assets and liabilities correspond to the same tax authority.

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022
(Expressed in thousands of Colombian Pesos, unless otherwise stated)

Offset deferred tax assets and liabilities are recognized in the statement of financial position as non-current assets or liabilities, regardless of the expected date of realization or settlement.

Revenue from contracts with customers

The Company and its subsidiaries recognize revenue from contracts with customers based on a five-step model:

- Step 1. Identification of contracts with customers
- Step 2. Identification of the performance obligations in the contract.
- Step 3. Determination of the transaction price
- Step 4. Allocating the transaction price to the performance obligations in the contract
- Step 5. Revenue recognition when (or as) a performance obligation is fulfilled.

Revenue from the provision of utility services

Contracts between a customer and the Company and subordinates for the provision of a utility service for the distribution and transportation of gas establish the rates and terms of service. The Company determined that its obligation to distribute or transport gas represents a single performance obligation, which is performed over time (over the term of the contract represents a series of defined deliverables that are substantially the same and have the same pattern of transfer to the customer). Some contracts include multiple deliverables, such as installation of connections or repairs, which are accounted for as separate performance obligations. The transaction price is allocated to each performance obligation based on individual tariffs (regulated rates). If contracts include the installation of goods, revenue from the goods is recognized at the point in time when the goods are delivered, legal title is passed, and the customer has accepted the goods.

Operating and construction services (Concessions)

In the case of concessions where cash payment of the constructed assets is not guaranteed, Promigas and subsidiaries recognize revenue and its counterpart, the intangible asset, in accordance with the following alternatives:

- a) fair value of the intangible asset using a financial model.
- b) By reference to the independent sales price of the goods or services committed to the customer (or class of customer) in exchange for the consideration: cost plus margin.
- c) By reference to the stand-alone selling price of the goods or services committed to the customer (or class of customer) in exchange for the consideration: cost plus zero margin.

Non-bank financing and finance leases

Revenues from non-bank financing and finance lease receivables are recognized in income at amortized cost, using the effective interest method described in IFRS 9.

However, the Company also earns income that contains components that are within IFRS 15, such as the collection of commissions.

Sale of goods

Revenue from the sale of goods is recorded when the significant risks and rewards of ownership of the goods have been transferred to the buyer, generally upon delivery of the goods.

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022
(Expressed in thousands of Colombian Pesos, unless otherwise stated)

Lessors who are both manufacturers or distributors of the leased goods

The company recognizes at the initial time of the lease, i.e., at a point in time, regardless of whether the lessor transfers the underlying asset the following:

- Revenue from ordinary activities for the lower of the fair value of the underlying asset and the present value of the accumulated lease payments to the lessor discounted using a market interest rate.
- Cost of sale for the cost or book value, less the present value of the unguaranteed residual value.
- The gain or loss on sale (which is the difference between revenue from ordinary activities and cost of sale) in accordance with its direct sales policy to which IFRS 15 applies.

Foreign currency transactions and balances

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rate in effect at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies in terms of historical costs are measured using the exchange rate at the date of the transaction. Financial instruments measured at fair value are translated using the exchange rate at the date the fair value was determined. Gains or losses resulting from the translation process are recognized in income, except for financial instruments designated as hedging instruments.

2.4 Functional and Presentation Currency

The items included in these condensed consolidated interim financial statements are presented using “Colombian pesos”. All information is expressed in thousands of pesos rounded up to the nearest unit.

The representative exchange rates to convert transactions from United States dollars to Colombian pesos as computed and certified by the Financial Superintendence of Colombia are as follows:

	June 30, 2022	December 31, 2021
Period-end	\$ <u>4,151.21</u>	<u>3,981.16</u>

Monthly averages:

	June 30, 2022		June 30, 2021
January	\$ 4,000.72	January	\$ 3,494.53
February	3,938.36	February	3,552.43
March	3,805.52	March	3,617.00
April	3,796.39	April	3,651.85
May	4,027.60	May	3,741.96
June	3,922.50	June	3,693.00

Assets and liabilities from foreign transactions are converted into Colombian pesos using the prevailing exchange rate at the reporting date, and their income statements are converted using the exchange rate at the transaction date. Equity, at its respective historical rate. Any variations in the conversion are recognized through other

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022
(Expressed in thousands of Colombian Pesos, unless otherwise stated)

comprehensive income, within equity. Below is a detail of the functional and presentation currency of Promigas and its subsidiaries and associates:

	Functional currency
Subsidiaries:	
Surtidora de Gases del Caribe S.A. E.S.P. (Surtigas)	Colombian peso
Transoccidente S.A. E.S.P.	Colombian peso
Gases de Occidente S.A. E.S.P.	Colombian peso
Transportadora de Metano E.S.P. S.A. (Transmetano)	Colombian peso
Compañía Energética de Occidente S.A.S. E.S.P.	Colombian peso
Promioriente S.A. E.S.P.	Colombian peso
Sociedad Portuaria El Cayao S.A. E.S.P.	United States dollar
Gases del Pacífico S.A.C.	United States dollar
Gases del Norte del Perú S.A.C.	United States dollar
Orión Contac Center S.A.S.	Colombian peso
Promisol S.A.S.	Colombian peso
Zonagen S.A.S.	Colombian peso
Promisol México S.A. de C.V.	Mexican peso
Enlace Servicios Empresariales Globales S.A.S.	Colombian peso
Promigas Perú S.A.	United States dollar
Promigas Panamá Corporation	United States dollar
Associates:	
Gases del Caribe S.A. E.S.P. (Gas Caribe)	Colombian peso
Energía Eficiente S.A. E.S.P.	Colombian peso
Gas Natural de Lima y Callao S.A.C.	United States dollar
Concentra Inteligencia en Energía S.A.S.	Colombian peso

2.5 Bases of measurement

The condensed consolidated interim financial statements have been prepared on the historical cost basis, except for the following significant items included in the statement of financial position:

- Derivative financial instruments are measured at fair value.
- Financial instruments measured at fair value through profit or loss and ORI.
- Concession financial assets measured at fair value.
- Investment properties measured at fair value.

NOTE 3. DETERMINING FAIR VALUES

Some of the Company and its subsidiaries' accounting policies and disclosures require fair value measurement of both financial and non-financial assets and liabilities.

The Company and its subsidiaries have established a control framework regarding the measurement of fair values. This includes the finance team, which has the overall responsibility for the supervision of all significant fair value measurements.

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022
(Expressed in thousands of Colombian Pesos, unless otherwise stated)

Fair value of assets and liabilities traded in active markets (such as financial assets in debt and equity securities and derivatives actively traded in securities exchange or interbank markets) is based on market prices quoted at the end of the trade on the reporting period closing.

An active market is a market where transactions for assets or liabilities are carried out with the required frequency and volume to provide pricing information on an ongoing basis.

The fair value of financial assets and liabilities not traded in an active market is determined using valuation techniques permitted by the IFRS that are in line with those established by the Financial Superintendence. Promigas and its subsidiaries use a variety of methods and assume that they are based in market conditions existing on the closing date of each period. The valuation techniques used for forwards include the use of recent similar transactions in equal conditions, references to other substantially similar instruments, discounted cash flow analysis, option pricing models and other valuation techniques commonly implemented by market participants that make the most of market data and rely as little as possible on entity specific data. The fair value of non-current assets held for sale is determined by independent experts using the replacement cost method minus damages.

Promigas and its subsidiaries develop internal financial models to measure instruments that lack active markets, which are based on generally accepted valuation methods and techniques standardized for the different objects. Under this practice, Promigas and its subsidiaries have estimated the fair value of the financial asset that arises in pipeline concession agreements according to IFRIC 12 - Service Concession Arrangements, and in its estimate by not having observable market transactions or market information. Such markets must estimate the price of an ordered transaction to sell the asset or transfer the liability between market participants on the date of the measurement under current market conditions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and the valuation techniques used may not fully reflect every factor relevant to the positions of the Companies. Therefore, valuations are adjusted, if necessary, to allow additional factors, including model, liquidity and counterparty risks.

The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) 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 market prices included within 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.

The level of the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined based on the lowest level input that is significant to the entire measurement of the fair value. For such purpose, the importance of an input is assessed with respect to the measurement of fair value in its entirety. If a measurement of fair value uses observable inputs that require significant adjustments based on unobservable inputs, such measurements is a Level 3 measurement. The evaluation of the importance of a particular input for the measurement of fair value in its entirety requires judgment, considering factors specific to the asset or liability.

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022
(Expressed in thousands of Colombian Pesos, unless otherwise stated)

Determining what constitutes “observable” requires significant judgment by the Companies. Promigas and its subsidiaries consider observable data any market data that is already available, that is distributed or updated regularly, that is reliable and verifiable, that has no property rights, and that is provided by independent sources that actively participate in the reference market.

Fair Value Estimate of Financial Assets under Concession

Promigas and its subsidiaries designate at fair value through profit or loss the group of financial assets related to concession contracts governed by the petroleum law due to the contractual nature of the asset, taking into account that the Government will exercise the purchase at the end of the contract at its fair price in accordance with Article 51 of the Petroleum Code. In order to determine fair value, the income approach is applied. Discounted cash flows correspond to the residual value (perpetuity) of the cash flows generated by the assets under concession, i.e., the estimated flows that such assets would generate from the end of the concession onwards; subsequently, the value of the financial asset will be adjusted in each period; this adjustment will be made considering once again changes in the assumptions made in the company discount rate (WACC) and the new horizon of the end of the concession.

Below is the sensitivity of the fair value of the financial assets under concession measured at fair value through the following variables for the low and high scenarios with a variation of plus or minus 10 basis points:

Impact earnings before taxes	High	Low
	<i>Figures in millions</i>	
Discount Interest Rates	(98,882)	103,248
Gradual growth into perpetuity	62,331	(60,126)
	%	
Discount Interest Rates	(6.4%)	6.7%
Gradual growth into perpetuity	4.0%	(3.9%)

The valuations of financial assets are considered at level III of the hierarchy in the measurement of fair value

Fair Value Measurements on a Recurring Basis

Fair value measurements on a recurring basis are those that the accounting standards require or allow in the statement of financial position at the end of each accounting period.

The following table analyzes, within the fair value hierarchy, the assets and liabilities (by class) of Promigas and its subsidiaries measured at fair value on a recurring basis as of:

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022
(Expressed in thousands of Colombian Pesos, unless otherwise stated)

	June 2022		December 2021	
	Level 2	Level 3	Level 2	Level 3
Assets				
Hedging transactions receivable (1)	\$ 3,249,006	-	570,681	-
Debt instruments through profit or loss (1)	1,215,929	-	-	-
Equity and debt instruments through profit or loss (1)	203,261,870	-	240,735,880	-
Financial instruments at fair value through profit or loss (1)	300,000	-	300,000	-
Equity instruments through OCI (1)	24,089,337	-	18,107,576	-
Financial assets under option to purchase from the Colombian government (1)	-	3,370,817,149	-	3,228,479,771
Investment properties	8,815,676	-	9,259,620	-
	<u>\$ 240,931,818</u>	<u>3,370,817,149</u>	<u>268,973,757</u>	<u>3,228,479,771</u>
Liabilities				
Creditors for hedging liability position (2)	\$ 446,226	-	\$ 4,079,960	-

(1) See note 5. Financial assets at fair value.

(2) See note 17. Accounts payable

Promigas and its subsidiaries have no assets or liabilities categorized in Level 1, considering that for an asset or liability to be categorized in Level 1, its values must be based on quoted prices in active markets.

Financial instruments not traded in active markets, but valued according to quoted market prices, broker quotes or alternative price sources supported by observable inputs, are categorized in Level 2. Derivatives from foreign currency and free sale derivatives hedging contracts are included. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, the valuations may be adjusted to reflect illiquidity or non-transferability, which are generally based on available market information.

When a price for an identical asset or liability is unobservable, an entity shall measure the fair value using another valuation technique that maximizes the use of relevant observable input data and minimizes the use of unobservable input data. Given that fair value is a market-based measurement, it is measured using assumptions that market participants would use to fix the price of the asset or liability, including risk assumptions. These financial instruments are categorized in Level 3. These are the financial assets recognized at fair value for the sale obligation of the residual interest of the infrastructure at the end of the concession agreements.

Assets reflected in the Company and its subsidiaries' statement of financial position correspond to the financial asset of the unconditional contractual right to receive from the Colombian State or from an entity under its supervision cash or other financial asset for the construction services of the pipelines and networks under concession by the end of the term of the concession agreements, the payment of which the State has little or no ability to avoid, as the agreement is enforceable by law. Promigas and its subsidiaries recognize an intangible asset by the consideration for the construction services.

Management has decided that the best option to measure the fair value of the financial asset is free discounted cash flow, as it reflects current market expectations on future amounts that constitute the fair value of the concession to be negotiated with the State, once completed or renewed.

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022
(Expressed in thousands of Colombian Pesos, unless otherwise stated)

The assumptions for calculating the financial asset were:

- The financial asset is calculated considering the date of termination of the respective concession agreement.
 - Promigas and some of its subsidiaries made proportional calculations for the completion of each current concession agreement.
 - Only operating cash flows of these assets under concession were considered. Below are the components of the calculation:
 - Free cash flow generated exclusively by assets under concession
 - Concession expiry period
 - Perpetuity value of Free Cash Flow (FCF) for year n
 - Current value discounted of WACC residual value*
 - Financial Revenue: Annual adjustment of the value of the financial asset
- * Nominal WACC (Weighted Average Cost of Capital) calculated under the CAPM, which is updated periodically.

Significant unobservable input data used for measuring the fair value of the financial asset for the pipelines under concession are operating revenues, costs and expenses and investments pertaining exclusively to the assets under concession, and the WACC formula intended to take into account the sources of capital used and their share in the total capital of the Company, to determine the average cost of procuring equity capital resources and financial debt. Increases (decreases) in any of these input data considered independently would result in a fair value measurement significantly lower (greater). Generally, a change in the assumption used to project revenues is reflected accordingly in the measurement of the financial asset and with an opposite change in the assumption of costs and expenses.

Promigas and its subsidiaries periodically review the Level 3 valuations and consider the appropriateness of the inputs of the valuation model and the result of the valuation using several industry standardized valuation methods and techniques. In selecting the most appropriate valuation model, the Company and its subsidiaries conduct the tests once again and consider which are the results of the model that historically are more in line with actual market transactions.

	Financial assets of the concession
Balance as of December 31, 2021	\$ 3,228,479,772
Adjustments to fair value through profit or loss concession	<u>142,337,377</u>
Balance as of June 30, 2022	<u><u>\$ 3,370,817,149</u></u>

NOTE 4. CASH

Cash is composed as follows:

	June 2022	December 2021
In local currency		
Cash	\$ 225,802	244,822
Banks (1)	<u>344,818,699</u>	<u>247,526,922</u>
Cash in local currency	<u><u>345,044,501</u></u>	<u><u>247,771,744</u></u>

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022
(Expressed in thousands of Colombian Pesos, unless otherwise stated)

	<u>June 2022</u>	<u>December 2021</u>
In foreign currency		
Cash	365,686	313,021
Banks (1)	<u>252,759,791</u>	<u>179,763,900</u>
Cash in foreign currency	<u>253,125,477</u>	<u>180,076,921</u>
Cash	\$ <u><u>598,169,978</u></u>	<u><u>427,848,665</u></u>

(1) Breakdown of the credit rating determined by independent risk rating agencies of the main financial institutions where the Company and its subsidiaries keep cash funds:

Credit rating	June 2022
A+	11,336,390
AA+	\$ 121,436,046
AAA	400,523,255
BBB+	<u>64,282,799</u>
	\$ <u><u>597,578,490</u></u>

Cash is not subject to warranties, there are no restrictions or limitations on this item.

NOTE 5. FINANCIAL ASSETS AT FAIR VALUE

The balance of financial assets at fair value is as follows:

	June 2022	December 2021
Current portion		
Equity and debt instruments through profit or loss (1)	204,477,799	240,735,880
Valuation of hedging derivatives	<u>2,133,217</u>	<u>428,441</u>
	\$ <u><u>206,611,016</u></u>	<u><u>241,164,321</u></u>
Non-current portion		
Financial instruments at fair value through profit or loss	\$ 300,000	300,000
Equity instruments through OCI	24,089,336	18,107,576
Valuation of hedging derivatives	894,445	-
Financial asset under purchase option of the Colombian State (2)	<u>3,370,817,149</u>	<u>3,228,479,771</u>
	\$ <u><u>3,396,100,930</u></u>	<u><u>3,246,887,347</u></u>

(1) The amount recognized corresponds to the funds held by the companies in collective investment funds, the reduction of the balance as of June 30, 2022, compared to December 31, 2021, has occurred mainly as a result of the purchase of TIDIS (Tax Refund Securities) for the payment of taxes.

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022
(Expressed in thousands of Colombian Pesos, unless otherwise stated)

(2) Below is the breakdown of financial assets by Company:

		June 2022
Promigas S.A. E.S.P.	\$	2,659,523,596
Transmetano E.S.P. S.A.		182,838,171
Surtigas S.A. E.S.P.		359,106,287
Promioriente S.A. E.S.P.		58,160,250
Gases de Occidente S.A. E.S.P.		111,188,845
	\$	<u><u>3,370,817,149</u></u>

NOTE 6. FINANCIAL ASSETS AT AMORTIZED COST

The balance of financial assets at amortized cost is as follows:

		June 2022	December 2021
Current portion			
Debt securities	\$	25,304	24,901
Commercial accounts receivable (1)		1,240,884,108	1,160,125,127
Other accounts receivable (2)		46,868,545	41,141,855
	\$	<u><u>1,287,777,957</u></u>	<u><u>1,201,291,883</u></u>
Non-current portion			
Debt securities	\$	172,553	172,553
Commercial accounts receivable (1)		1,773,365,209	1,773,677,465
Other accounts receivable (2)		9,580,731	9,975,103
	\$	<u><u>1,783,118,493</u></u>	<u><u>1,783,825,121</u></u>

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022
(Expressed in thousands of Colombian Pesos, unless otherwise stated)

(1) Commercial accounts receivable are made up as follows:

	June 2022	December 2021
Current portion		
Gas transport	\$ 127,806,326	101,332,585
Gas distribution	492,341,360	493,216,390
Distribution and sale of energy	147,460,720	133,696,799
Non-bank financing (NBF - Brilla)	303,143,615	277,145,465
Finance lease	187,091,882	167,221,268
Other services (a)	102,938,140	99,524,821
	<u>1,360,782,043</u>	<u>1,272,137,328</u>
Impairment accounts receivable	(119,897,935)	(112,012,201)
	<u>\$ 1,240,884,108</u>	<u>1,160,125,127</u>
Non-current portion		
Gas transport	\$ 6	78
Gas distribution	261,043,262	260,560,240
Distribution and sale of energy	20,909,961	22,314,828
Other services	119,338,768	116,788,985
Non-bank financing	342,129,917	294,695,310
Finance lease	1,111,398,572	1,157,236,110
	<u>1,854,820,486</u>	<u>1,851,595,551</u>
Impairment accounts receivable	(81,455,277)	(77,918,086)
	<u>\$ 1,773,365,209</u>	<u>1,773,677,465</u>

(a) The balance recognized as of June 30, 2022, and June 30, 2021, corresponds mainly to accounts receivable from commercial, industrial and residential gas users for internal connections, maintenance and periodic revisions necessary to guarantee the provision of service to the customer by the gas sale and distribution companies controlled by Promigas S.A. E.S.P., as well as regasification services charged by Sociedad Portuaria el Cayao S.A. E.S.P.

As of June 30, 2022, and December 31, 2021, there is no lien or restriction on the commercial accounts receivable balance.

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

(2) Other accounts receivable are made up as follows:

	June 2022	December 2021
Current portion		
Loans granted	\$ 3,384,872	3,178,107
Dividends receivable (1)	1,531,947	-
Other debtors	50,293,924	46,207,352
	<u>55,210,743</u>	<u>49,385,459</u>
Impairment other accounts receivable	(8,342,198)	(8,243,604)
	<u>\$ 46,868,545</u>	<u>41,141,855</u>
Non-current portion		
Loans granted	\$ 8,919,122	9,642,514
Other debtors	1,421,890	1,076,995
	<u>10,341,012</u>	<u>10,719,509</u>
Impairment other accounts receivable	(760,281)	(744,406)
	<u>\$ 9,580,731</u>	<u>9,975,103</u>

(1) The following is the detail of the dividends receivable:

	June 2022
Energía Eficiente S.A. (E2)	906,722
Extrucol	532,763
Metrex	92,462
	<u>1,531,947</u>

Below is the movement of the impairment of accounts receivable:

	June 2022
Opening balance	\$ (198,918,297)
Impairment charged to expense	(47,285,056)
Write-off (1)	22,257,204
Recovery from other debtors previously written off	(6,029)
Reimbursement of impairment through profit or loss	14,163,659
Conversion adjustment	(667,172)
Closing balance	<u>\$ (210,455,691)</u>

(1) In accordance with the policies of the company and its subsidiaries, any portfolio that has been impaired for more than twelve (12) months and remains unrecovered is written off for accounting purposes.

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022
(Expressed in thousands of Colombian Pesos, unless otherwise stated)

NOTE 7. INVENTORIES

The composition of the inventory balances is as follows:

	June 2022	December 2021
Goods in stock	\$ 55,602,668	55,146,412
Materials for the provision of services	67,868,019	54,255,970
Inventory in transit	227,760	120,229
Inventory held by third parties	11,811,838	13,149,186
	<u>135,510,285</u>	<u>122,671,797</u>
Inventory impairment	(4,957,769)	(4,976,675)
	<u>\$ 130,552,516</u>	<u>117,695,122</u>

Below is the movement in inventory impairment:

	June 2022
Opening balance	\$ (4,976,675)
Impairment charged to expense	(2,059)
Reversal of impairment for derecognized assets	20,965
Closing balance	<u>\$ (4,957,769)</u>

NOTE 8. OTHER ASSETS

Below is the detail of other assets:

	June 2022	December 2021
Current portion		
Prepaid expenses (1)	115,845,121	65,685,864
Advances or balances in favor due to other taxes	64,181,077	49,637,754
Delivered deposits	54,710,891	50,911,196
	<u>\$ 234,737,089</u>	<u>166,234,814</u>
Non-current portion		
Delivered deposits	52,392	50,246
Prepaid expenses	99,484,427	91,378,319
Deferred advances or balances in favor (1)	172,714,069	155,965,235
	<u>\$ 272,250,888</u>	<u>247,393,800</u>

(1) Corresponds mainly to insurance paid in advance, as well as goods and services paid in advance to suppliers for the provision of services.

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022
(Expressed in thousands of Colombian Pesos, unless otherwise stated)

NOTE 9. INVESTMENTS IN ASSOCIATES

Below is the detail of investments:

Company	Economic Activity	Seat	%	June 2022	%	December 2021
<i>National associates</i>						
Gases del Caribe S.A. E.S.P.	Gas distribution	Colombia	30.99%	\$ 318,360,390	30,99%	\$ 305,455,595
E2 - Energía Eficiente S.A. E.S.P.	Gas sale	Colombia	32.41%	3,682,516	32,41%	4,306,555
Concentra en Inteligencia en Energía S.A.S.	LNG Regasification	Colombia	22.24%	<u>631,741</u>	22,24%	<u>598,380</u>
				\$ 322,674,647		\$ 310,360,530
<i>Foreign associates</i>						
Gas Natural de Lima y Callao S.A.C.	Gas distribution	Peru	40.00%	\$ <u>528,818,065</u>	40,00%	\$ <u>568,035,090</u>
				<u>528,818,065</u>		<u>568,035,090</u>
				\$ <u>851,492,712</u>		\$ <u>878,395,620</u>

The movement of investments are as follows:

March 2022

Opening balance	\$	878,395,620
Dividends declared by companies (1)		(196,862,321)
Equity method through profit or loss		146,132,718
Other comprehensive income		23,826,695
Closing balance	\$	<u>851,492,712</u>

(1) The dividends declared are detailed below:

June 2022

	Declared	Received
Gases del Caribe S.A. E.S.P.	\$ 49,947,484	(46,201,423)
Gas Natural de Lima y Callao S.A.C.	145,414,840	(144,642,172)
energía Eficiente S.A. (E2)	1,499,997	(593,276)
Extracol S.A.	-	(492,805)
Metrex S.A.	-	(85,528)
	\$ <u>196,862,321</u>	<u>(192,015,204)</u>

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022
(Expressed in thousands of Colombian Pesos, unless otherwise stated)

The following is a detail of the equity composition of investments accounted for by the equity method:

	Capital	Share underwriting premium	Reserves	Net income	Retained earnings	Results for IFRS Adoption	Unrealized gains or losses (OCI)	Total equity
June 2022								
Gas Natural de Lima y Callao S.A.C.	\$ 474,434,154	-	133,450,621	198,253,580	(91,110,976)	-	626,608,041	1,341,635,420
Gases del Caribe S.A. E.S.P.	1,755,369	1,260,919	38,128,919	185,985,378	483,415,840	332,521,817	(9,612,010)	1,033,456,232
E2 - Energía Eficiente S.A. E.S.P.	909,998	1,439,982	454,999	3,668,440	19,002,172	(682,535)	-	24,793,056
Concentra en Inteligencia en Energía S.A.S.	1,764,000	-	-	288,458	581,535	-	20,382	2,654,375
December 2021								
Gas Natural de Lima y Callao S.A.C.	\$ 474,434,154	-	122,211,670	359,509,174	(75,844,100)	-	546,691,102	1,427,002,000
Gases del Caribe S.A. E.S.P.	1,755,369	1,260,919	38,043,701	407,170,289	240,384,410	332,521,817	(9,851,999)	1,011,284,506
E2 - Energía Eficiente S.A. E.S.P.	909,998	1,439,982	454,999	4,610,761	18,891,411	(682,535)	-	25,624,616
Concentra en Inteligencia en Energía S.A.S.	1,764,000	-	-	99,864	481,671	-	-	2,345,535

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022
(Expressed in thousands of Colombian Pesos, unless otherwise stated)

NOTE 10. PROPERTY, PIPELINES, NETWORKS PLANT AND EQUIPMENT

Below is the detail by type of property, pipelines, networks, plant and equipment:

	June 2022				December 2021			
	Cost	Accumulated depreciation	Accumulated impairment	Total	Cost	Accumulated depreciation	Accumulated impairment	Total
Land	\$ 79,283,300	-	(1,451,423)	77,831,877	78,287,559	-	(1,451,423)	76,836,136
Construction in progress	55,827,608	-	-	55,827,608	49,378,765	-	-	49,378,765
Machinery, plant and equipment in assembly	11,588,634	-	-	11,588,634	27,688,968	-	-	27,688,968
Buildings	98,560,256	(21,703,170)	-	76,857,086	98,324,634	(20,200,937)	-	78,123,697
Pipelines and stations	555,788,109	(61,659,054)	-	494,129,055	541,939,452	(57,260,799)	-	484,678,653
Networks not under concession	465,443,788	(55,308,595)	-	410,135,193	462,724,596	(51,499,847)	-	411,224,749
Machinery and equipment	233,379,420	(101,718,237)	(1,964)	131,659,219	207,574,285	(93,584,926)	(1,964)	113,987,395
Furniture and fittings	19,048,804	(10,237,740)	-	8,811,064	16,537,017	(9,392,638)	-	7,144,379
Communication and computer equipment	46,805,762	(32,728,362)	-	14,077,400	43,923,833	(30,311,474)	-	13,612,359
Transportation equipment and fleet	10,794,505	(7,621,131)	-	3,173,374	10,594,730	(7,073,331)	-	3,521,399
Property improvements	1,264,882	(425,331)	-	839,551	1,190,750	(247,398)	-	943,352
	<u>1,577,785,068</u>	<u>(291,401,620)</u>	<u>(1,453,387)</u>	<u>1,284,930,061</u>	<u>1,538,164,589</u>	<u>(269,571,350)</u>	<u>(1,453,387)</u>	<u>1,267,139,852</u>

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022
(Expressed in thousands of Colombian Pesos, unless otherwise stated)

The movements of property, pipelines, networks, plant and equipment are presented below:

	Land	Constructions in progress	Machinery, plant and equipment in assembly	Buildings	Pipelines and plants	Networks not under concession	Machinery and Equipment	Furniture and Fittings	Communication and computer equipment	Transportation equipment and fleet	Leased property improvements	Total
Cost												
Balance as of December 31, 2021	\$ 78,287,559	49,378,765	27,688,968	98,324,634	541,939,452	462,724,596	207,574,285	16,537,017	43,923,833	10,594,730	1,190,750	1,538,164,589
Purchases	-	24,197,339	2,408,524	4,785	-	11,772	3,737,485	2,033,971	2,452,691	94,208	-	34,940,775
Capitalizable interest	-	1,070,775	66,562	-	-	-	-	-	-	-	-	1,137,337
Asset capitalizations	-	(17,222,685)	(18,261,160)	6,667	13,865,991	2,707,420	18,439,912	372,765	47,258	-	43,832	-
Recognition of finance lease lessor	-	(1,356,568)	-	-	-	-	-	-	-	-	-	(1,356,568)
Withdrawals, Sales and Retirements	-	(57,934)	-	-	(17,334)	-	(689,659)	(22,071)	(45,451)	(11,358)	-	(843,807)
Reclassifications	-	(178,529)	-	-	-	-	-	-	-	-	-	(178,529)
Transfer from intangibles	-	-	-	-	-	-	89,303	-	-	-	-	89,303
Conversion adjustments	995,741	177,229	(310,083)	224,170	-	-	4,710,091	163,259	429,381	116,925	30,300	6,537,013
Transfer of tax credits	-	(180,784)	(4,177)	-	-	-	(481,997)	(36,137)	(1,950)	-	-	(705,045)
Balance as of June 30, 2022	\$ 79,283,300	55,827,608	11,588,634	98,560,256	555,788,109	465,443,788	233,379,420	19,048,804	46,805,762	10,794,505	1,264,882	1,577,785,068
Accumulated depreciation												
Balance as of December 31, 2021	\$ -	-	-	(20,200,937)	(57,260,799)	(51,499,847)	(93,584,926)	(9,392,638)	(30,311,474)	(7,073,331)	(247,398)	(269,571,350)
Depreciation through profit or loss	-	-	-	(1,356,649)	(4,399,112)	(3,808,796)	(6,815,210)	(780,440)	(2,231,880)	(477,416)	(164,460)	(20,033,963)
Withdrawals	-	-	-	-	857	-	300,604	21,832	37,259	5,679	-	366,231
Reclassifications	-	-	-	-	-	48	-	(48)	-	-	-	-
Conversion adjustments	-	-	-	(145,584)	-	-	(1,618,705)	(86,446)	(222,267)	(76,063)	(13,473)	(2,162,538)
Balance as of June 30, 2022	\$ -	-	-	(21,703,170)	(61,659,054)	(55,308,595)	(101,718,237)	(10,237,740)	(32,728,362)	(7,621,131)	(425,331)	(291,401,620)
Impairment	(1,451,423)	-	-	-	-	-	(1,964)	-	-	-	-	(1,453,387)
Net balance												
Balance as of December 31, 2021	\$ 76,836,136	49,378,765	27,688,968	78,123,697	484,678,653	411,224,749	113,987,395	7,144,379	13,612,359	3,521,399	943,352	1,267,139,852
Balance as of June 30, 2022	\$ 77,831,877	55,827,608	11,588,634	76,857,086	494,129,055	410,135,193	131,659,219	8,811,064	14,077,400	3,173,374	839,551	1,284,930,061

Currently, there are no restrictions related to property, pipelines, networks, plant and equipment.

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022
(Expressed in thousands of Colombian Pesos, unless otherwise stated)

NOTE 11. CONCESSION ARRANGEMENTS RIGHTS

Detail of assets under concession arrangements:

	June 2022				December 2021			
	Cost	Accumulated amortization	Accumulated impairment	Total	Cost	Accumulated amortization	Accumulated impairment	Total
Lands under concession	\$ 38,005,376	(4,431,859)	-	33,573,517	36,521,224	(3,758,413)	-	32,762,811
Constructions in progress (1)	1,117,813,728	-	-	1,117,813,728	802,562,711	-	-	802,562,711
Pipelines and networks	4,658,546,363	(976,416,425)	(7,145,660)	3,674,984,278	4,454,812,598	(870,281,174)	(7,145,660)	3,577,385,764
Machinery and equipment	557,961,622	(191,064,819)	-	366,896,803	550,016,740	(173,508,298)	-	376,508,442
Buildings under concession	52,397,648	(9,680,091)	-	42,717,557	51,245,531	(8,303,904)	-	42,941,627
Leasehold improvements	406,672	(96,401)	-	310,271	400,829	(71,859)	-	328,970
	<u>6,425,131,409</u>	<u>(1,181,689,595)</u>	<u>(7,145,660)</u>	<u>5,236,296,154</u>	<u>5,895,559,633</u>	<u>(1,055,923,648)</u>	<u>(7,145,660)</u>	<u>4,832,490,325</u>

- (1) As of June 30, 2022, includes the balance of concessions under construction of the subsidiaries Gases del Norte del Perú S.A.C. and Gases del Pacífico S.A.C. for \$850,400,176 and \$79,856,893, respectively (\$615,603,861 and \$53,936,334 as of December 31, 2021).

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022
(Expressed in thousands of Colombian Pesos, unless otherwise stated)

The movement in assets under concession for the six-month period ended June 30, 2022 is detailed below:

	Lands under concession	Constructions in progress under concession	Buildings under concession	Pipelines and networks under concession	Machinery and equipment under concession	Third-party improvement under concession	Concessions
Cost							
Balance as of December 31, 2021	\$ 36,521,224	802,562,711	51,245,531	4,454,812,598	550,016,740	400,829	5,895,559,633
Additions	124,950	227,986,836	-	37,221,993	258,346	-	265,592,125
Capitalized interest addition	-	12,619,071	-	796,152	-	-	13,415,223
Valuation of concessions in progress due to work progress	-	135,534,234	-	-	-	-	135,534,234
Capitalization of assets under construction	-	(106,129,312)	1,167,923	98,469,493	6,491,896	-	-
Addition of capitalizable provision	-	1,611,149	-	1,396,527	278,365	-	3,286,041
Capitalized depreciation	-	87,337	-	-	-	-	87,337
Disposals	-	(432,597)	(15,806)	(1,142,135)	(473,936)	-	(2,064,474)
Reclassifications due to commitments in investment plan	-	-	-	(6,068,632)	-	-	(6,068,632)
Compensation received in kind (1)	-	-	-	8,778,409	-	-	8,778,409
Transfers	-	4,385,871	-	(4,385,871)	-	-	-
Transfer of tax discount	-	(269,450)	-	(464,713)	-	-	(734,163)
Conversion adjustments	1,359,202	39,857,878	-	69,132,542	1,390,211	5,843	111,745,676
Balance as of June 30, 2022	\$ <u>38,005,376</u>	<u>1,117,813,728</u>	<u>52,397,648</u>	<u>4,658,546,363</u>	<u>557,961,622</u>	<u>406,672</u>	<u>6,425,131,409</u>
Accumulated amortization							
Balance as of December 1, 2021	\$ (3,758,413)	-	(8,303,904)	(870,281,174)	(173,508,298)	(71,859)	(1,055,923,648)
Amortization through profit or loss	(575,563)	-	(1,391,072)	(99,662,982)	(17,856,075)	(23,476)	(119,509,168)
Disposals	-	-	14,885	167,703	394,409	-	576,997
Conversion adjustments	(97,883)	-	-	(6,639,972)	(94,855)	(1,066)	(6,833,776)
Balance as of June 30, 2022	\$ <u>(4,431,859)</u>	<u>-</u>	<u>(9,680,091)</u>	<u>(976,416,425)</u>	<u>(191,064,819)</u>	<u>(96,401)</u>	<u>(1,181,689,595)</u>
Accumulated impairment							
Balance as of December 31, 2021	\$ -	-	-	(7,145,660)	-	-	(7,145,660)
Balance as of June 30, 2022	\$ -	-	-	(7,145,660)	-	-	(7,145,660)
Net balance:							
Balance as of December 31, 2021	<u>32,762,811</u>	<u>802,562,711</u>	<u>42,941,627</u>	<u>3,577,385,764</u>	<u>376,508,442</u>	<u>328,970</u>	<u>4,832,490,325</u>
Balance as of June 30, 2022	<u>33,573,517</u>	<u>1,117,813,728</u>	<u>42,717,557</u>	<u>3,674,984,278</u>	<u>366,896,803</u>	<u>310,271</u>	<u>5,236,296,154</u>

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

- (1) Corresponds to the compensation for substitution/replacement of two interferences in the trunk line of the Sebastopol - Medellín gas pipeline of the controlled company Transmetano E.S.P. S.A., by the third party Concesionaria Vías Del Nus - Vinus S.A.S., in the points called number 2 (La Chorrera) and number 4 (Santa Gertrudis), which contemplate the realignment of the gas pipeline through the construction and connection between the gas transportation infrastructure operated by Transmetano.

During its operations, Promigas and its subsidiaries have the following existing concession agreements:

Concession owner	Type of business and country	Purpose	Current stage	Initial date	Construction start year	Concessi on end date
Gas and energy						
Surtigas S.A. E.S.P.	Gas and energy Colombia	Purchase, storage, packaging and distribution of hydrocarbon-derived gases.	Operation	03/1984 to 04/1994	1984	2034 to 2045
Transmetano S.A. E.S.P.	Gas and energy Colombia	Construction, operation and maintenance of gas transportation systems.	Operation and maintenance	08/1994	1996	2044
Promigas S.A. E.S.P.	Gas and energy Colombia	Purchase, sale, transport, distribution, exploitation and exploration of natural gas, oil and hydrocarbons in general.	Operation	05/1976 to 11/1994	1976	2026 to 2044
Promioriente S.A. E.S.P.	Gas and energy Colombia	Construction, operation and maintenance of gas pipelines.	Operation and maintenance	09/1995	1995	2026 to 2044
Promioriente S.A. E.S.P.	Gas and energy Colombia	Construction, operation and maintenance of gas pipelines.	Operation and maintenance	09/1995	1995	2045
Gases de Occidente S.A. E.S.P.	Gas and energy Colombia	Transportation and distribution of natural gas.	Operation	08/1998	1998	2047
Compañía Energética de Occidente S.A. E.S.P.	Energy Colombia	Administration, technical and commercial operation, management for the provision of electrical energy.	Construction and operation	01/2010	2010	2035
Gases del Pacífico S.A.C.	Gas and energy Peru	Purchase, sale, production, trade of energy in any of its forms.	Construction and operation	10/2013	2015	2034
Sociedad Portuaria El Cayao S.A. E.S.P.	Gas and energy Peru	Construction, maintenance and port management.	Operation and maintenance	07/2015	2015	2035
Gases del Norte del Perú S.A.C.	Gas and energy Peru	Purchase, sale, production, trade of energy in any of its forms.	Operation and maintenance	11/2019	2020	2051

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022
(Expressed in thousands of Colombian Pesos, unless otherwise stated)

The following is a detail of the movements in revenues and costs incurred in the construction stage of concession agreements in the six-month periods ended:

	June 2022	June 2021
Revenue from national concession agreements	74,566,192	54,761,760
Revenue from foreign concession agreements	304,544,753	338,821,103
Cost of construction of national concession agreements	(43,044,149)	(48,560,628)
Cost of construction of foreign concession agreements	<u>(169,563,143)</u>	<u>(189,268,004)</u>
	<u>166,503,653</u>	<u>155,754,231</u>

NOTE 12. OTHER INTANGIBLE ASSETS

Below is the detail of other intangible assets:

	<u>June 2022</u>			<u>December 2021</u>		
	Cost	Accrued Amortization	Total	Cost	Accrued Amortization	Total
Licenses	170,014,357	(103,219,219)	66,795,138	164,897,215	(92,413,508)	72,483,707
Software	\$ 6,891,684	(2,361,209)	4,530,475	6,730,422	(2,153,981)	4,576,441
Rights	5,000	-	5,000	77,622	-	77,622
Easements	7,315,534	(2,453,310)	4,862,224	7,127,254	(2,415,467)	4,711,787
Other intangibles	41,693,025	(3,076,555)	38,616,470	35,608,192	(2,405,801)	33,202,391
	<u>\$ 225,919,600</u>	<u>(111,110,293)</u>	<u>114,809,307</u>	<u>214,440,705</u>	<u>(99,388,757)</u>	<u>115,051,948</u>

Below is the movement of other intangible assets:

	June 2022
Cost	
Balance as of December 31, 2021	\$ 214,440,705
Additions	9,746,917
Addition capitalizable interest	986,081
Conversion adjustments	745,897
Balance as of June 30, 2022	<u>\$ 225,919,600</u>
Accumulated amortization	
Balance as of December 31, 2021	\$ (99,388,757)
Amortization through cost	(3,762,200)
Amortization through expenses	(7,102,217)
Conversion adjustments	(857,119)
Balance as of June 30, 2022	<u>\$ (111,110,293)</u>

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022
(Expressed in thousands of Colombian Pesos, unless otherwise stated)

NOTE 13. RIGHT-OF-USE ASSETS

Below is a breakdown by type of property, plant and equipment and concessions with right of use:

	June 2022			December 2021		
	Cost	Accumulated depreciation	Total	Cost	Accumulated depreciation	Total
Rights of use associated with property, plant and equipment						
Land	5,128,208	(1,316,317)	3,811,891	4,828,747	(1,017,191)	3,811,556
Buildings	23,599,768	(6,050,625)	17,549,143	21,591,013	(4,696,057)	16,894,956
Machinery and equipment	56,838,768	(54,541,955)	2,296,813	56,613,414	(54,464,231)	2,149,183
Transport equipment	32,068,025	(19,454,741)	12,613,284	34,041,409	(21,210,876)	12,830,533
Communication and computing equipment	210,976	(77,476)	133,500	110,618	(64,526)	46,092
Total rights of use associated with property, plant and equipment	<u>117,845,745</u>	<u>(81,441,114)</u>	<u>36,404,631</u>	<u>117,185,201</u>	<u>(81,452,881)</u>	<u>35,732,320</u>
Rights of use associated with concessions						
Land	299,666	(32,818)	266,848	290,456	(25,207)	265,249
Buildings	5,781,106	(2,328,197)	3,452,909	5,535,624	(1,915,993)	3,619,631
Machinery and equipment	<u>122,115,826</u>	<u>(25,188,062)</u>	<u>96,927,764</u>	<u>114,339,577</u>	<u>(21,077,657)</u>	<u>93,261,920</u>
Total rights of use associated with concessions	<u>128,196,598</u>	<u>(27,549,077)</u>	<u>100,647,521</u>	<u>120,165,657</u>	<u>(23,018,857)</u>	<u>97,146,800</u>
Total right-of-use assets	\$ <u><u>246,042,343</u></u>	<u><u>(108,990,191)</u></u>	<u><u>137,052,152</u></u>	<u><u>237,350,858</u></u>	<u><u>(104,471,738)</u></u>	<u><u>132,879,120</u></u>

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022
(Expressed in thousands of Colombian Pesos, unless otherwise stated)

Below is the breakdown of right-of-use assets associated with property, plant and equipment and concessions:

	Land	Buildings	Machinery and equipment	Transport equipment	Communication and computing equipment	Land associated with the concession	Buildings associated with the concession	Machinery and equipment associated with the concession	Total right-of-use assets
Cost									
Balance as of December 31, 2021	\$ 4,828,747	21,591,013	56,613,414	34,041,409	110,618	290,456	5,535,624	114,339,577	237,350,858
Addition of new finance leases	100,686	2,102,508	-	2,249,763	100,358	-	-	-	4,553,315
Addition of existing finance leases	36,919	709,874	225,354	728,020	-	9,210	53,100	7,776,249	9,538,726
Withdrawals, sales and derecognitions	(398)	(1,017,186)	-	(5,197,416)	-	-	-	-	(6,215,000)
Conversion adjustments	162,254	213,559	-	246,249	-	-	192,382	-	814,444
Balance as of June 30, 2022	\$ <u>5,128,208</u>	<u>23,599,768</u>	<u>56,838,768</u>	<u>32,068,025</u>	<u>210,976</u>	<u>299,666</u>	<u>5,781,106</u>	<u>122,115,826</u>	<u>246,042,343</u>
Accumulated depreciation									
Balance as of December 31, 2021	\$ (1,017,191)	(4,696,057)	(54,464,231)	(21,210,876)	(64,526)	(25,207)	(1,915,993)	(21,077,657)	(104,471,738)
Depreciation through profit or loss	(247,497)	(1,432,913)	(77,724)	(3,135,672)	(12,950)	(7,611)	(325,079)	(4,110,405)	(9,349,851)
Withdrawals, sales and derecognitions	5	180,433	-	5,082,963	-	-	-	-	5,263,401
Capitalized depreciation	-	-	-	(87,337)	-	-	-	-	(87,337)
Conversion adjustments	(51,634)	(102,088)	-	(103,819)	-	-	(87,125)	-	(344,666)
Balance as of June 30, 2022	\$ <u>(1,316,317)</u>	<u>(6,050,625)</u>	<u>(54,541,955)</u>	<u>(19,454,741)</u>	<u>(77,476)</u>	<u>(32,818)</u>	<u>(2,328,197)</u>	<u>(25,188,062)</u>	<u>(108,990,191)</u>
Net balance									
Balance as of December 31, 2021	<u>3,811,556</u>	<u>16,894,956</u>	<u>2,149,183</u>	<u>12,830,533</u>	<u>46,092</u>	<u>265,249</u>	<u>3,619,631</u>	<u>93,261,920</u>	<u>132,879,120</u>
Balance as of June 30, 2022	<u>3,811,891</u>	<u>17,549,143</u>	<u>2,296,813</u>	<u>12,613,284</u>	<u>133,500</u>	<u>266,848</u>	<u>3,452,909</u>	<u>96,927,764</u>	<u>137,052,152</u>

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022
(Expressed in thousands of Colombian Pesos, unless otherwise stated)

NOTE 14. INCOME TAX

The Company is subject to income tax at a rate of 33% and 31% as of June 30, 2022, and June 30, 2021, respectively; its subsidiaries are subject to income tax at a rate of 35% and 31% as of June 30, 2022, and M June 30, 2021, respectively. This rate is applicable to net income or presumptive income, if applicable. As of June 30, 2022, and June 30, 2021, the rate applicable to presumptive income was 0%.

The controlled companies Gases del Pacífico S.A.C. and Gases del Norte del Perú S.A.C., as of June 30, 2022, and June 30, 2021, are subject to income tax at 29.5%; Zonagen S.A.S. and Sociedad Portuaria El Cayao S.A. E.S.P. as of June 30, 2022, and June 30, 2021, were subject to income tax at 20%.

As of June 30, 2022, and June 30, 2021, the Company and its subsidiaries calculated and recorded the provision for income taxes based on the net taxable income which takes into consideration some adjustments to the commercial profit of the separate financial statements that have been prepared in accordance with the Accounting and Financial Reporting Standards accepted in Colombia (CFRS), established in Act 1314 of 2009.

Deferred income tax is comprised as follows:

	June 2022	December 2021
Net deferred tax assets	\$ 68,503,720	66,136,281
Net deferred tax liabilities	<u>(926,111,320)</u>	<u>(869,891,255)</u>
Net deferred tax	<u>\$ (857,607,600)</u>	<u>(803,754,974)</u>

The following is the movement in deferred taxes for the period:

	June 2022
Net balance as of December 31, 2021	\$ (803,754,974)
Net through profit or loss	(49,206,567)
Through OCI	(8,699,129)
Conversion adjustment	4,053,070
Net balance as of June 30, 2022	<u>\$ (857,607,600)</u>

Below is the breakdown of the income tax expense:

	June 2022	June 2022
Current income tax	180,827,544	133,129,622
Net deferred taxes	<u>49,206,567</u>	<u>67,403,953</u>
Total income tax expense	<u>230,034,111</u>	<u>200,533,575</u>

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022
(Expressed in thousands of Colombian Pesos, unless otherwise stated)

The following is a reconciliation of the effective rate for the periods ended June 30, 2022 and June 30, 2021:

	June 2022	%	June 2021	%
Income before income tax	922,024,192		824,481,124	
Theoretical tax expense calculated in accordance with current tax rate	304,267,984	33.00%	255,589,148	31.00%
Non-deductible expenses	6,074,514	0.66%	3,888,979	0.47%
Tax loss carryforwards that did not generate deferred taxes	(1,136,287)	(0.12) %	-	0.00%
Compensation of tax losses and excess of presumptive income	184,305	0.02%	-	0.00%
Dividends received	412,648	0.04%	141,405	0.02%
Income from equity method	(48,223,797)	(5.23) %	(37,965,571)	(4.60) %
Interest and other untaxed income	(3,831,511)	(0.42) %	(1,564,384)	(0.19) %
Exempt income	(167,683)	(0.02) %	(120,523)	(0.01) %
Tax deductions	(7,816,721)	(0.85) %	(5,967,858)	(0.72) %
Non-deductible expenses used as a tax deduction	6,379,754	0.69%	2,953,156	0.36%
Tax benefit on acquisition of productive assets and investments in NCREs	(7,599,823)	(0.82) %	(2,192,781)	(0.27) %
Profits from subsidiaries in countries with different tax rates	4,801,667	0.52%	7,400,986	0.90%
Difference in rates	(79,040)	(0.01) %	(3,920,539)	(0.48) %
Deferred tax effect of changes in tax rates	(92,764)	(0.01) %	2,082,487	0.25%
Deferred tax effect of changes in tax rates for concessions	(20,174,046)	(2.19) %	(19,330,443)	(2.34) %
Income tax effect of prior period adjustments	(6,009,054)	(0.65) %	(3,286,022)	(0.40) %
Other items	3,043,965	0.33%	2,825,535	0.34%
Total tax expense for the period	<u>230,034,111</u>	<u>24.94%</u>	<u>200,533,575</u>	<u>24.33%</u>

NOTE 15. FINANCIAL OBLIGATIONS

Below is a summary of the financial obligations obtained by Promigas and its subsidiaries, with the main purpose of financing its operations and investment plan:

	June 2022	December 2021
Current portion		
Loans in foreign currency	\$ 297,880,634	244,758,898
Loans in local currency	194,261,240	29,018,999
Lease agreements	158,443,477	148,083,354
Interest payable	14,771,470	6,575,802
	<u>\$ 665,356,821</u>	<u>428,437,053</u>
Non-current portion		
Loans in foreign currency	\$ 650,542,284	474,431,051
Loans in local currency	952,532,099	1,002,864,900
Lease agreements	735,265,265	779,475,955
Total financial obligations	<u>\$ 2,338,339,648</u>	<u>2,256,771,906</u>

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022
(Expressed in thousands of Colombian Pesos, unless otherwise stated)

Below is a reconciliation of the changes between liabilities and cash flows arising from financing activities:

	Credits in local currency	Credits in foreign currency	Lease agreements	Interest payable	Financial obligations
Financial obligations and liabilities					
Balance as of December 1, 2021	\$ 1,031,883,899	719,189,949	927,559,309	6,575,802	2,685,208,959
Addition obligations	129,000,000	234,248,965	14,084,256	-	377,333,221
Payments	(14,767,362)	(57,135,662)	(73,077,285)	(71,536,405)	(216,516,714)
Transfers, cancellations and withdrawals	-	-	(1,064,333)	-	(1,064,333)
Interest through profit or loss	676,802	1,329,833	-	74,444,318	76,450,953
Capitalized interest	-	-	-	5,086,863	5,086,863
Exchange difference	-	9,824,839	(70,206)	-	9,754,633
Conversion adjustments	-	40,964,994	26,277,001	200,892	67,442,887
Balance as of June 30, 2022	\$ <u>1,146,793,339</u>	<u>948,422,918</u>	<u>893,708,742</u>	<u>14,771,470</u>	<u>3,003,696,469</u>

NOTE 16. OUTSTANDING BONDS

Outstanding bonds are detailed below:

	June 2022	December 2021
Current portion		
Ordinary bonds outstanding	\$ 490,561,000	230,382,000
Bonds interest payable	57,329,685	38,445,276
	<u>\$ 547,890,685</u>	<u>268,827,276</u>
Non-current portion		
Ordinary bonds outstanding	\$ 4,330,161,126	4,597,101,390
	<u>\$ 4,330,161,126</u>	<u>4,597,101,390</u>
	<u>4,878,051,811</u>	<u>4,865,928,666</u>

The following is a reconciliation of the changes between liabilities and cash flows arising from financing activities with bonds outstanding:

	Bonds	Interest bonds payable	Outstanding bonds
Balance as of December 31, 2021	\$ 4,827,483,390	38,445,276	4,865,928,666
Payments	(120,000,000)	(141,287,935)	(261,287,935)
Interest through profit or loss	26,213,457	153,888,272	180,101,729
Capitalized interest	-	6,487,237	6,487,237
Exchange difference	10,428,256	43,919	10,472,175
Natural hedges with effect on OCI	29,507,375	-	29,507,375
Conversion adjustments	47,089,648	(247,084)	46,842,564
Balance as of June 30, 2022	\$ <u>4,820,722,126</u>	<u>57,329,685</u>	<u>4,878,051,811</u>

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

NOTE 17. ACCOUNTS PAYABLE

Below is the detail of accounts payable:

	June 2022	December 2021
Current portion		
National goods and services	\$ 433,070,250	393,542,425
Foreign goods and services	59,935,196	82,783,436
Creditors	42,252,520	40,101,924
Dividends payable (1)	389,028,743	72,843,975
Hedges payable	446,226	399,759
Subsidies assigned payable	20,174,015	12,312,096
	<u>\$ 944,906,950</u>	<u>601,983,615</u>
Non-current portion		
Creditors	24,454,278	22,869,891
Hedging operations	\$ -	3,680,201
	<u>24,454,278</u>	<u>26,550,092</u>

(1) Dividends payables are detailed as follows:

	June 2022	December 2021
Corficolombiana S.A.	129,397,251	24,929,746
EEB Gas S.A.S.	56,543,742	10,893,749
CFC Gas Holding S.A.	39,267,514	7,565,301
Amalfi S.A.S.	29,646,423	5,711,696
Consultoría de Inversiones S.A.	19,567,640	3,769,912
Others (a)	114,606,173	19,973,571
	<u>389,028,743</u>	<u>72,843,975</u>

(a) Corresponds to shareholders with an ownership interest of less than 5%.

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022
(Expressed in thousands of Colombian Pesos, unless otherwise stated)

NOTE 18. EMPLOYEE BENEFITS

Below is the detail of balances of employee benefits:

	June 2022	December 2021
Current portion		
Severance and interest on severance pay	\$ 4,590,517	7,170,163
Vacation leaves	11,048,980	9,485,702
Service bonus	1,093,073	-
Extralegal benefits	1,850,227	1,584,766
Other payments and benefits	5,676,913	4,668,921
	<u>\$ 24,259,710</u>	<u>22,909,552</u>
Non-current portion		
Post-employment benefits - Severance previous law	\$ 286,873	268,994
Post-employment benefits - Pensions	862,028	875,196
Other benefits	2,399,415	2,456,390
	<u>\$ 3,548,316</u>	<u>3,600,580</u>
	<u>\$ 27,808,026</u>	<u>26,510,132</u>

NOTE 19. OTHER LIABILITIES

Below is the detail of other liabilities:

	June 2022	December 2021
Collection for third parties	\$ 40,055,018	22,844,667
Withholding tax and self-withholding tax	23,152,701	24,459,750
Industry and trade withholding tax payable	2,759,056	2,330,078
Other taxes and contributions payable	21,868,933	23,137,015
Value added tax payable	4,196,400	3,118,842
Deposits received from third parties	40,309,445	49,581,583
Revenues received in advance	39,538,083	40,706,537
	<u>\$ 171,879,636</u>	<u>166,178,472</u>

The following is the consolidated movement of advances and revenues received in advance:

	June 2022	December 2021
Opening balance	\$ 40.706.538	43.893.553
Advances received during the period	74.248.851	69.465.895
Reimbursements to customers	(32.638)	-
Revenue recognition	(75.448.355)	(73.004.988)
Conversion adjustments in subsidiaries abroad	63.687	352.077
Closing balance	<u>\$ 39.538.083</u>	<u>40.706.537</u>

(1) Amounts recognized as revenue from contracts, see note 23.

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

NOTE 20. PROVISIONS

In the ordinary course of business, Promigas and its subsidiaries are subject to various legal regulations inherent to public utilities and environmental protection services. In the opinion of Promigas and its subsidiaries' management no situations have been identified that lead to the discovery of possible breaches to such rules, thus producing a significant impact on the condensed consolidated interim financial statements. The table below shows the nature and value of loss contingencies:

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022
(Expressed in thousands of Colombian Pesos, unless otherwise stated)

	Administrative	Labor	Civil	Provision for abandonment costs	Provision for gas pipeline inspection	Environmental compensation provision	Asset replacement provision	Social work commitments	Provision for implicit obligations	Total provisions
Balance as of December 31, 2021	11,685,489	1,853,146	1,783,156	33,984,013	33,007,447	3,654,465	46,547,670	219,563,138	313,051	352,391,575
New provisions through expenses	140,587	130,655	-	-	-	-	-	-	-	271,242
Addition existing provisions through expenses	909,698	88,800	-	-	-	-	-	-	24,412	1,022,910
Addition of capitalized provisions	-	-	-	278,365	-	1,611,149	-	1,396,527	-	3,286,041
Addition existing provisions through cost	-	-	-	-	4,232,577	-	-	9,558,099	-	13,790,676
Readjustment existing provisions through profit or loss	-	-	-	2,488,942	-	-	3,186,454	7,320,757	-	12,996,153
Use of provisions	-	(124,261)	-	-	(327,515)	(3,008,028)	(2,476,983)	-	-	(5,936,787)
Use of provisions in kind	-	-	-	-	-	-	(876,198)	-	-	(876,198)
Reimbursement of provisions	(887,871)	(19,576)	-	-	-	-	-	-	-	(907,447)
Transfer of investment plan commitment	-	-	-	-	-	-	-	(6,030,718)	-	(6,030,718)
Conversion adjustments	7,391	-	-	-	-	97,254	55,621	3,458,356	-	3,618,622
Balance as of June 30, 2022	<u>11,855,294</u>	<u>1,928,764</u>	<u>1,783,156</u>	<u>36,751,320</u>	<u>36,912,509</u>	<u>2,354,840</u>	<u>46,436,564</u>	<u>235,266,159</u>	<u>337,463</u>	<u>373,626,069</u>
Balance as of December 31, 2021	-	-	-	1,747,859	18,018,796	-	2,692,814	20,213,228	-	42,672,697
Current portion	-	-	-	-	-	-	-	-	-	-
Non-current portion	11,685,489	1,853,146	1,783,156	32,236,154	14,988,651	3,654,465	43,854,856	199,349,910	313,051	309,718,878
Balance as of June 30, 2022	-	-	-	-	-	-	-	-	-	-
Current portion	-	-	-	2,765,078	23,389,980	-	4,199,254	18,431,690	-	48,786,002
Non-current portion	11,855,294	1,928,764	1,783,156	33,986,242	13,522,529	2,354,840	42,237,310	216,834,469	337,463	324,840,067

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022
(Expressed in thousands of Colombian Pesos, unless otherwise stated)

NOTE 21. SHAREHOLDERS' EQUITY

Share Capital – As of June 30, 2012, and December 31, 2018, share capital was represented by 1,150,000,000 common shares, respectively, with a nominal value of one hundred pesos each. The detail of the assets is presented below:

	June 2022	December 2021
Number of shares authorized, issued and outstanding	1,134,848,043	1,134,848,043
Number of shares paid-in and subscribed	1,134,918,610	1,134,918,610
Number of shares repurchased	70,567	70,567
Paid-in and subscribed capital	\$ 113,491,861	113,491,861

Reserves – The balance of reserves is detailed as follows:

	June 2022	December 2021
Legal reserve	\$ 65,623,121	65,623,121
Reserves pursuant to bylaws	66,097,318	66,097,318
Occasional reserves	380,543	380,543
Reserves for share repurchase	1,000,000	1,000,000
Other reserves	<u>1,093,366,294</u>	<u>971,430,342</u>
Total	<u>\$ 1,226,467,276</u>	<u>1,104,531,324</u>

Legal Reserve – According to Colombian Law, the Company must transfer at least 10% of profits for the period to a legal reserve until such reserve equals 50% of the subscribed capital. This reserve is not available for allocation, but may be used to offset losses.

Tax Reserve – Pursuant to article 45 of Act 75/1986, the Company created a reserve equal to 70% of the higher value of the depreciation requested as tax deduction. Such reserve may be capitalized or allocated insofar as it is released.

Reserve for Share Repurchase – In 2005, the Company created a reserve for share repurchase amounting to \$1,527,933.

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

Profit Allocation – Dividends are declared and paid to shareholders based on unconsolidated net income for the immediately preceding year. The following is a summary of the dividends declared on March 22, 2022:

	<u>June 2022</u>
Date of Meeting	March 22, 2022
Net Income for the period January 1 - December 31, 2021, for distribution:	\$ 1,149,047,814
Cash dividends	
Ordinary dividends per share	\$ 313,218,060
Payment date	April 21, 2022, to March 21, 2023
Extraordinary dividends per share	\$ 272,363,530
Payment date	April 21, 2022, and October 21, 2023
Outstanding shares	1,134,848,043
Dividends declared	\$ 585,581,590
Reserves due to IFRS effect	\$ 121,935,952
Available for future allocations	\$ 441,530,272

Other comprehensive income – The balance of other comprehensive income is detailed below:

	<u>June 2022</u>	<u>December 2021</u>
Revaluation of assets	\$ 7,373,684	6,558,760
Currency translation adjustment	-	-
Hedging transactions	(157,604,930)	(128,738,064)
Employee benefits	941,773	941,773
Deferred income tax	42,212,963	33,513,834
OCI by equity method in subsidiaries	180,592,086	125,637,027
OCI by equity method in associates	244,466,674	220,640,200
	<u>\$ 317,982,250</u>	<u>258,553,530</u>

NOTE 22. NON-CONTROLLING INTEREST

Below is the detail of the non-controlling interest in the consolidated companies:

Company	Equity interest			Profits interest		
	%	June 2022	December 2021	%	June 2022	June 2021
Surtigas S.A. E.S.P.	0.01%	\$ 85,197	81,093	0.01%	\$ 6,864	6,755
Transoccidente S.A. E.S.P.	21.00%	2,227,566	2,662,401	21.00%	357,009	344,623
Promioriente S.A. E.S.P.	26.73%	104,008,688	101,128,923	26.73%	17,754,336	14,885,587
Transmetano E.S.P. S.A.	0.33%	704,228	701,882	0.33%	114,712	80,253
Gases de Occidente S.A. E.S.P.	5.57%	21,197,187	22,464,957	5.57%	4,018,015	3,756,408
Zonagen S.A.S.	0.05%	(203)	(84)	0.05%	(138)	(286)
Sociedad Portuaria El Cayao S.A. E.S.P.	49.00%	155,690,221	153,117,084	49.00%	10,590,910	7,273,581
		<u>\$ 283,912,884</u>	<u>280,156,256</u>		<u>\$ 32,841,708</u>	<u>26,346,921</u>

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022
(Expressed in thousands of Colombian Pesos, unless otherwise stated)

NOTE 23. REVENUE

The following is a detail of revenue for the following periods:

	<u>For six-month periods ending:</u>		<u>For three-month periods ending:</u>	
	<u>June 2022</u>	<u>June 2021</u>	<u>June 2022</u>	<u>June 2021</u>
Revenue from contracts with customers				
Natural gas transportation and distribution	\$ 1,813,032,716	1,444,211,755	918,084,518	721,404,167
Power generation and distribution	303,024,300	245,282,363	157,758,787	125,202,876
Facilities and technical services	118,848,825	117,215,705	63,069,586	58,531,287
Back-office services	696,738	-	696,738	-
Other services	61,899,355	65,508,414	31,155,152	34,039,011
	<u>2,297,501,934</u>	<u>1,872,218,237</u>	<u>1,170,764,781</u>	<u>939,177,341</u>
Revenues from national concession contracts	74,566,192	54,761,760	39,845,581	35,803,764
Revenues from foreign concession contracts	<u>304,544,753</u>	<u>338,821,103</u>	<u>144,325,176</u>	<u>251,318,442</u>
Concession revenues	<u>379,110,945</u>	<u>393,582,863</u>	<u>184,170,757</u>	<u>287,122,206</u>
Total revenue from contracts with customers	2,676,612,879	2,265,801,100	1,354,935,538	1,226,299,547
Other revenue				
Lease agreements	107,658,362	99,783,909	52,841,648	50,197,742
Non-bank financing	80,524,381	52,439,434	43,682,014	28,386,275
Income hedges	<u>1,932,906</u>	<u>(806,355)</u>	<u>34,820</u>	<u>(1,606,376)</u>
Total other revenue	190,115,649	151,416,988	96,558,482	76,977,641
Total revenue	\$ <u>2,866,728,528</u>	<u>2,417,218,088</u>	<u>1,451,494,020</u>	<u>1,303,277,188</u>

As of June 30, includes \$75,448,355 (\$25,887,195 as of June 30, 2021) previously recorded as a liability within revenues received in advance. See note 19.

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

NOTE 24. COST OF SALES AND SERVICES RENDERED

The following is a detail of cost of sales for the following periods:

	Six months ended:		Three months ended:	
	June 2022	June 2021	June 2022	June 2021
Employee benefits	\$ 92,947,838	84,237,237	47,938,463	43,493,528
Maintenance and materials	93,906,278	86,198,548	48,338,080	43,750,649
Fees and consultancies	16,538,358	14,659,535	9,149,608	6,512,194
General costs	1,205,213,685	967,768,500	637,083,819	482,874,125
Impairment	2,059	323,108	-	323,108
Cost hedging result	(116,815)	(2,043,100)	(2,642,283)	(93,542)
Construction of concessions	212,607,292	237,828,632	104,084,114	170,594,229
Taxes	18,860,685	10,522,328	12,503,675	5,727,278
Depreciation and amortization	144,536,154	131,118,918	72,960,921	67,464,150
	<u>\$ 1,784,495,534</u>	<u>1,530,613,706</u>	<u>929,416,397</u>	<u>820,645,719</u>

NOTE 25. ADMINISTRATIVE AND SELLING EXPENSES

The following is a detail of administrative and selling expenses for the following periods:

	Six months ended:		Three months ended:	
	June 2022	June 2021	June 2022	June 2021
Employee benefits	\$ 70,774,370	60,664,979	37,099,752	31,583,061
Fees	25,215,429	20,103,492	14,341,358	10,820,600
Maintenance and materials	10,329,958	7,457,336	5,517,537	4,092,748
General administrative expenses	59,201,789	36,961,476	32,211,704	19,157,731
Provisions	386,704	(1,657,677)	233,173	(1,854,941)
Administrative taxes	32,667,685	27,378,528	16,844,937	13,823,506
Depreciations and amortizations	15,384,466	14,046,627	7,920,404	7,334,630
	<u>\$ 213,960,401</u>	<u>164,954,761</u>	<u>114,168,865</u>	<u>84,957,335</u>

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

NOTE 26. OTHERS, NET

The following is a detail of other income for the following periods:

	Six months ended:		Three months ended:	
	June 2022	June 2021	June 2022	June 2021
Leases	\$ 401,039	380,653	226,758	197,282
Fees	748,786	521,629	493,435	291,592
Gain on sale of assets	5,231,590	166,000	5,231,590	88,500
Compensation (1)	29,399,980	18,178,476	3,102,944	1,860,860
Profits	5,499,481	9,150,574	2,644,792	5,190,286
	<u>\$ 41,280,876</u>	<u>28,397,332</u>	<u>11,699,519</u>	<u>7,628,520</u>

The following is a detail of other expenses for the following periods:

	Six months ended:		Three months ended:	
	June 2022	June 2021	June 2022	June 2021
Donations	\$ 7,947,542	6,025,909	4,985,285	3,147,699
Loss on asset derecognition	1,479,817	2,222,058	723,163	(199,748)
Other expenses	510,951	555,585	266,725	375,472
	<u>\$ 9,938,310</u>	<u>8,803,552</u>	<u>5,975,173</u>	<u>3,323,423</u>
Others net	<u>31,341,432</u>	<u>19,593,781</u>	<u>5,724,345</u>	<u>4,305,097</u>

- (1) Compensations in June 2022 correspond mainly to the compensation for loss of profits received by Promioriente in the amount of \$17,500,000 due to the emergency that occurred in August 2021 as a result of the winter wave, which left a section of the gas pipeline without service. Additionally, in March, Transmetano received from Concesión Vías Del Nus - Vinus S.A.S., the construction of a section of the gas pipeline valued at \$8,778,409 due to the intervention of territorial spaces, gas pipeline easement and transit with permanent occupation, by the concessionaire (The Concessionaire) who will carry out a road interference or parallelism in the middle of the gas transportation infrastructure operated by Transmetano E.S.P. S.A.

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

NOTE 27. FINANCE INCOME

Below is the detail of finance income for the following periods:

	Six months ended:		Three months ended:	
	June 2022	June 2021	June 2022	June 2021
Interest and yields	\$ 16,212,001	13,460,246	10,168,713	6,471,248
Income from financial assets concession	142,337,377	144,457,956	68,429,127	62,818,364
Other finance income	3,959,328	4,412,414	1,985,598	2,086,359
	<u>\$ 162,508,706</u>	<u>162,330,616</u>	<u>80,583,438</u>	<u>71,375,971</u>

NOTE 28. FINANCE COSTS

Below is the detail of finance costs for the following periods:

	Six months ended:		Three months ended:	
	June 2022	June 2021	June 2022	June 2021
Interest on bonds issued	\$ 161,335,940	108,172,192	84,048,153	54,154,074
Interest financial obligations	39,947,624	22,655,835	24,121,299	11,024,773
Interest lease agreements	35,497,591	38,868,212	17,761,803	18,893,532
Other finance costs	19,532,068	8,562,161	7,444,769	2,237,421
	<u>\$ 256,313,223</u>	<u>178,258,400</u>	<u>133,376,024</u>	<u>86,309,800</u>

NOTE 29. NET EXCHANGE DIFFERENCE

The following is the detail of the net exchange difference for the three months ended:

	Six months ended:		Three months ended:	
	June 2022	June 2021	June 2022	June 2021
Exchange difference caused	\$ 2,122,247	17,331,112	2,930,212	9,083,120
Exchange difference realized	(4,114,218)	(9,623,572)	(4,496,894)	(9,324,070)
Result of exchange rate hedges	39,058	13,019,274	(2,490,326)	14,452,363
Valuation of exchange rate hedges	-	(20,570,369)	-	(14,803,521)
	<u>\$ (1,952,913)</u>	<u>156,445</u>	<u>(4,057,008)</u>	<u>(592,108)</u>

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

NOTE 30. RELATED-PARTY TRANSACTIONS AND BALANCES

Operations with related parties: During the period ended June 30, 2022, there were no significant operations of the following characteristics:

- Free or compensated services debited to a related company.
- Loans implying an obligation to the borrower that does not correspond to the essence or nature of the loan agreement.

Below is the summary of assets and liabilities for transactions made with non-controlled companies, shareholders, legal representatives and key management personnel as of June 30, 2021:

June 2022	Shareholders	Associates	Others related	Total
Assets				
Cash	\$ 1,228,265	-	140,684,682	141,912,947
Investments in associates	-	869,463,534	-	869,463,534
Financial assets at amortized cost	774,390	12,274,327	208,953	13,257,670
	<u>2,002,655</u>	<u>881,737,861</u>	<u>140,893,635</u>	<u>1,024,634,151</u>
Liabilities				
Accounts payable	189,483,494	5,105,222	221,528	194,810,244
Outstanding bonds	84,448,777	-	-	84,448,777
	<u>273,932,271</u>	<u>5,105,222</u>	<u>221,528</u>	<u>279,259,021</u>
Income				
Revenue	1,302,024	30,817,917	1,230,956	33,350,897
Finance income	-	1,250,450	624,328	1,874,778
Share of profit of equity-accounted	-	146,132,718	-	146,132,718
Others, net	-	29,140	-	29,140
	<u>1,302,024</u>	<u>178,230,225</u>	<u>1,855,284</u>	<u>181,387,533</u>
Expenses				
Cost of sale	1,305,550	42,184,687	402,063	43,892,300
Selling and administrative expenses	-	5,913	327,129	333,042
Financial expenses	1,704,997	-	-	1,704,997
	<u>\$ 3,010,547</u>	<u>42,190,600</u>	<u>729,192</u>	<u>45,930,339</u>

NOTE 31. COMMITMENTS AND CONTINGENCIES

Commitments Promigas S.A. E.S.P. - For the development of its corporate purpose, the Company and its subsidiaries have entered into the following agreements, among others:

By Public Deed No. 1629 of September 16, 1976, of the 18th Notary Public of Bogota, the Company obtained from the National government the concession to build, operate, maintain, exploit and manage a public utility pipeline for the transportation of hydrocarbons from Ballenas, Department of La Guajira, to the cities

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022
(Expressed in thousands of Colombian Pesos, unless otherwise stated)

of Barranquilla and Cartagena, for a 50-year term, extendable to 20 more years. Under the terms of the concession, the National Government will have preemption right established by article 45 of the Petroleum Code for the transportation through the natural gas pipeline, by paying the current rate at the time of carrying it, for up to 20% of the daily transportation capacity of the pipeline. And has a preemption right over the transportation of these products through the gas pipeline, paying a current rate. The Company shall be obligated to sell the pipeline to the Nation, if required by the Government, upon completion of the first 30 years of the Agreement (2006), at the expiry thereof (2026) or upon termination of the extension period, under the terms provided in articles 50 and 51 of the Petroleum Code at the price agreed by the parties or based on the appraisal of an independent expert. The Company may not assign or relinquish the agreement, neither totally nor partially, without prior approval by the National Government.

In notice served to the Company on May 11, 2005, the ministry of Mines confirmed that they would not take up the purchase option that was available for 2006 over the gas pipelines under concession.

In addition, the Company has entered into another 33 concession contracts.

Agreements with customers corresponding to natural gas transportation through the pipeline systems available to the Company are in accordance with the current regulatory framework and these have the guarantees stipulated by the Company for each agreement.

The Company's management considers that there are no risks of significant losses in the future arising from the performance of these agreements and commitments.

Commitments of Gases del Pacífico S.A.C. - Maintains a letter of guarantee of US \$20,000,000 in favor of the Peruvian State for a term of one year, pursuant to the Natural Gas Concession Agreement in the Northern Zone of Peru and a Letter of Guarantee for US \$7,095,868 in favor of SHELL GNL PERU S.A.C. in compliance with the contract for the supply of LIQUEFIED NATURAL GAS.

Commitments of Sociedad Portuaria el Cayao S.A. E.S.P. - For the development of its corporate purpose, the Company has entered into the following agreements, among others:

Port Concession Agreement No. 001 of 2015 - The Ministry of Transport, through resolution No. 594 of March 5, 2015, indicates the terms in which the port concession would be established, to occupy temporarily and exclusively a public use area for 20 years, to develop an unloading platform, underwater gas pipelines and connections to the land pipeline connected to the National Transport System, for the import, export and cabotage of liquefied natural gas, in the department of Bolívar, district of Cartagena de Indias, in the form of public utility service. On July 17, 2015, port concession agreement No. 001 of 2015 was entered into by and between the National Infrastructure Agency and the Company.

This agreement will not be automatically extended. It may be extended only by carrying out the procedure provided for such purpose in current regulations, not less than 12 calendar months before the date of expiry of the concession period.

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022
(Expressed in thousands of Colombian Pesos, unless otherwise stated)

The reference value of the port concession agreement is equal to the net present value of the consideration, which corresponds to US \$3.931.493 payable during 20 years with annual installments. Payment must be made in Colombian pesos.

Agreements with Thermoelectric Companies - On October 29, 2014, the Company signed agreements with Zona Franca Celsia S.A. E.S.P., Termobarranquilla S.A. E.S.P. and Termocandelaria S.C.A. E.S.P. (the Customers) in order to provide services for access to and use of port infrastructure for the reception, storage, regasification of liquefied natural gas (LNG) and gas conduction and delivery at the Inlet Point into the National Transportation System (TUA Agreements). To fulfill said purpose, the Company must design, construct, operate and maintain the Terminal in accordance with the terms established in said contracts.

The annual fixed revenues of US \$82,500,000, which will be paid in 12 equal installments, allocated according to the percentage share of each customer. This revenue corresponds to all investment costs, fixed costs of administration, operation and maintenance, and other costs relative to the Terminal and the provision of services. This revenue also includes the acquisition and maintenance of LNG Heel in the Terminal.

In addition, there is a variable revenue that corresponds to all variable costs of administration, operation (including fuel and electricity), maintenance and other costs relative to the Terminal and the provision of services, such as LNG cargo services on gas tankers from the Terminal, which will be charged on a monthly basis according to the terms set out.

The commercial operation start date was December 2016. The TUA Agreements are valid for ten (10) years until November 30, 2026. At the Customers' discretion, the TUA Agreement can be extended once, giving 4-year notice before the date of its expiry, for the term agreed by the parties, otherwise the extension will be of 5 years. In the event that the Company, for any reason, cannot provide the gas delivery service or causes the Customer to declare itself before the Wholesale Power Market Administrator as unavailable to generate electric power, the Company must pay the Customer for each KPC nominated and not delivered at the inlet point into the NTS the equivalent of US \$2 per KPC for the number of hours unavailable over 24 hours. The Company will be exempt from paying this fine as long as the event is an exemption event. Said fine shall not exceed US \$12,000,000 per contract year. Further, in the event that the Company fails to comply with its unloading obligation or the actual unloading time exceeds the time provided, the Company must compensate the Customer for any damages incurred arising from the event up to a point in time US \$8,000,000 per event. The Company will be exempt from the payment of this fine as long as the event is due to an exemption event or force majeure.

Other Agreements - On November 1, 2014, the Company signed with HOEGH LNG FSRU IV LTD an International Lease Agreement - ILA on a Floating Storage and Regasification Unit - FSRU "Hoegh Grace," which has an annual value during the term of the agreement of US \$40,809,000 and allows a purchase option in year 10 of US \$425,798,487. On that same date, the Company signed with HÖEGH LNG HOLDINGS LTD. An Agreement for the Provision of Operation and Maintenance Services with respect to the FSRU. Both agreements have a 10-year term from the date of acceptance of the FSRU (03/12/2016). The cumulative limit of liability, borne by the Company, arising from the agreement, extracontractual civil liability (including negligence) or arising out of the law, for both agreements is USD \$100,000,000. Additionally, both agreements contain a provision that in the event of non-compliance, the party in compliance can terminate the respective agreement.

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022
(Expressed in thousands of Colombian Pesos, unless otherwise stated)

Commitments of Gases de Occidente S.A. E.S.P. - The Company established an irrevocable Commercial Trust Agreement for Trust Resources Management with Corficolombiana S.A., related to the GNCV Bond Program, from 2010. Said agreement completed the agreed term and a new irrevocable Commercial Trust Agreement for Trust Resources Management was created with Corficolombiana S.A., as provided in the Bond Conversion Agreement CNG-IV (signed on March 21, 2017 (signed on March 21, 2017 and ending date July 31, 2019), for which a new bond conversion Agreement CNG V was signed (signed on August 1, 2019, until November 30, 2021) referred to as cooperation agreement to Encourage the Transportation, Marketing, Distribution and Consumption of Compressed Natural Gas for Vehicles, which assigns Gases de Occidente S.A. E.S.P. as administrative operator.

Commitment of Compañía Energética de Occidente S.A. E.S.P: By virtue of the Management Agreement signed with CEDELCA S.A E.S.P., Compañía Energética de Occidente S.A. E.S.P. undertook, among others, to execute an investment plan for the expansion, replacement and improvement of infrastructure for the development of marketing and distribution services, in the market of CEDELCA S.A. E.S.P. The investment includes management improvement projects (loss reduction and maintenance, user and asset census and project development survey), aimed at providing the service in accordance with the law.

The Investment Plan has a defined amount that is estimated at current prices by means of adjustment techniques to the net present value. The TES (Public Debt Securities issued by the General Treasury of the Nation) is used as the discount rate. Changes in the provision are recognized as a result of changes in the discount rate and the CPI. The provision utilization corresponds to the projects carried out according to the commitment acquired with CEDELCA S.A. E.S.P.

Commitments of Surtidora de Gas del Caribe S.A. E.S.P. - For the development of its corporate purpose, the Company has entered into the following agreements, among others:

- a. Natural gas supply agreements with Empresa Colombiana de Petróleos (Ecopetrol), Frontera Energy, CNE oil & gas, Hocol and Lewis, and gas transportation agreements with Promigas S.A. E.S.P. These agreements are in accordance with the regulatory framework, and their terms of duration range from one to five years, and the necessary and sufficient guarantees for the performance and stability of the agreements have been executed.
- b. Agreements with industrial users and power generating companies with consumptions greater than 100,000 cubic feet per day, under wellhead gas trading and natural gas transport capacity of customer. These agreements are in accordance with the regulatory framework and their terms of duration conform to the trading period determined by current regulations, and the necessary and sufficient guarantees for the performance and stability of the agreements have been executed. The Company's management considers that there are no significant risks of losses expected in the future as a result of the performance of these agreements and commitments.

The Company's management considers that there are no significant risks of losses expected in the future as a result of the performance of these agreements and commitments.

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022
(Expressed in thousands of Colombian Pesos, unless otherwise stated)

Contingencies

As of June 30, 2022, the following individual litigations and lawsuits are filed against the Company. Their quantities are determined by the claims and are not recognized in the provisions, given that the lawyers handling each process consider that the success likelihoods of such claims are classified as eventual:

	June 2022	
	Number of claims	Value
<i>Litigations and lawsuits against</i>		
Easement claims:		
From \$1 to \$1.000	21	5,415,983
From \$1,001 onward	2	5,138,039
Easement	<u>23</u>	<u>10,554,022</u>
Ordinary processes:		
From \$1 to \$1,000	33	9,303,512
From \$1,001 to \$3,000	10	16,217,705
From \$3,001 onward	9	88,692,413
Ordinary	<u>52</u>	<u>114,213,630</u>
Labor	<u>133</u>	<u>8,268,736</u>
Total processes	<u><u>207</u></u>	<u><u>133,036,388</u></u>
<i>Contingency rights</i>		
Contingency rights	5	1,835,429
Litigations and lawsuits	76	117,567,620
Total	<u><u>81</u></u>	<u><u>119,403,049</u></u>

The following is a detail of the number of lawsuits and claims without amount:

	June 30, 2022
Process	
Easements	25
Ordinary	6
Labor	<u>13</u>
	<u><u>44</u></u>

During its operations, Promigas and its subsidiaries are subject to several legal regulations pertaining to public utilities and environmental protection companies. Management considers, based on legal opinions,

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022
(Expressed in thousands of Colombian Pesos, unless otherwise stated)

that there have been no situations that may indicate possible breaches to those standards and leading to significant impacts on the financial statements.

NOTE 32. INFORMATION BY SEGMENTS

Information by segment is structured according to the different lines of business of Promigas and its subsidiaries. The lines of business described below were established according to the organizational structure of the Company, considering the nature of services and products offered. The structure of this information is designed as if each line of business were an autonomous business and had its own separate resources, allocated based on the assets assigned to each line according to an internal system of percentage distribution of costs.

The Company's operating segments are structured as follows:

Natural gas transport	Integrated solutions for the industry and power generation	
Promigas S.A. E.S.P.	Promisol S.A.S.	
Promioriente S.A. E.S.P.	Zonagen S.A.S.	
Transmetano E.S.P. S.A.	Energía Eficiente S.A. E.S.P.	
Transoccidente S.A. E.S.P.		
Sociedad Portuaria el Cayao S.A. E.S.P.		
Promigas Panamá Corporation		

Natural gas distribution	Power distribution	Non-bank financing
Surtigas S.A. E.S.P.	Compañía Energética de Occidente S.A. E.S.P.	Compañía Energética de Occidente S.A. E.S.P.
Gases de Occidente S.A. E.S.P.		Gases de Occidente S.A. E.S.P.
Gases del Caribe S.A. E.S.P. y Subsidiarias.		Surtigas S.A. E.S.P.
Gas Natural de Lima y Callao S.A.C.		Gascaribe S.A. E.S.P.
Gases del Pacífico S.A.C.		Gases de la Guajira S.A. E.S.P.
Orión Contac Center S.A.S.		Efigas S.A. E.S.P.
Enlace Servicios Compartidos S.A.S.		
Promigas Perú S.A.		

Below are the assets, liabilities and results by segment:

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022
(Expressed in thousands of Colombian Pesos, unless otherwise stated)

	Gas transport	Gas distribution and sale			Power distribution and sale	Integrated solutions for the industry	Non-bank financing	Total
		National	Abroad	Total				
June 2022								
Total assets	\$ <u>8,280,158,387</u>	<u>2,301,672,078</u>	<u>3,776,113,470</u>	<u>6,077,785,548</u>	<u>696,782,015</u>	<u>123,364,550</u>	<u>617,500,608</u>	<u>15,795,591,108</u>
Total liabilities	\$ <u>6,125,221,988</u>	<u>1,424,651,636</u>	<u>2,208,682,086</u>	<u>3,633,333,722</u>	<u>578,540,818</u>	<u>44,668,137</u>	<u>13,623,496</u>	<u>10,395,388,161</u>
June 2022								
Contracts with customers	631,801,324	1,169,100,458	162,382,578	1,331,483,036	295,613,992	38,651,859	(48,277)	2,297,501,934
Revenue from concession agreements	71,246,780	2,042,052	305,822,113	307,864,165	-	-	-	379,110,945
Lease agreements	93,856,685	32,280	59,630	91,910	3,281,574	10,428,193	-	107,658,362
Other revenue	\$ 1,792,597	-	-	-	-	140,309	80,524,381	82,457,287
Cost of sales and services rendered	(224,712,046)	(957,443,876)	(100,820,755)	(1,058,264,631)	(208,878,259)	(48,407,864)	(31,625,442)	(1,571,888,242)
Costs for construction of concession agreements	(40,277,362)	(2,042,052)	(170,287,878)	(172,329,930)	-	-	-	(212,607,292)
Gross profit	533,707,978	211,688,862	197,155,688	408,844,550	90,017,307	812,497	48,850,662	1,082,232,994
Share of profit of equity-accounted:	29,996	61,287,019	84,815,703	146,102,722	-	-	-	146,132,718
Administrative and selling expenses	(84,237,657)	(57,037,002)	(47,581,066)	(104,618,068)	(20,298,802)	(4,491,501)	(314,373)	(213,960,401)
Dividends received	-	1,250,450	-	1,250,450	-	-	-	1,250,450
Impairment for expected credit losses	21,516	(12,482,150)	(5,150,541)	(17,632,691)	(7,298,387)	(885)	(8,210,950)	(33,121,397)
Other, net	28,851,611	138,404,482	(87,828,282)	50,576,200	(15,695,540)	(1,777,678)	(30,613,161)	31,341,432
Operating income	478,373,444	343,111,661	141,411,502	484,523,163	46,724,578	(5,457,567)	9,712,178	1,013,875,796
Finance income	124,272,088	24,797,320	11,152,895	35,950,215	990,050	380,884	915,469	162,508,706
Interest expense	(181,593,817)	(29,536,890)	(28,457,672)	(57,994,562)	(16,588,177)	(136,518)	(149)	(256,313,223)
Foreign exchange difference, net	(8,219,735)	220,848	2,991,582	3,212,430	(30,592)	6,993,496	(2,686)	1,952,913
Income before income tax	412,831,980	338,592,939	127,098,307	465,691,246	31,095,859	1,780,295	10,624,812	922,024,192
Income tax	(124,467,680)	(45,220,138)	(37,100,292)	(82,320,430)	(15,077,401)	(2,213,125)	(5,955,475)	(230,034,111)
Net income	\$ <u>288,364,300</u>	<u>293,372,801</u>	<u>89,998,015</u>	<u>383,370,816</u>	<u>16,018,458</u>	<u>(432,830)</u>	<u>4,669,337</u>	<u>691,990,081</u>

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2022

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

NOTE 33. EVENTS OCCURRED AFTER THE REPORTING PERIOD

As of the date of issuance of the condensed consolidated interim financial statements as of June 30, 2022, there are no subsequent events that would require adjustments or disclosures to such financial statements.