Promigas S.A. E.S.P. and Subsidiaries
Consolidated Financial Statements
For the years ended December 31, 2021-2020
With Independent Auditor's Review Report

KPMG S.A.S.
Carrera 53 No. 82 – 86, Oficina 805
Barranquilla – Colombia

Teléfono 57 (605) 3160120

home.kpmg/co

(FREE TRANSLATION OF THE REPORT ISSUED IN SPANISH)
STATUTORY AUDITOR'S REPORT

To the Shareholders
Promigas S.A. E.S.P.,

Report on the Audit of the Consolidated Financial Statements

Opinion

I have audited the accompanying consolidated financial statements of Promigas S.A. E.S.P. and Subordinates (the Group), which comprise the consolidated statement of financial position as at December 31, 2021 and the consolidated statements of income and other comprehensive income, changes in equity and cash flows for the year then ended, and their respective notes comprising significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021, the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Accounting and Financial Reporting Standards accepted in Colombia (NCIF), applied on a basis consistent with that of the preceding year.

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of Consolidated Financial Statements* section of my Report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code) included in the Information Assurance Standards accepted in Colombia, together with the ethical requirements that are relevant to my audit of the consolidated financial statements established in Colombia, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key Audit Matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated financial statements of the current period. These matters were addressed in the context of my audit of the consolidated financial statements as a whole and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Fair value assessment of financial assets and intangible assets under construction related to concession contracts (see Notes 4i, 6 and 15 to the consolidated financial statements)	
Key Audit Matter	How it was addressed in the Audit
As at December 31, 2021, the Group has financial assets from concession contracts for $3.228.479 million COP and intangible assets derived from concession contracts under construction for $669.540 million COP. As indicated in Notes 4i, 6 and 15 to the consolidated financial statements, the Group has concession contracts signed with the government for the construction and subsequent use and maintenance of infrastructure for a specified period of time. In exchange, the Group is entitled to receive direct payments from the government and/or fees charged to the end users of the concessions. The Group has designated financial assets related to concession contracts to be measured at fair value, according to hierarchy level 3, with changes in profit or loss after initial recognition, and intangible assets under construction to be measured at cost-plus pricing, determined based on certain estimates. I identified the assessment of financial assets related to concession contracts and intangibles under construction as a Key Audit Matter because it involves significant effort and judgment. Specifically, due to the nature of the estimates and significant unobservable assumptions of the models including the weighted average cost of capital (WACC), future inflation rates, and projected revenues from the use of infrastructure.	My audit procedures for assessing the fair value of financial assets and intangible assets in construction-phase projects included, among others: • Evaluation of the design, implementation and effectiveness of the control established by the Group to determine the fair value of financial assets and the value of intangible assets in construction phase arising from concession contracts. This control included matters related to: (i) the verification of the inputs and assumptions used in the models; and (ii) the review and approval of the fair value of financial assets arising from concession contracts. • Involvement of valuation professionals with specific skills and industry knowledge who assisted me in the verification of financial assets in relation to: (i) the evaluation of whether the internally developed models are consistent with the valuation practices generally used for that purpose and the NCIF; (ii) the comparison of the WACC discount rate with a range determined using macroeconomic market assumptions; and (iii) the evaluation of future inflation rates by comparing them with available market data and, for the verification of intangible assets in relation to: (i) the review of the discount rates used in the estimation of margins compared to market ranges and (ii) analysis of the mathematical consistency of the construction margin estimate.

<table>
<tr><th colspan="2">Assessment of impairment of trade receivables under IFRS 9
(see Note 10 to the consolidated financial statements)</th></tr>
<tr><td>Key Audit Matter</td><td>How it was addressed in the Audit</td></tr>
<tr><td>As observed in Note 10 to the consolidated financial statements, as a result of the growth in the operation, there has been a significant increase in the trade accounts receivable portfolio of $ 330.200 million COP, a situation that makes it relevant to evaluate the determination of its impairment, which incorporates significant judgments and estimates.

The Group measures the impairment of its trade receivables for an amount equal to the Expected Credit Losses (ECL). Under this scheme, models have been developed for the determination of impairment based on historical loss experience, taking into account days past due and a simplified model for the projection of macroeconomic factors affecting the Group.

I identified the assessment of impairment of trade receivables as a Key Audit Matter, on the grounds that: (i) there is a high degree of estimation and judgment in the prospective assumptions and the models involved. (ii) the probability of default and loss parameters used in the expected credit loss impairment models were adjusted, and (iii) the evaluation of the impairment models required significant attention and judgment by the Auditor and the involvement of credit risk professionals, as well as industry knowledge and experience.</td><td>My audit procedures for assessing impairment of trade receivables included, among others, the following:

• Evaluation of the design, implementation and operating effectiveness of certain internal controls established by the Group to calculate impairment of trade receivables, including, among others, controls over: (i) the models and assumptions used, (ii) the economic forecasting, (iii) the completeness and accuracy of the data, and (iv) the monitoring over impairment, including the application of the judgment used.

• Involvement of professionals with specific credit risk skills, industry knowledge and experience, who assisted me in: (i) the evaluation of the models and key inputs used to determine the ECL parameters; (ii) the evaluation of the macroeconomic projections and probability-weighting of the scenarios; and (iii) the evaluation of the qualitative adjustments applied to the models.</td></tr>
</table>

Other Matters

The consolidated financial statements as at and for the year ended December 31, 2021 [Sic] are presented solely for comparative purposes. These were audited by another Public Accountant member of KPMG S.A.S. who in his Report dated February 22, 2021, expressed an unqualified opinion thereon.

Responsibilities of Management and Those Charged with the Group's Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Accounting and Financial Reporting Standards accepted in Colombia. This responsibility includes designing, implementing, and maintaining such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In preparing the consolidated financial statements, Management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my Auditor's Report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my Auditor's Report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events so as to achieve a fair presentation.

- I obtain sufficient appropriate audit evidence regarding the financial information of the Entities or business activities within the Group to express an opinion on the Group's consolidated financial statements. I am responsible for the direction, supervision, and performance of the Group's audit. I remain solely responsible for my audit opinion.

I communicate with Those Charged with the Group's Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during my audit.

I also provide Those Charged with Governance with confirmation that I have complied with relevant ethical requirements for independence and that I have disclosed to them all relationships and other matters that might reasonably be considered to bear on my independence and, where applicable, related safeguards.

From the matters communicated with Those Charged with Governance, I determine the matters that were of most significance in the audit of the current period's consolidated financial statements and, therefore, are the Key Audit Matters. I describe these matters in my Auditor's Report unless law or regulation prevents public disclosure about the matter or when, in extremely exceptional circumstances, I determine that a matter should not be communicated in my Report because the adverse consequences of doing so would reasonably outweigh the benefits to the public interest of such communication.

(Original signed in Spanish)
Rosangela Barrios Pantoja
Statutory Auditor of Promigas S.A. E.S.P.
Registration 155173 - T
Member of KPMG S.A.S.

February 22, 2022

Promigas S.A. E.S.P. And Subsidiaries
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Expressed In thousands of Colombian Pesos)

	Note		December 2021	December 2020
ASSETS				
CURRENT ASSET:				
Cash	8	$	427.848.665	399.423.786
Financial assets at fair value	9		241.164.321	378.807.179
Financial assets at amortized cost	10		1.201.291.883	1.103.769.731
Inventories	11		117.695.122	90.549.823
Prepayments or tax credit balances			36.531.195	21.163.843
Other Assets	12		166.234.814	218.468.839
TOTAL CURRENT ASSET			2.190.766.000	2.212.183.201
Non current held-for-sale assets			1.429.613	1.069.607
TOTAL CURRENT ASSET HELD-FOR-SALE			2.192.195.613	2.213.252.808
LONG-TERM ASSETS:				
Financial Assets at Fair Value	9		3.246.887.347	2.976.510.036
Financial Assets at Amortized Cost	10		1.783.825.121	1.600.765.439
Investment in associates	13		878.395.620	759.989.369
Total Property, Plant, Pipeline and Equipment	14		1.267.139.852	1.239.625.851
Intangible Assets:				
Concessions	15		4.832.490.325	3.835.408.575
Goodwill	16		150.716.870	151.757.293
Other intangible assets	17		115.051.948	98.577.298
Total intangible assets:			5.098.259.143	4.085.743.166
Right-of-use	18		132.879.120	136.611.276
Investment properties			9.259.620	8.177.931
Deferred tax assets, net	19		66.136.281	60.225.121
Other assets	12		247.393.800	89.002.877
TOTAL LONG-TERM ASSETS			12.730.175.904	10.956.651.066
TOTAL ASSETS		$	14.922.371.517	13.169.903.874
LIABILITIES				
CURRENT LIABILITY:				
Financial obligations	20	$	428.437.053	353.793.678
Outstanding bonds	21		268.827.276	29.775.925
Accounts payable	22		601.983.615	578.728.089
Employee benefits	23		22.909.552	22.716.562
Income tax payable	19		62.492.248	63.691.046
Provisions	24		42.672.697	11.187.692
Other liabilities	25		166.178.472	148.247.385
TOTAL CURRENT LIABILITIES			1.593.500.913	1.208.140.377
LONG-TERM LIABILITIES:				
Financial obligations	20		2.256.771.906	1.870.376.781
Outstanding bonds	21		4.597.101.390	4.521.253.738
Accounts payable	22		26.550.092	27.528.971
Employee benefits	23		3.600.580	4.651.292
Provisions	24		309.718.878	270.818.359
Deferred tax liability, net	19		869.891.255	700.397.289
TOTAL LONG TERM LIABILITIES			8.063.634.101	7.395.026.430
TOTAL LIABILITIES			9.657.135.014	8.603.166.807
EQUITY				
SHAREHOLDERS' EQUITY	26			
Subscribed and paid-in capital			113.491.861	113.491.861
Share underwriting premium			322.822.817	322.822.817
Reserves			1.104.531.324	919.938.627
Retained earnings			3.197.235.580	2.799.754.081
Other equity transactions			(11.554.865)	(11.556.845)
Other comprehensive income			258.553.530	163.229.800
TOTAL SHAREHOLDERS' EQUITY			4.985.080.247	4.307.680.341
NON-CONTROLLING INTEREST	27		280.156.256	259.056.726
TOTAL EQUITY			5.265.236.503	4.566.737.067
TOTAL LIABILITIES AND EQUITY		$	14.922.371.517	13.169.903.874

The notes attached hereto are an integral part of the consolidated financial statements.

Juan Manuel Rojas Payán
Legal Representative

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.
(Refer to my report on February 22, 2022)

Promigas S.A. E.S.P.AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT

(Expressed in thousands of Colombian pesos, except the net income per share which is expressed in Colombian pesos)

For the period ended on:	**Note**		**December 2021**	**December 2020**
Revenue		$	4.241.892.750	3.968.566.547
Revenues from national concession contracts			166.596.187	238.992.328
Revenues from foreign concession contracts			773.247.724	590.382.304
Total Revenues	28		5.181.736.661	4.797.941.179
Cost of Sales			(2.836.789.498)	(2.579.880.897)
Cost of construction of national concession contracts			(118.193.718)	(204.393.331)
Cost of construction of foreign concession contracts			(430.291.014)	(195.822.115)
Total Cost of Sales	29		(3.385.274.230)	(2.980.096.343)
GROSS INCOME			1.796.462.431	1.817.844.836
Administrative and sales expenses	30		(384.734.052)	(328.340.795)
Interest in earnings of subsidiaries:				
National Associates			112.492.535	111.131.751
Foreign Associates			140.394.209	102.449.552
Total Interest in earnings of associates	13		252.886.744	213.581.303
Dividends received			456.146	879.728
Impairment due to expected credit losses			(54.185.697)	(50.619.513)
Others, Net	31		25.737.259	(8.060.317)
OPERATING INCOME			1.636.622.831	1.645.285.242
Financial revenues	32		296.143.454	289.234.650
Financial expenses	33		(387.388.031)	(384.897.088)
Exchange difference	34		3.206.751	(3.439.553)
EARNINGS BEFORE INCOME TAX			1.548.585.005	1.546.183.251
Income tax	19		(414.297.769)	(359.804.003)
NET INCOME		$	1.134.287.236	1.186.379.248
INCOME ATTRIBUTABLE TO:				
Company shareholders		$	1.099.132.603	1.137.444.552
Non-controlling interest	27		35.154.633	48.934.696
		$	1.134.287.236	1.186.379.248
NET INCOME PER SHARE		$	968,53	1.002,29

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Promigas S.A. E.S.P. And Subsidiaries
CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
(Expressed In thousands of Colombian Pesos)

For the periods ended on:

	Note		December 2021	December 2020
NET INCOME		$	1.134.287.236	1.186.379.248
OTHER COMPREHENSIVE INCOME				
Other comprehensive income not reclassified through profit or loss				
Fair value of equity instruments			282.628	5.321.458
Employee benefits			414.192	66.824
Deferred tax	19		(178.166)	(546.353)
			518.654	4.841.929
Other comprehensive income reclassified through profit or loss				
Currency conversion adjustment			118.522.255	2.116.056
Hedging transactions			(100.854.507)	(22.600.351)
Deferred Tax	19		31.492.074	5.586.148
			49.159.822	(14.898.147)
OTHER COMPREHENSIVE INCOME IN ASSOCIATES				
Other comprehensive income reclassified through profit or loss				
Currency conversion adjustment			73.329.709	30.545.786
Hedging transactions			(9.550.572)	5.943.909
TOTAL OTHER COMPREHENSIVE INCOME			63.779.137	36.489.695
			113.457.613	26.433.477
TOTAL INCOME AND OTHER COMPREHENSIVE INCOME		$	1.247.744.849	1.212.812.725
INCOME AND OTHER COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Company shareholders		$	1.194.456.333	1.161.390.331
Non-controlling interest			53.288.516	51.422.394
		$	1.247.744.849	1.212.812.725

The notes attached hereto are an integral part of the consolidated financial statements.

Juan Manuel Rojas Payán Legal Representative	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. (Refer to my report on February 22, 2022)

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

						Cumulative Results								
For the periods ended on:	**Note**		**Subscribed and pad-in**	**Share Underwriting Premium**	**Reserves**	**Previuos Year Results**	**Net Income**	**First-time adoption effect**	**Total**	**Other equity transaction s**	**Other Comprehensive Income**	**Total Equity Attributable to the Company's shareholders**	**Non-controlling interests**	**Total Equity**
Balances as of December 2019		$	113.491.861	322.822.817	713.490.402	(1.570.706)	811.347.450	1.505.786.626	2.315.563.370	(11.556.485)	139.284.021	3.593.095.986	241.273.931	3.834.369.917
Interest acquisition in non-controlling interest			-	-	-	-	-	-	-	(358)	-	(358)	610	252
Sale of interest to non-controlling interests			-	-	-	-	-	-	-	(2)	-	(2)	-	(2)
Creation of reserves	26		-	-	206.448.225	(206.448.225)	-	-	(206.448.225)	-	-	-	-	-
Declared cash dividends	26		-	-	-	(440.321.041)	-	-	(440.321.041)	-	-	(440.321.041)	(33.640.202)	(473.961.243)
Withholding tax on dividends declared			-	-	-	(6.484.575)	-	-	(6.484.575)	-	-	(6.484.575)	(7)	(6.484.582)
Transfers	26		-	-	-	811.347.450	(811.347.450)	-	-	-	-	-	-	-
Income and other comprehensive income			-	-	-	-	1.137.444.552	-	1.137.444.552	-	23.945.779	1.161.390.331	51.422.394	1.212.812.725
Balances as of December 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
Balances as of December 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
Interest acquisition in non-controlling interest			-	-	-	-	-	-	-	1.980	-	1.980	(1.960)	20
Creation of reserves	26		-	-	184.592.697	(184.592.697)	-	-	(184.592.697)	-	-	-	-	-
Declared cash dividends	26		-	-	-	(524.299.796)	-	-	(524.299.796)	-	-	(524.299.796)	(32.181.792)	(556.481.588)
Withholding tax on dividends declared			-	-	-	(7.502.184)	-	-	(7.502.184)	-	-	(7.502.184)	(5.235)	(7.507.419)
Withholdings on dividends transferred to shareholders			-	-	-	14.743.573	-	-	14.743.573	-	-	14.743.573	-	14.743.573
Transfers	26		-	-	-	1.137.444.552	(1.137.444.552)	-	-	-	-	-	-	-
Income and other comprehensive income			-	-	-	-	1.099.132.603	-	1.099.132.603	-	95.323.730	1.194.456.333	53.288.517	1.247.744.850
Balances as of December 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

The notes attached hereto are an integral part of the consolidated financial statements.

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(Refer to my report on February 22, 2022)

Promigas S.A. E.S.P. And Subsidiaries
CONSOLIDATED STATEMENT OF CASH FLOWS
(Expressed in thousands of Colombian pesos)

	Note	December 2021	December 2020
Cash flows from operating activities:			
Net income		$ 1.134.287.236	1.186.379.248
Adjustments to reconcile net income with net cash provided by:			
operating activities:			
Depreciation	14, 29, 30	46.191.801	43.262.125
Amortization of intangibles	16, 17, 29, 30	251.819.359	210.001.998
Accrued interest	20, 21	398.200.220	395.984.704
Accrued yield		(370.264.060)	(388.534.820)
Update financial assets	32	(270.094.684)	(252.355.160)
Hedging transactions		(20.570.368)	18.857.036
Income by equity method	13	(252.886.744)	(213.581.303)
Impairment of			
Inventories	11	1.188.902	(376.713)
Accounts receivable	10	54.185.697	50.619.513
Property, pipelines, plant and equipment	14	53.985	1.964
Concessions		4.849.870	2.295.790
Accrued provisions		46.868.942	17.090.638
Exchange difference for foreign currency transactions		5.835.681	(15.320.200)
Gain on sale of:			
Fixed income negotiable investments	31	(5.562)	(16.532)
Goods held for sale		-	(1.241.065)
Property, pipelines, plant and equipment	14, 31	(414.097)	(779.914)
Loss (income) for derecognition of:			
Inventories	31	873.022	-
Property, pipelines, plant and equipment	14, 31	6.926.634	11.881.492
Concessions	31, 15	3.868.228	6.389.626
Other Intangible Assets	31, 17	57.155	783
Right of Use	31, 18	(187.010)	(734.513)
Valuation of:			
Recognition of financial leasing - lessor		(1.191.795)	-
Investment properties	6	(204.960)	(251.560)
Construction contracts concessions		(342.956.710)	(394.560.189)
Wealth tax		414.297.768	359.804.003
Changes in assets and liabilities:			
Accounts receivable		(106.734.949)	27.351.809
Inventories		(23.796.697)	(4.156.991)
Equity instruments through profit or loss		100.639.968	(148.896.111)
Other assets		(80.820.525)	(35.624.240)
Accounts payable		13.198.684	(21.442.786)
Employee benefits		(809.698)	1.743.475
Other liabilities		42.496.480	65.410.793
Paid income tax		(229.577.224)	(175.949.953)
Yields received		363.764.946	358.502.295
Interest paid		(351.650.266)	(425.739.862)
Net cash provided by operating activities		837.439.229	676.015.380
Cash flow from investment activities::			
Acquisition of:			
Property, plant and equipment	14	(111.049.190)	(93.765.120)
Investment in companies		-	(18.060.913)
Concessions	15	(617.738.662)	(442.403.077)
Investment properties	6	(876.198)	(639.779)
Other intangible assets	17	(27.784.978)	(14.518.163)
Result from the sale of:			
Property, plant and equipment		988.253	1.845.711
Goods held for sale		-	1.900.000
Excess paid for acquisition of interest in non-controlling interest		1.980	(360)
Dividends received from investments in associated companies	13	192.056.864	190.614.946
Net cash used in financing activities		(564.401.931)	(375.026.755)
Cash flow from financing activities :			
Paid dividends		(535.950.092)	(468.437.748)
Acquisition of financial obligations	20	1.006.673.506	1.115.328.634
Payment of financial obligations	20	(747.116.871)	(1.615.113.316)
Bond Issue	21	-	1.060.609.457
Bond payment	21	-	(199.821.000)
Non-controlling interest		(1.960)	610
Net cash (used) provided for financing activities		(276.395.417)	(107.433.363)
(net decrease) Net increase of cash and cash equivalents		(3.358.119)	193.555.262
Effect of conversion adjustment on cash and cash equivalents		31.236.322	(25.203.819)
Effects of business combinations, mergers and spin-offs		-	1.371.297
Effect of exchange differences on cash and cash equivalents		546.676	2.164.441
Cash and cash equivalents initial balance		399.423.786	227.536.605
Cash and cash equivalents ending balance		$ 427.848.665	399.423.786

The notes attached hereto are an integral part of the consolidated financial statements.

Juan Manuel Rojas Payán
Legal Representative

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.
(Refer to my report on February 22, 2022)

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 Company's corporate seat of the is in Barranquilla, its address is Calle 66 No. 67 – 123 and its term of duration expires on December 27, 2074.

The Company is supervised by the Superintendence of Residential Utilities and in order to keep the National Register of Securities and Brokers (RNVI, for its Spanish acronym) up to date is 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 is 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 the Companies charge their 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).

1.1 OTHER AFFAIRS

COVID-19

The outbreak of COVID-19 and its rapid spread around the world since the start of 2020 has had adverse effects on the social and economic environment of the countries where Promigas and its subsidiaries carry out their operations and business. Governments have found it necessary to implement controls to try to mitigate the rapid spread of the virus such as decreeing preventive confinements, restricting mobility and transportation, suspending or regulating the provision of services considered non-essential, promoting and disseminating strict sanitary measures, and

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promoting changes in the traditional work scheme, which has implied major changes in the usual dynamics with which Promigas and its Subsidiaries have provided their services to the public. This translates into a need for continuous evaluation of the impact for the Companies, as the pandemic continues, governments respond to the impact of the economic slowdown that occurred at the beginning and that during 2021 has been reversed in most countries.

As it was done during 2020, for 2021 this situation was continuously monitored by the management of Promigas and its subsidiaries, evaluating any adverse effect that could occur both in the results of operations and the financial situation and liquidity of the Companies, and following up on the measures adopted that allowed to continue minimizing the unfavorable impacts of this situation.

Throughout 2021 and up to the date of this report, the matters mentioned below have been evaluated, which in some cases have generated impacts on the financial statements and operations of Promigas and its subsidiaries and on which during the period subsequent to the date of these financial statements and up to the date of issuance thereof, continue to be monitored by management to address their effects on the operations of the Companies and those of their customers.

Impairment of financial instruments - Loans and receivables, other accounts receivable and others

The financial instruments that are within the scope of the expected credit loss (ECL) model of IFRS 9 (credit portfolio, trade and other receivables, debt instruments not measured at fair value through profit or loss, contractual assets, lease receivables, financial guarantees and loan commitments), have been evaluated considering the impacts that COVID-19 continues to have on ECL due to the measures adopted by the governments in each of the countries and regions where the Companies operate.

The impacts that have been generated for the Companies in relation to the impairment of financial instruments are based on the following aspects:

- Measurement of the ECL, due to changes in the assignment of credit risk of financial instruments, incorporating analysis of affectation by COVID and due to the termination of the relief granted to a segment of debtors generating an impact on impairment, going from measurement for 12 months (stage 1) to measurement for the remaining life of the instrument (stages 2 and 3) for those in which it is determined that there was an increase in credit risk since their initial measurement.
- The credit risk which has varied for the entities according to the economic segments of their portfolios, increasing in the case of customers whose businesses were negatively affected and did not achieve a partial or total recovery of their activity during the year 2021.
- The amount at risk (default exposure), considering that it has been observed that the affected debtors of some of the Companies have stopped making payments on their loans or have been granted longer terms to comply with them.

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

- The estimated loss for those loans that are evaluated on an individual basis, resulting from the lower recovery of flows considering the impact caused by COVID-19.
- Macroeconomic aspects considered in the elaboration of scenarios and models for the calculation of the impairment, where most of the variables have shown a recovery while some have been weakened in view of the effects of COVID-19 on the economy.

The calculation of expected losses for credit risk continues to incorporate the updating of the projections of prospective information, in line with the effects of the decisions that governments continue to make regarding COVID-19 and the prospects for economic recovery in some countries. The projection information has been based on the best available information obtained, considering the different geographical areas where the companies operate, and considering the effects on segments of the different entities, which are exposed to different risks and situations.

When considering the prospective information based on macroeconomic variables, the scenarios used and the probabilities assigned to them as of December 31, 2021, were updated at the AVAL Group level, with the effects shown in the following tables:

The following table presents the one-year projections for Colombia made in December 2020, compared to the official data of December 2021.

	2021	**2020**		
	Actual scenario	Scenario A	Scenario B	Scenario C
Inflation	5.6%	2.3%	2.7%	3.1%
Interest rate	3.0%	1.8%	2.3%	2.8%
GDP growth	10.6%	3.9%	4.9%	5.8%
Unemployment rate	11.0%	16.3%	14.4%	12.9%

The following table presents the one-year projections for Peru made in December 2020, compared to the official data of December 2021.

	2021	**2020**		
	Actual scenario	Scenario A	Scenario B	Scenario C
Inflation	4.51%	1,40%	1,51%	1,29%
Interest rate	3.24%	1,75%	1,75%	1,75%
GDP growth	9.6%	5,95%	6,47%	5,64%
Unemployment rate	7.8%	17,18%	16,58%	17,94%

Macroeconomic projections were updated quarterly reflecting the impact of the COVID-19 pandemic and based on expectations resulting from information available at the date of the projections.

(Continues)

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

The Companies continue to monitor on an ongoing basis information that will allow them to identify on time potential impacts to the ECL.

The following table summarizes the total impairment balance by portfolio as of December 21, 2021, and December 31, 2020.

	As of December 31, 2021	As of December 31, 2020	Variation December vs December
Brilla	$ (32,158,997)	$ (27,090,989)	$ (5,068,008)
Energy distribution	(79,937,110)	(75,355,658)	(4,581,452)
Gas distribution	(28,930,521)	(19,202,961)	(9,727,560)
Gas transportation	(47,309,635)	(33,945,261)	(13,364,374)
Other receivables	(10,582,034)	(11,804,654)	1,222,620
Total	**$** (198,918,297)	$ (167,399,523)	$ (31,518,774)

Impairment expense by portfolio as of December 31, 2021, and December 31, 2020.

	As of December 31, 2021	As of December 31, 2020	Variation Diciembre vs Diciembre
Brilla	$ (8,447,171)	$ (10,974,058)	$ 2,526,887
Energy distribution	(7,513,678)	(13,841,109)	6,327,431
Gas distribution	(35,046,390)	(23,935,474)	(11,110,916)
Gas transportation	494,117	1,857,128	(1,363,011)
Other receivables	(3,672,575)	(3,726,000)	53,425
Total	$ (54,185,697)	$ (50,619,513)	$ (3,566,184)

Customer Relief

Energy and gas distribution companies
The actions taken or suggested by the governments of the countries where Promigas and its subsidiaries operate prompted the generation of relief to customers (companies or individuals) during 2020 in relation to loans or loan agreements in force, which involved the renegotiation of their terms including, among others, the granting of grace periods, the deferral of installments, the extension of terms and the expansion of credit limits. The relief given to customers was granted the month following the issuance of the invoice for the provision of the service once the non-payment of the user is identified.

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

Gas transportation companies
With CREG Resolution 042, transitory measures were taken in relation to the modification by mutual agreement of prices and quantities of the current gas supply and transportation contracts subscribed in accordance with the provisions of CREG Resolution 114 of 2017.

As a result, of such negotiations, the parties agreed on the temporary modifications to the Transportation Contract.

The following table summarizes, for all loans to which relief was granted during 2020, the effect on revenues considering the calculation of the present values of the months of service provision financed discounted at the incremental interest rate of each gas and energy distribution company as of December 31, 2020; for the transportation companies, the impact is given by the decrease in the companies' revenues under the new negotiations:

Company	Brilla and energy distribution	Brilla and gas distribution	Gas transportation	Total
Promigas S.A. E.S.P	-	-	11,457,000	11,457,000
Surtigas S.A. E.S.P.	-	1,985,518	-	1,985,518
Transoccidente S.A. E.S.P.	-	-	336,000	336,000
Promioriente S.A. E.S.P.	-	-	3,483,000	3,483,000
Transmetano E.S.P. S.A.	-	-	2,376,000	2,376,000
Gases de Occidente S.A. E.S.P.	-	953,092	-	953,092
Compañía Energética de Occidente S.A. E.S.P.	242,919	-	-	242,919
Gases del Pacífico S.A.C.	-	456,788	-	456,788
	242,919	3,395,398	17,652,000	21,290,317

No new relief was granted to customers during the year 2021.

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

Relief discount for prompt payment in energy and gas service.

As of December 31, 2020, the companies have offered the discount lines established in the aforementioned decree, generating impacts in the recognition of lower revenue in the following amounts:

Company		Amount
Gases de Occidente S.A. E.S.P.	$	3,462,579
Surtigas S.A. E.S.P.		2,142,790
Compañía Energética de Occidente S.A. E.S. P		718,482
	$	6,323,851

Leases from the lessee's perspective

Since April 2020, lessors and lessees have renegotiated the terms of their lease agreements, as a result of which lessors have granted lessees concessions of some kind with respect to lease payments.

Some Promigas subsidiaries that have leased assets have renegotiated the terms of their lease agreements as a result of the crisis triggered by COVID-19. Promigas and subsidiaries have considered, in their role as lessee, the proper accounting of these concessions by analyzing whether or not they correspond to modifications of the contract. This analysis resulted in the recognition of gains in the statement of income in application of the practical solution provided in paragraph 46a of the amendment to IFRS 16 - Leases and its respective extension, which establishes that the lessee may choose not to assess whether the rent concession that meets the conditions indicated in the aforementioned paragraph is a modification of the lease and therefore the lower value paid for the lease is recognized as a variable payment in accordance with the provisions of paragraph 38b of IFRS 16 - Leases.

Therefore, the effect recognized through profit or loss at the consolidated level was $ 675,128 for a decrease in the rent for a number of months for three (3) contracts for December 31, 2021, and the effect recognized through profit or loss was $ 441,818 for a decrease in the rent for a number of months for eight (8) contracts for December 31, 2020.

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

Loans from financial institutions with subsidized rates:

As of December 31, 2021 and 2020, the companies listed below received the following loan disbursements with subsidized rate and three months grace period:

Company	**Intitution**	**2021**	**2020**
Surtigas S.A. E.S.P.	Financiera de Desarrollo Territorial S. A	-	14,552,862
Surtigas S.A. E.S.P.	Banco Bilbao Vizcaya Argentaria	-	7,704,427
Gases de Occidente S.A. E.S. P	Financiera de Desarrollo Territorial S. A	-	7,120,936
Gases de Occidente S.A. E.S. P	Banco Bilbao Vizcaya Argentaria	-	6,524,474
Compañía Energética de Occidente S.A.S E.S.P.	Financiera de Desarrollo Territorial S. A	-	5,110,932
Compañía Energética de Occidente S.A.S E.S.P.	Itaú CorpBanca	-	3,638,077
Compañía Energética de Occidente S.A.S E.S.P.	Banco Bilbao Vizcaya Argentaria	907,283	-
Gases del Pacífico S.A.C. (soles)	Scotiabank Perú S.A.A. (Reactiva Perú)	-	10,000,000

The impact on income recognized at the initial moment is detailed below:

Compañía	**2021**	**2020**
Surtigas S.A. E.S.P.	-	1,712,871
Gases de Occidente S.A. E.S. P	-	983,769
Compañía Energética de Occidente S.A.S E.S.P.	19,438	460,993
	19,438	3,157,633

No subsidized loans were received during 2021.

Impairment of assets - Capital gains, Property, plant and equipment and Intangibles (including intangible asset model concession arrangements).

In updating the impairment tests performed as of December 31, 2021, for capital gains, property, plant and equipment and intangibles, we adjusted projected cash flows, prospects and other assumptions to incorporate observed economic conditions, addressing, where necessary, any increased risk and uncertainty. The assumptions used to perform the impairment test have been updated to reflect lower budgeted earnings in subsequent years and a delayed return to pre-crisis levels of turnover and profitability.

Investment properties

The fair value of investment properties is determined by independent, external property appraisers who have appropriate recognized professional qualifications and recent experience in the location and category of the property being valued.

As of December 31, 2021, the appraisers did not disclose any material modifications to the assumptions used in estimating the valuations performed with respect to the prior year, nor did they report any “material valuation uncertainties” due to the market disruption caused by the pandemic, which could result in a reduction in transactional evidence and market returns. Accordingly, no significant impact of COVID-19 on the determined fair value is currently considered.

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

Due to the effects generated during 2020, some entities of Promigas and its subsidiaries that met the requirements to access the support programs led by the National Government to address COVID-19 applied to receive resources from the Formal Employment Support Program - PAEF in the following amounts:

Company	Month requested	Date of application		Amount received	Date received
Promigas S.A. E.S.P	April	29-May-20		136,890	09-Jun-20
			$	136,890	
Promioriente S.A. E.S.P.	May	19-Jun-20		10,881	07-Jul-20
Promioriente S.A. E.S.P.	August	26-Nov-20		11,761	17-Dec-20
			$	22,642	
Promisol S.A.S.	April	29-May-20		17,901	09-Jun-20
Promisol S.A.S.	June	21-Jul-20		17,550	05-Aug-20
Promisol S.A.S.	July	19-Aug-20		17,550	07-Sep-20
Promisol S.A.S.	August	26-Nov-20		18,254	17-Dec-20
Promisol S.A.S.	September	26-Nov-20		17,903	24-Dec-20
Promisol S.A.S.	Octobr	26-Nov-20		17,903	30-Dec-20
Promisol S.A.S.	December	14-Jan-21		16,695	10-Feb-21
			$	123,756	
Transmetano S.A. E.S.P.	April	29-May-20		8,073	04-Jun-20
Transmetano S.A. E.S.P.	May	18-Jun-20		8,073	07-Jul-20
Transmetano S.A. E.S.P.	June	21-Jul-20		8,073	05-Aug-20
			$	24,219	
Transoccidente S.A. E.S.P.	April	29-May-20		1,404	09-Jun-20
Transoccidente S.A. E.S.P.	June	21-Jul-20		1,404	05-Aug-20
			$	2,808	
Zonagen S.A.S.	June	21-Jul-20		9,126	06-Aug-20
Zonagen S.A.S.	August	26-Nov-20		9,478	17-Dec-20
			$	18,604	
Total PAEF relief			$	328,919	

2. BASIS OF ACCOUNTING

2.1 Going Concern

Based on the liquidity position of Promigas and its subsidiaries at the date of authorization of these consolidated financial statements, Management continues to have a reasonable expectation that

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

the Company has adequate resources to continue in operation for the foreseeable future and that the going concern basis of accounting remains appropriate.

These consolidated financial statements have been prepared on a going concern basis and do not include any adjustments to the carrying amounts and classification of reported assets, liabilities and expenses that might otherwise be required if the going concern basis were not appropriate.

2.2 Technical Normative Framework

The consolidated financial statements have been prepared in accordance with the Accounting and Financial Reporting Standards accepted in Colombia (CFRS), set out in Act 1314/2009, regulated by Single Regulatory Decree 2420/2015, as amended by Decrees 2496/2015, 2131/2016, 2170/2017, 2483/2018, 2270/2019, 1432/2020 and 938/2021. The CFRS applicable in 2021 are based on the International Financial Reporting Standards (IFRS), along with its interpretations, issued by the International Accounting Standards Board (IASB). The base standards correspond to those officially translated into Spanish and issued by the IASB in the second half of 2020.

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

2.3 Functional and Presentation Currency

The Company's functional and presentation currency is the Colombian peso.
The representative exchange rates to convert transactions from United States dollars to Colombian pesos calculated and certified by the Financial Superintendence of Colombia are as follows:

		December 2021	December 2020
Closing	$	3,981.16	3,432.50

Monthly averages:

December 2021		December 2020		
January	3,494.53	January	$	3,317.37
February	3,552.43	February		3,408.24
March	3,617.00	March		3,870.01
April	3,693.00	April		3,986.56
May	3,741.96	May		3,863.34
June	3,651.85	June		3,693.00
July	3,832.24	July		3,660.60
August	3,887.68	August		3,788.10
September	3,820.28	September		3,749.86
October	3,771.68	October		3,833.06

(Continues)

Monthly averages:

December 2021		**December 2020**	
November	3,900.51	November	3,680.67
December	3,967.77	December	3,468.50

Below is a detail of the functional and presentation currency of the Company and its subsidiaries:

	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. 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 Compartidos 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

The functional currency of Promigas was determined based on the economic conditions of the country where it operates. This determination requires judgment. Despite this judgment, the Company assessed, among other factors, the place of the activities, cash flows, sources of income, risks relative to these activities and the operating currency denomination of the different entities.

2.4 Bases of Measurement

The consolidated financial statements have been prepared based on the historical cost, except for the following important items included in the statement of financial position:

- Derivative financial instruments are measured at fair value.
- Financial instruments are measured at fair value through profit or loss and OCI.

- Financial assets under concession are measured at fair value.
- Investment properties measured at fair value.

3. CRITICAL JUDGMENTS AND ESTIMATES IN APPLYING ACCOUNTING POLICIES

Promigas and its subsidiaries' management makes estimates and assumptions that affect the amounts recognized in the consolidated financial statements and the book value of assets and liabilities within the fiscal year. Judgments and estimates are evaluated on an ongoing basis and based on management's experience and other factors, including the occurrence of future events that are considered reasonable in the current circumstances. Management also makes certain judgments in addition to those involving estimates during the accounting policy application process. The judgments that have the most significant effects on the amounts recognized in the consolidated financial statements and the estimates that may cause a significant adjustment to the book value of the assets and liabilities in the following year include the following:

A. Judgments

Information on judgments issued when applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is included in the following notes.

- Note 4 (e) - Note 5 (b)(d) - classification of financial assets: evaluation of the business model within which assets are held and evaluation of whether the contractual terms of the financial assets are only payments of principal and interest on the amount of pending principal.
- Note 2 (2.2) Determining the functional currency of Promigas requires judgment.
- Note 4 (a) – Determining control over investees.
- Note 4 (p) - establish the criteria to determine the credit risk of financial assets that have had a significant increase since the initial recognition, the methodology to incorporate the prospective information for the measurement of expected credit losses (ECL) and the measurement, selection and approval of the models used to measure the ECL.

B. Assumptions and estimation uncertainty

Information on assumptions and estimation uncertainty that have a significant risk of resulting in a material adjustment in the year ended December 31, 2020, is included in the following notes.

- Note 4 (p) - Note 5 (d) - impairment of financial instruments: assessment of whether the credit risk on the financial assets has increased significantly since the initial recognition and the incorporation of prospective information in measuring ECL.
- Note 4 (p) - impairment of financial instruments: key assumptions used in estimating recoverable cash flows.
- Note 4 (j) - recognition of concession agreements.
- Note 6 - Determining the fair value of financial instruments with important unobservable inputs.

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- Note 24 - Measurement of defined benefit obligations: key actuarial assumptions.
- Note 19 - Recognition of deferred tax assets: availability of future tax gains against which extendable tax losses can be offset.
- Notes 4 (o) - recognition and measurement of provisions and contingencies: key assumptions about the probability and magnitude of an outflow of resources.

4. SIGNIFICANT ACCOUNTING POLICIES

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

a) 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 as of December 31, 2021 and 2020, 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.
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.

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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.

The consolidated financial statements hereto include the following companies:

Gases del Pacífico S.A.C. - The corporate purpose of the company is the purchase, sale, production and trading of energy in any form, including, without limitation, natural gas, electric energy, hydrocarbons derived from oil, coal and other fuels. The company is headquartered in the city of Lima, Peru.

Gases del Norte del Perú S.A.C. - The corporate purpose of the company is the purchase, sale, production and trading of energy in any form, including, without limitation, natural gas, electric energy, hydrocarbons derived from oil, coal and other fuels. The company is headquartered in the city of Piura, Peru.

Promigas Perú S.A. – The company’s purpose is the sale of Compressed Natural Gas (CNG) operating in the regions of Piura and Lambayeque in northern Peru since June 2009. The company's main address is the city of Piura in Peru .

Sociedad Portuaria El Cayao S.A. E.S.P. - The corporate purpose of the company is the investment in construction, maintenance and management of ports, loading and unloading, storage in ports and other services directly related to the port activities. It is headquartered in the city of Cartagena.

Transoccidente S.A. E.S.P. - Transportation of fuel gas by the construction, operation and maintenance of transport systems and subsystems. The assembly, construction, operation, maintenance and commercial exploitation of systems and subsystems anywhere in the country or abroad, on its own behalf or on behalf of others. Its activities are conducted in the city of Santiago de Cali.

Surtidora de Gas del Caribe S.A. E.S.P. (Surtigas) - The corporate purpose of the company is the purchase, storage, packaging and distribution of gases derived from hydrocarbons; the construction and exploitation of pipelines for industrial, commercial and household natural gas; and the purchase and sale of items, services and artifacts related to the sale and distribution of fuel gases and the like. The Company conducts its activities in the Departments of Bolivar, Sucre and Cordoba and in some towns of the Departments of Antioquia and Magdalena. It is headquartered in the city of Cartagena.

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Gases de Occidente S.A. E.S.P. - Provision of fuel gas distribution services. The purchase, storage, transportation, packaging, distribution and trade of natural gas or any other fuel, as well as hydrocarbons and derivatives in all their forms. Trade and/or finance of any kind of products directly or indirectly related to the activities or services provided. Such activities are conducted in the Departments of Valle del Cauca and Cauca.

Gases de Occidente S.A. E.S.P. consolidates with the following companies:

- *Orión Contac Center S.A.S.* - Its corporate purpose is the provision of call center and contact center services; the provision of business process outsourcing; and the provision of personalized attention services for any type of business. It is headquartered in the city of Santiago de Cali.

- *Compañía Energética de Occidente S.A. E.S.P.* - On June 28, 2010, the Company entered into a Management Agreement with Cedelca S.A. E.S.P., for the purpose of assuming at its own risk and expense the administrative, operational, technical and commercial management, the investment, expansion of coverage, reconditioning and preventive and corrective maintenance of the infrastructure and other activities required for the provision of electric power distribution and trading services in the Department of Cauca. The execution of the Management Agreement was on August 1, 2010, and has a 25-year term. The Management agreement is governed by the laws of the Republic of Colombia, particularly Act 142/1994, Public Utilities Regime, and Act 143/1994, Regime for the generation, interconnection, transmission, distribution and tradeoff electric power nationwide, whereby authorizations are granted and other provisions on electric power are established. It is headquartered in the city of Popayan.

Promisol S.A.S. - The corporate purpose of the Company is to provide natural gas compression and dehydration services and any other service related to the natural gas industry and any business directly related to these activities; implement energy management systems, develop energy diagnostics and prepare and implement on-site or distribution of energy generation projects; change or replace technology, predictive energy maintenance programs and comprehensive advisory in energy management; and purchase, sale, distribution, exploitation, trade of products and professional and technical services. In the course of fulfilling its corporate purpose, the Company has executed commercial offers to provide compression and dehydration services for natural gas from the Ballena and Chuchupa fields before being transported. It is headquartered in the city of Barranquilla.

Promisol S.A.S. controls the following companies:

- *Zonagen S.A.S.* - The corporate purpose of the Company is the generation, transmission and distribution of energy to partner or affiliated companies members of or economically affiliated to it. It is headquartered in the city of Barranquilla.

(Continues)

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

- *Promisol México S.A. de C.V.* - Its corporate purpose is the implementation of energy management systems, development of energy audits, design and implementation of on site or distributed generation projects, change or distribution of technologies, predictive energy maintenance programs and comprehensive consulting on energy management, purchase, sales, purchase, distribution, exploitation, trade of products, professional and technical services. It is headquartered in Mexico City, Federal District.

Transportadora de Metano E.S.P. S.A. (Transmetano) - Transportation of fuel gas by the construction, operation and maintenance of transport systems. This activity is developed in the towns of Cimitarra, Puerto Berrio, Yolombo, Cisneros, Maceo, San Roque, Santodomingo, Barbosa, Girardota, Guarne and Rio Negro. It is headquartered in the city of Medellin.

Promioriente S.A. E.S.P. - The corporate purpose of the company is the transportation of gas fuel by the construction, operation and maintenance of main and branch pipelines. The assembly, construction, operation, maintenance and commercial exploitation of pipelines anywhere in the country or abroad, on its own behalf or on behalf of others. Its activities are conducted in the towns of Lebrija, Giron, Bucaramanga and its Metropolitan Area. It is headquartered in the city of Bucaramanga.

Enlace Servicios Compartidos S.A.S. - Its corporate purpose is to contract with individuals and the State, to acquire, sell or use real or personal property, to carry out financial operations, in general to conduct all kinds of operations with the aim to obtain funds or other assets necessary for the development of the company. Its seat is in the city of Barranquilla.

Promigas Panama Corporation - Company incorporated on May 24, 2021, under the laws of the Republic of Panama. The Company's corporate purpose is the sale of Natural Gas and Liquefied Natural Gas (LNG). The company has an indefinite term of duration.

The Company's interest in its subsidiaries is as follows:

Company	**December 2021**			**December 2020**		
	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%
Orion 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%	92.97%	7.03%	100.00%
Gases del Norte del Perú S.A.C.	98.92%	1.08%	100.00%	75.00%	25.00%	100.00%

(Continues)

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

Company	December 2021			December 2020		
	Direct	Indirect	Total	Direct	Indirect	Total
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%	0.00%	0.00%	0.00%
Promisol México S.A. de C.V.	5.00%	95.00%	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 Compartidos S.A.S.	100.00%	0.00%	100.00%	100.00%	0.00%	100.00%

Below is the total value of assets, liabilities and equity of the companies included in the consolidation as of:

Company	Assets	Liabilities	Equity
December 31, 2021			
Surtigas S.A. E.S.P.	$ 1,508,139,826	771,809,154	736,330,672
Transoccidente S.A. E.S.P.	16,644,824	3,966,725	12,678,099
Promioriente S.A. E.S.P.	651,823,921	273,476,281	378,347,640
Transmetano E.S.P. S.A.	337,056,517	126,406,917	210,649,600
Gases de Occidente S.A. E.S.P.	1,226,516,539	823,150,454	403,366,085
Compañía Energética de Occidente S.A. E.S.P.	838,555,751	703,091,203	135,464,548
Orión Contac Center S.A.S.	5,244,043	2,157,224	3,086,819
Promisol S.A.S.	350,459,021	272,470,529	77,988,492
Gases del Pacífico S.A.C.	2,034,546,303	1,605,148,115	429,398,188
Gases del Norte del Perú S.A.C.	890,751,303	508,066,996	382,684,307
Promigas Perú S.A.	130,715,385	108,039,363	22,676,022
Promigas Panamá Corporation	53,789	-	53,789
Zonagen S.A.S.	10,885,429	11,100,803	(215,374)
Enlace Servicios Compartidos S.A.S.	18,097,601	3,258,110	14,839,491
Sociedad Portuaria El Cayao S.A. E.S. P	$ 1,422,559,714	1,110,075,871	312,483,843
December 31, 2020			
Surtigas S.A. E.S.P.	$ 1,285,184,271	621,653,620	663,530,651
Transoccidente S.A. E.S.P.	16,173,843	3,839,595	12,334,248
Promioriente S.A. E.S.P.	681,253,186	252,803,573	428,449,613
Transmetano E.S.P. S.A.	321,772,363	117,492,413	204,279,950
Gases de Occidente S.A. E.S.P.	1,146,914,522	805,260,069	341,654,453
Compañía Energética de Occidente S.A. E.S.P.	770,842,767	648,767,108	122,075,659
Orión Contac Center S.A.S.	5,922,249	2,641,559	3,280,690
Promisol S.A.S.	352,203,903	256,953,099	95,250,804
Promisol México S.A. de C.V.	66,376	-	66,376
Gases del Pacífico S.A.C.	1,623,463,827	1,317,742,966	305,720,861

(Continues)

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

Company	Assets	Liabilities	Equity
Gases del Norte del Perú S.A.C.	282,800,775	247,488,653	35,312,122
Promigas Perú S.A.	91,166,785	89,179,082	1,987,703
Zonagen S.A.S.	11,329,564	10,047,334	1,282,230
Enlace Servicios Compartidos S.A.S.	16,704,286	3,152,119	13,552,167
Sociedad Portuaria El Cayao S.A. E.S. P	$ 1,318,066,871	1,068,781,911	249,284,960

Below are the revenues, earnings before taxes, income tax and net income for the period of the companies included in the consolidation of the periods ended December 31, 2021 and 2020:

Company	Revenue	Earnings before taxes	Income tax	Net Income
December 31, 2021				
Surtigas S.A. E.S.P.	$ 1,050,091,828	145,997,727	(37,756,243)	108,241,484
Transoccidente S.A. E.S.P.	8,143,894	5,522,059	(1,752,622)	3,769,437
Promioriente S.A. E.S.P.	133,231,614	80,488,692	(24,880,852)	55,607,840
Transmetano E.S.P. S.A.	74,611,138	62,589,611	(18,157,040)	44,432,571
Gases de Occidente S.A. E.S.P.	1,236,226,365	178,985,194	(44,952,143)	134,033,051
Compañía Energética de Occidente S.A. E.S.P.	539,958,632	81,486,059	(24,879,540)	56,606,519
Orión Contac Center S.A.S.	10,456,268	939,395	(288,732)	650,663
Promisol S.A.S.	95,504,532	22,820,077	(5,629,991)	17,190,086
Promisol México S.A. de C.V.	-	3,402	-	3,402
Gases del Pacífico S.A.C.	187,266,589	17,239,541	(6,293,268)	10,946,273
Gases del Norte del Perú S.A.C.	23,559,775	284,050,308	(84,000,569)	200,049,739
Promigas Perú S.A.	51,615,110	(202,881)	582,128	379,247
Promigas Panamá Corporation	-	(5,850)	-	(5,850)
Zonagen S.A.S.	8,896,757	(1,563,168)	65,564	(1,497,604)
Enlace Servicios Compartidos S.A.S.	8,565,098	1,540,879	(313,743)	1,227,136
Sociedad Portuaria El Cayao S.A. E.S.P	233,448,077	36,014,686	(8,957,922)	27,056,764

	Revenue	Earnings before taxes	Income tax	Net Income
December 31, 2020				
Surtigas S.A. E.S.P.	$ 938,525,792	127,943,624	(31,405,863)	96,537,761
Transoccidente S.A. E.S.P.	6,936,551	4,642,996	(1,475,040)	3,167,956
Promioriente S.A. E.S.P.	164,442,875	117,260,658	(36,374,883)	80,885,775
Transmetano E.S.P. S.A.	79,586,247	57,567,436	(18,031,375)	39,536,061
Gases de Occidente S.A. E.S.P.	1,169,422,254	141,796,342	(37,218,272)	104,578,070
Compañía Energética de Occidente S.A. E.S.P.	500,977,535	79,035,566	(26,525,679)	52,509,887
Orión Contac Center S.A.S.	11,206,476	1,364,607	(418,276)	946,331
Promisol S.A.S.	82,914,259	14,711,049	(3,484,235)	11,226,814
Promisol México S.A. de C.V.	-	(13,464)	-	(13,464)
Gases del Pacífico S.A.C.	662,845,469	319,203,365	(96,706,353)	222,497,012
Gases del Norte del Perú S.A.C.	101,119,724	42,289,406	(12,115,365)	30,174,041

(Continues)

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

	Revenue	Earnings before taxes	Income tax	Net Income
Promigas Perú S.A.	19,271,611	(3,079,868)	935,838	(2,144,030)
Zonagen S.A.S.	8,573,090	(1,602,734)	123,632	(1,479,102)
Enlace Servicios Compartidos S.A.S.	5,366,589	561,255	(60,425)	500,830
Sociedad Portuaria El Cayao S.A. E.S.P	256,295,531	52,888,340	(10,751,001)	42,137,339

a) Investments in Associates

Investments of the Company and its subsidiaries in entities over which there is no control or joint control, but where there is significant influence are called "Investments in Associates" and are carried using the equity method. Significant influence is presumed in another entity if the Company has, directly or indirectly, between 20% and 50% or more of the voting rights, unless it can be clearly demonstrated that such influence does not exist.

According to IAS 28, the existence of significant influence is usually evidenced in one or more of the following ways:

- Representation on the board of directors or equivalent governing body of the investee.
- Participation in the policy-making process, including decision-making on dividends and other distributions.
- Material transactions between the investor and the investee.
- Interchange of managerial personnel.
- Provision of essential technical information.

The equity method is an accounting method according to which the investment is initially recorded at cost, and is subsequently adjusted for changes in the investor's share in the net assets of the investee. Net income and the other comprehensive income of the investee is included by the investor according to its share of profit.

b) Dividends

Revenue from dividends is recognized when the right of the Company and its subsidiaries to receive the corresponding payment is established, which usually occurs when shareholders approve the dividend. Dividends from investments in associates and subsidiaries are recognized in the balance sheet as a reduction of investment because it is accounted for using the equity method of investment. Revenue from dividends is recognized through profit or loss for the period when it comes from investments recognized as equity instruments, where Promigas has no significant influence or control.

c) Business combinations

In the Company and its subsidiaries, the acquisition of control is recognized in the consolidated financial statements through the “acquisition method”. Under this method, the acquisition price is distributed among the identifiable assets acquired, including any intangible assets and assumed liabilities, on the basis of their respective fair values.

When non-controlling minority interests remain in the acquisition of control of the entity, said minority interests are recorded at the discretion of the Company and subsidiaries at fair value, or at the proportional share of current ownership instruments, in the recognized amounts of identifiable net assets of the acquired entity.

The difference between the price paid plus the value of non-controlling interests and the net value of the assets and liabilities acquired determined as indicated above, is recognized as capital gains.

Capital gains recorded are not subsequently amortized, but are subject to an annual evaluation for impairment. In addition, the income statement accounts of the acquired entity are included in the consolidated financial statements as of the date on which the acquisition was legally effective.

d) Foreign Currency Transactions and Balances

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the prevailing exchange rate 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 transaction date. Financial instruments measured at fair value are converted using the exchange rate at the date the fair value was determined. Profits or losses resulting from the translation process are recognized in profit or loss, except for financial instruments designated as hedging instruments.

e) Financial Instruments

Classification and measurement of financial assets and liabilities

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:

Approach	Conditions
Amortized cost (AC)	• The asset is maintained within a business model whose objective is to maintain assets to obtain contractual cash flows; and • The contractual terms of the financial asset establish specific dates for the cash flows derived only from payments of principal and interest on the current balance. The effective interest rate method is used to measure assets and liabilities at amortized cost. Amortized cost is reduced by impairment losses. Interest revenue, exchange rate gains and losses and impairment are recognized through profit or loss. Any gain or loss on derecognition is recognized through profit or loss.
Fair value through other comprehensive income (FVTOCI)	A debt instrument is measured at FVTOCI only if it meets both of the following conditions and has not been designated as a FVTPL: • The asset is maintained within a business model whose objective is achieved by collecting contractual cash flows and selling these financial assets; and • The contractual terms of the financial asset establish specific dates for the cash flows derived only from payments of principal and interest on the current balance. As an accounting policy, the Company and its subsidiaries made the irrevocable choice to record subsequent changes in fair value as part of other comprehensive income in equity. Dividends are recognized as revenue in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.
Fair value through profit or loss (FVTPL)	All financial assets not classified as measured at amortized cost or at fair value through OCI as described above are measured at fair value through profit or loss.

 (Continues)

Interest revenue calculated using the effective interest rate method, foreign exchange gains and impairment losses are recognized though profit or loss. Other net gains and losses from valuations are recognized in OCI. For derecognitions, accumulated gains and losses in OCI are reclassified to realized gains or losses of OCI.

Derecognition

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognized when:

- Contractual rights on the asset's cash flow expire;
- The contractual rights on the asset's cash flow are transferred, or an obligation is undertaken to pay a third party all cash flow without significant delay, through a transfer agreement
- Substantially all risks and benefits inherent to the property of the asset have been transferred;
- All risks and benefits inherent to the property of the asset have been substantially withheld, but the control thereof has been transferred.

Financial Liabilities

A financial liability is any contractual obligation to deliver cash or other financial asset to another entity or person or to exchange financial assets or liabilities under potentially unfavorable conditions for the Company, or any agreement that will or may be liquidated using equity instruments of the entity. 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.

Financial liabilities are only derecognized from the statement of financial position when generated obligations are extinguished or when they are acquired (either with the intention of repaying them or reinvesting in them).

Offset of Financial Instruments in the Balance Sheet

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legal right to offset such recognized amounts and the management intends to liquidate them on a net basis or realize the asset and liquidate the liability simultaneously.

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Transactions with Derivate Instruments

A derivative is a financial instrument whose value changes over time based on an underlying variable, does not require an opening net investment or a small investment with respect to the underlying asset and is liquidated on a future date.

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. Hedge accounting is implemented while the forwards remain within the range of effectiveness (80% and 125%).

Derivative transactions are revealed at baseline. Subsequent changes in the fair value are adjusted by debiting or crediting profit and loss, as applicable, unless the derivative is defined as hedge, if so, the nature of the hedged item. Hedge derivatives are defined as the cumulative values in the account other comprehensive income transferred to earnings for the period where the hedged item is also carried to income.

The Company documents at the beginning of the transaction the relationship between the hedging instrument and the hedged item and the risk objective and strategy for undertaking the hedge relationship. The Company also documents their assessments both at the date of the transaction and on the recurring basis that the hedging relationship is highly effective in offsetting changes in fair value or cash flows of hedged items.

The Company's fair value hedge with a derivative financial instrument that meets the hedge accounting conditions is accounted for considering the following:

- the gain or loss from remeasuring the hedging instrument at fair value (for a derivative hedging instrument) should be recognized through profit or loss; and

- the hedging gain or loss adjusts the book value of the hedged item and is recognized through profit or loss.

If the fair value hedge is fully effective, the gain or loss from the hedging instrument exactly offsets the gain or loss on the hedged item attributable to the risk being hedged and there is no net effect on the gain or loss. However, if there is any ineffectiveness, it is recognized through profit or loss.

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 separate statement of financial position.

Profits and losses for settlement of contracts are recognized at the end of each month.

Contracts with derivatives implicit in other contracts, when the main contract is a financial asset, are not separated and instead the financial instrument is measured and recorded together as an instrument at fair value through profit or loss.

Net Investment Hedges in Foreign Operations

Promigas uses different financial instruments in order to manage its exposure to exchange rate risks. Financial liabilities are measured at amortized cost; those traded with a foreign currency generate an exchange difference. The gain or loss from the exchange difference is immediately recognized through profit or loss unless the financial liability is designated and in effect as a hedging instrument, in which case the time of recognition through profit or loss depends on the nature of the hedge ratio.

The hedge is classified as a net investment in foreign operation when it hedges the exchange rate risk that arises from the translation effect of a net investment in foreign operation.

At the beginning of the hedge ratio, the Company and its subsidiaries document the relationship between the hedging instrument and the hedged item, together with the risk management objectives and the strategy for carrying out various hedging transactions. Additionally, at the beginning of the hedge and on an ongoing basis, Company and its subsidiaries document whether the hedging instrument is highly efficient in counteracting changes in market values or the cash flows of the hedged item attributable to the hedged risk.

The effective portion of the changes in the financial liabilities that are designated and that qualify as hedges of a net investment is recognized in other comprehensive income and accumulated under the net investment hedge. The loss or gain related to the ineffective portion is recognized immediately through profit or loss, and is included in the profit or loss item in the exchange rate of the income statement for foreign currency hedging instruments.

The amounts previously recognized in Other Comprehensive Income and accumulated in equity are reclassified in income for the periods in which the hedged item is recognized in income.

These profits are included within the same heading of the income statement of the recognized hedged item.

Hedge accounting is discontinued when the hedged item expires or is sold, completed or exercised, or when it no longer meets the hedge accounting criteria. Any loss or gain recognized in Other Comprehensive Income and accumulated in equity at that time is held in equity and recognized when the expected transaction is finally recognized in profit or loss. When an expected transaction will not occur, the accumulated loss or gain in equity is immediately recognized in profit or loss.

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f) Cash and Cash Equivalents

Cash and Cash Equivalents comprise cash and bank balance that are subject to an insignificant risk of change in value, and are used by the company and its subsidiaries in the management of short-term commitments.

g) Property, plant and equipment

Recognition and Measurement

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 cost of assets built by the company and its subsidiaries includes the cost of materials and direct labor; any other costs directly attributable to the process of bringing the asset to a working condition for its intended use, costs of dismantling, removing and restoring the site where they are located.

In the pre-operational stage, the Company and its subsidiaries may capitalize a percentage of the salaries and per diem of the personnel directly associated with the project and of positions that given their nature allow optimizing the costs incurred in the initial stages of the project and make it possible to carry out the project through decision making.

Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is capitalized if future economic benefits are likely to be received and their cost can be measured reliably. The book value of the replaced part is derecognized. Daily maintenance costs of property, plant and equipment are recognized in profit or loss when incurred.

Depreciation

Depreciation is the mechanism by which the wear and tear suffered by a good or an asset due to its use over time is recognized.

The depreciable amount of an asset will be distributed systematically throughout its useful life. The residual value, the depreciation method and the useful life of an asset will be reviewed, at least, at the end of each annual period and, if the expectations differ from previous estimates, the changes will be accounted for as a change in an accounting estimate.

The following is a summary of the types of assets of the company and its subsidiaries and the estimate of their useful life:

	Years
Pipelines	70
Constructions and buildings	50
Machinery, equipment and tools	10
Transportation fleet and equipment	5
Computer and communication equipment	3-5
Furniture, fixtures and office equipment	2-10
Major spare parts	Associated with the component

Disposals

The difference between the proceeds of the sale and asset's net book value is recognized in the income statement under the item other revenues.

Loan Costs

The company and its subsidiaries capitalize on loan costs directly attributable to the purchase, construction or production of qualifying assets, as part of the cost of such assets. A qualifying asset is an asset that necessarily takes over three (3) months of construction and/or assembly to get ready for its intended use or sale.

These loan costs will be capitalized as part of the cost of the asset, provided that they will likely give rise to future financial benefits for the entity and can be measured reliably.

h) Intangible assets

The cost of intangible assets is recognized at fair value at the date of purchase. After the initial recognition, the intangible assets are accounted for at cost less any cumulative amortization and any cumulative impairment loss.

Intangible assets with finite useful lives are amortized over such financial useful lives and are assessed to determine whether impairment occurred, provided that there are signs that an intangible asset may have suffered such impairment. The amortization period and method for an intangible asset with finite useful life is reviewed at the closing of each reported period.

The useful lives assigned to intangible assets are:

Group	**Useful life**
Prepaid expenses	In accordance with the provision of the service
Licenses	3 to 5 years
Software	3 to 5 years

Group	**Useful life**
Easements	50 years
Patents	20 years
Designs and Models	10 years
Other intangibles	5 to 20 years

Gains or losses arising from derecognizing an intangible asset are measured as the difference between net income from the sale and the book value of the asset, and are recognized in the income statement when the asset is derecognized.

The Company and its subsidiaries record as expenses for the period all research costs, as well as any development costs where the technological and commercial feasibility thereof cannot be established.

i) 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.

Determining the value of intangible assets:

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:

(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.

Given the above, Management defined that:

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 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.

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

Useful Life

Promigas and its subsidiries have signed concession agreements with the Colombian state. The useful life of the assets associated with said agreements is determined by their duration. Although to date Promigas does not yet have any renewal for the agreements close to expiry, there is other evidence that allows us to conclude that these agreements will be renewed and has to do with the approval of the rates that will generate the revenue for the next 20 years. However, the compressor stations included in the assets under concession are segregated by component and are amortized over the useful life detailed below, without exceeding the term of the concession:

Pipelines	In accordance with the concession agreement of the asset.

Compressor Stations (Components)	**Years**
Centrifugal compressors	
Turbine	30,000 machine hours*
Compressor	60,000 Machine hours*
Reciprocating compressors	
Turbine	20,000 machine hours *
Compressor	40,000 machine hours *
Skid Valves	20
Ancillary Systems	
Cooling Units	20
Fire Protection Equipment	10
Unit Control Panel	5
Ancillary Equipment	
Fuel Gas Skid	20
Air Compressor Skid	10
Station Control Panel	5
Motor Control Center	20
Power Generator	10
Valves and Accessories	20
Important spare parts	Associated with the component

* An equivalence is calculated by taking the utilization rate of each compressor station.

j) Inventories

Inventories are materials for the provision of services, measured at the lower of either the cost or the net realizable value. The cost includes the purchase price of inventories and other direct costs required to make them available for use. The cost of consumed inventories is determined by using the weighted average price method. The net realizable value is the estimated selling price in the ordinary course of business less trading and distribution expenses.

<u>In-transit inventory</u>
In-transit inventories must be recognized as of the date the company assumes the risks and benefits inherent to their ownership.

<u>Major or important spare parts as tangible assets or under concession</u>
Items such as spare parts, reserve equipment and auxiliary equipment associated with property, plant and equipment or infrastructure under concession will be recognized as tangible assets or assets under concession when they meet the following criteria:

- They are associated with property, plant and equipment, have a useful life of more than one year and their unit value exceeds 372 UVT
- They are piplines
- They are elements with an amount greater than 372 UVT associated with gas pipelines, compressor stations and regulating stations

Otherwise, these items will be classified as inventories or expenses as appropriate.

k) Noncurrent Assets Held for Sale

Noncurrent assets are classified as held for sale if it is highly likely that their value will be recovered mainly by their sale and not by their continuous use. These assets are recorded by the lower of either its book value at the time of its transfer to this account or its fair value less estimated selling costs.

When classified as held for sale, intangible assets and property, plant and equipment are not amortized or depreciated, and the investees accounted for under the equity method are no longer accounted for under this method.

l) Prepaid Expenses

Prepaid expenses mainly comprise insurance, services and leases paid in advance, amortized monthly at the contractual term, through profit or loss.

Insurance - Insurance is recognized at cost; depreciation is calculated using the straight-line method to allocate the cost to profit or loss at the end of the term of the policy, i.e., one (1) year.

(Continues)

m) Leases

<u>*Lessor*</u>
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 determines 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.

<u>*Lessee*</u>
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.

<u>Lessors that are both manufacturers or distributors of the leased goods</u>
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.

n) Taxes

Income Tax

The tax expense or income comprises the current and deferred income tax for the period.

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

Current Taxes

Current tax is the amount payable or to recover current income tax. It is calculated based on the tax laws enacted as of the date of statement of financial position. Management periodically evaluate positions taken in tax returns with respect to situations where tax laws are subject to interpretation and, if necessary, makes provisions on the amounts expected to be paid to the tax authorities.

To determine the provision of income tax, the Company and its subsidiaries make their calculation based on the higher value between taxable income and presumptive income (minimum return on equity last year that the law presumes to establish the income tax).

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The Company only offsets current income tax assets and liabilities if it has a legal claim against the tax authorities and intends to settle the resulting liabilities on a net basis, or realize the assets and settle the liabilities simultaneously.

Deferred Taxes

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

Deferred tax liabilities are the amounts payable in the future as income tax related to taxable temporary differences, while deferred tax assets are the amounts to be recovered by way of income tax due to the existence of deductible temporary differences, tax loss carryforwards or deductions pending application. Temporary difference is understood as the difference between the book value of assets and liabilities and their tax base.

Recognition of Taxable Temporary Differences

Deferred tax liabilities arising from taxable temporary differences are recognized in all cases except if:

- They arise from the initial recognition of capital gains or an asset or liability in a transaction that is not a combination of business and that on the date of such transaction neither the accounting result or the taxable income is affected.
- They correspond to differences associated with investments in subsidiaries, associates, and joint ventures, when the company and its subsidiaries can control the reversal opportunity of temporary differences and such temporary differences are unlikely to be reversed in the near future.
- In the case of the recognition of deferred tax liabilities for temporary differences related to investments in associates when the intention to sell the investment is not expected in the foreseeable future, only deferred tax liabilities will be recognized for the existence of undistributed earnings that may generate dividends taxed in the foreseeable future and for which there is no agreement that sets forth the non-distribution of taxed dividends.

Recognition of Deductible Temporary Differences

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

- Future taxable incomes against which the temporary differences may be offset are likely to be available, except in those cases where the difference arise from the initial recognition of assets or liabilities in a transaction that is not a combination of business and that on the date of such transaction neither the accounting result or the taxable income is affected.

- Correspond to temporary differences associated with investments in subsidiaries and affiliates, and interests in joint ventures, when the temporary differences are likely to be reversed in the near future and positive future tax gains are expected to offset such differences.

Deferred tax assets that fail to meet the above conditions are not recognized in the statement of financial position. The company and its subsidiaries reconsider at the end of the reporting period whether the conditions are met to recognize deferred tax assets that had not previously been recognized.

Tax planning opportunities are considered in the recovery assessments of deferred tax assets only if the company and its subsidiaries intend to adopt them or will likely adopt them.

Measurement

Deferred tax assets and liabilities are estimated using the tax rates applicable for the period where asset realization is expected or liabilities are going to be paid, based on the regulations enacted or expected to be enacted, and after considering the tax consequences that arise from the way in which the company and its subsidiaries expect to recover assets or settle liabilities.

The Company and its subsidiaries review at the end of the reporting period the carrying value of the deferred tax assets, in order to reduce such value so that it becomes unlikely that there will be sufficient future taxable income to offset them.

The company and its subsidiaries’ non-monetary assets and liabilities are measured in terms of its functional currency. If tax losses or profits are calculated in a different currency, exchange rate differences give rise to temporary differences and the recognition of a liability or a deferred tax asset and the resulting effect is charged or credited to profit or loss for the period.

Considering the increase in the income tax rate from 31% in the year 2021 to 35% applicable from the year 2022, as provided by Act 2155 of 2021 (Social Investment Act), the Company made the remeasurement of deferred tax in application of paragraphs: 46 ,47 and 80 of IAS 12. The corresponding effect was recorded in the retained earnings account of prior years in equity in accordance with the provisions of Decree 1311 of 2021.

Offset and Classification

The company and its subsidiaries offset deferred tax assets and liabilities over current income when there is a legal right with tax authorities and those assets and liabilities relate to the same tax authority.

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

(Continues)

In application of Article 76 of Act 1943 of 2018, the Company recognized as an expense for the year the total industry and trade tax caused in the year, the value for tax discount is treated as a non-deductible expense in the determination of income tax in the year, the tax discount applied decreases the value of the current income tax expense for the period.

o) Provisions

A provision is recognized if it is the result of a past event, the company and its subsidiaries have a legal or implicit obligation that can be estimated reliably, and an outflow of economic benefits to settle the obligation is probably necessary. Provisions are determined by discounting the cash flow expected in the future from the pre-tax rate that reflects the current market assessment of the value of money over time and the specific risks of the obligation.

Dismantling and Removal Costs

The best estimate of the provision for the cost of dismantling and removing an item or restoring the site where it is located is recognized when there is an obligation. The estimate is based on a current obligation (legal or implied) arising from the purchase, construction or development of a long-term asset. If it is unclear whether a current obligation exists, the entity may assess the evidence under the most likely threshold. This threshold is assessed in relation to the settlement risk of the obligation.

“Environmental Obligations” Provision

The company and its subsidiaries must periodically review the existence of environmental obligations resulting from new and existing projects. The estimate to be recorded will be the best estimate of the disbursement necessary to settle the present obligation.

Insofar as environmental costs are costs necessary for an asset to function as expected by management, they are recorded as a higher value than the asset that originates them.

The provision is updated periodically through profit or loss.

“Smart Pig or Smart Tool” Provision

By regulation, Promigas, Transmetano and Promioriente must perform inspections on the infrastructure to determine the maintenance plan to follow; therefore, the amount required for such inspection is annually estimated and debited from profit and loss account. The estimate is determined as follows:

- First, take the value paid under this item (part of this value is in dollars and another part in pesos).

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- The part of the value paid in dollars is indexed with projections of the CPI (consumer price index) in the United States and then converted into pesos with the exchange rate projected for the date of the next inspection. The part payable in pesos is indexed with projections of the CPI in Colombia.
- Macroeconomic projections are reviewed at the beginning of each year, or at the Companies' discretion if they determines any volatility in the variables used, to adjust the provision.

For reasons of good practices, the Company and its subordinates carry out these inspections of its own infrastructure; however, the cost of the inspection is recognized in the carrying amount of the item property, plant and equipment as a replacement at the time of its realization, if the conditions for its recognition are satisfied.

p) Impairment

Financial assets

The company and its subsidiaries apply the impairment model for Expected Credit Loss (ECL). Under this scheme, the company and its subsidiaries have developed a provision determination model based on the historical loss experiences of the company and its subsidiaries, taking into account the days in default, and a simplified projection model for macroeconomic factors that affect the industry of each company.This model requires the recognition of a reserve due to the weighted probability in the default of payment since the granting of the loan, for which considerable judgment is applied regarding 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 FVTPL:

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

Non-financial assets

Impairment tests will be conducted when there are signs that the book value of an asset may exceed its recoverable amount. The recoverable amount of an asset is the higher of either its fair value minus disposal costs or its use value. The Company and its subsidiaries will assess at the end of the period whether there are any signs of impairment on the asset. If any, the company and its subsidiaries would estimate the asset impairment.

Corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, the recoverable amount is determined for the cash-generating unit to which the corporate asset belongs.

Impairment losses are recognized in profit and loss account. Impairment losses recognized in respect of cash-generating units are firstly distributed to reduce the carrying amount of any goodwill distributed to the units and then to reduce the carrying amount of other assets in the unit (unit groups) on a pro rata basis.

An impairment loss with respect to capital gains is not reversed. With respect to other assets, impairment losses recognized in prior periods are evaluated at the end of each reporting period, seeking any indication that the loss has decreased or disappeared. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only if the carrying amount of the asset does not exceed the carrying amount that would have been determined net of depreciation or amortization and if no impairment loss has been recognized.
Capital gains that are part of the book value of an investment in a subsidiary in accordance with Act 222/1995 are not recognized separately and, consequently, no impairment tests are applied separately. Instead, the total amount of the investment is tested for impairment as a single asset when there is objective evidence that the investment may be impaired.

q) Revenue from contracts with customers

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

- *Step 1 Identify the contract(s) with a customer*: A contract is defined as an agreement between two or more parties, which creates rights and enforceable obligations and establishes criteria that must be met for each contract. Contracts can be written, verbal or implicit through the customary business practices of a company.
- *Step 2. Identify the performance obligations in the contract:* A performance obligation is a promise in a contract with a customer for the transfer of a good or service to the latter.
- *Step 3. Determine the transaction price:* The transaction price is the amount of the payment expected to be entitled to in exchange for the transfer of goods or services promised to a customer, without considering the amounts received on behalf of third parties.
- *Step 4. Allocate the transaction price to the performance obligations in the contract:* In a contract with more than one performance obligation, the transaction price is allocated among the performance obligations in amounts that represent the amount of consideration to which the company and its subsidiaries expect to be entitled in exchange for meeting each performance obligation.
- *Step 5. Recognize revenue when (or as) the entity satisfies a performance obligation.*

A performance obligation is met and recognizes the revenues over time, if one of the following criteria is met:

a) The company and its subsidiaries' performance does not create an asset with an alternative use, and there is an enforceable right to pay for the performance completed to date.

b) The company and its subsidiaries' performance creates or improves an asset that the customer controls as it is created or improved.
c) The customer at the same time receives and consumes the benefits that result from the performance as it works.

For performance obligations where none of the indicated conditions is met, the revenue is recognized when the performance obligation is met.
When the Company and its subsidiaries meet a performance obligation by delivering the promised goods or services, they create a contractual asset for the amount of the consideration obtained with the performance. When the amount of the consideration received by a customer exceeds the amount of the recognized revenue, this generates a contractual liability.
Revenue is measured based on the consideration specified in the contract with the customer, and excludes the amounts received on behalf of third parties. The company and its subsidiaries recognize revenue when they transfer control over a good or service to a customer. The revenue is presented net of the value added tax (VAT), reimbursements and discounts.

The company and its subsidiaries evaluate their revenue plans based on specific criteria to determine whether to act as principal or agent. Revenue is recognized to the extent that the economic benefits are likely to flow to the company and its subsidiaries and if revenues and costs, if any, are likely to be reliably measured.

Below is a description of the main activities through which the company and its subsidiaries generate revenue from contracts with customers:

Utilities

The contracts between a customer and the Company for the provision of utilities for the distribution and transportation of gas and the distribution of energy establish the rates and terms of the service. The company and its subsidiaries determined that their obligation to distribute or transport gas represents a single performance obligation, which is met over time (in the term of the contract it represents a series of defined goods that are substantially the same and have the same transfer pattern to the customer).

Some contracts include multiple deliverables, such as the installation of connections or repairs, which are accounted for as separate performance obligations. The transaction price is assigned to each performance obligation based on the individual rates (regulated rates). If the contracts include the installation of goods, the revenue of the goods is recognized at the moment in time when the goods are delivered, the legal title is transferred and the customer has accepted said goods.

Operation and construction services (Concessions)

In the concession agreements, the company and its subsidiaries determine that their performance obligations (construction, operation and maintenance) have been met over time and measures its progress in the activation of the project. The company and its subsidiaries consider the nature of the products or services provided and the terms of the contract, such as the right to cancellation, rights to demand or withhold payments, and the legal title to work in a process to determine the best method of input or output to measure the progress toward compliance with a performance obligation.

The company and its subsidiaries apply a single method to measure progress in each performance obligation within a contract. The method can be input (cost incurred, hours worked) or output (units produced, goals achieved).

The estimates of revenues, costs or degree of progress towards completion are reviewed if circumstances change. Any increase or decrease in estimated revenues or costs is reflected in the statement of comprehensive income in the period in which management learned of the circumstances that led to the review.

Non-bank financing and finance leases

Revenues from non-bank financing and accounts receivable from finance leases are recognized through profit or loss at amortized cost, using the effective interest method described in IFRS 9. However, the company and its subsidiaries also gain revenues that contain components found in IFRS 15, such as charging fees.

r) Sale of assets

Revenues from sale of assets are recorded when the significant risks and benefits pertaining to the ownership of the assets have been transferred to the buyer, generally when delivering said assets.

s) Financial Revenues and Costs

It mainly includes revenues and/or expenses for the update of the financial asset associated with the concession, which is periodically updated through profit or loss. Additionally, the interest revenues and expenses are included, which are recognized using the effective interest method and the exchange difference.

t) Recognition of Costs and Expenses

The company and its subsidiaries recognize their costs and expenses as economic events occur in such a way that they are systematically recorded in the corresponding accounting period (accrual), regardless of the flow of monetary and financial resources (cash).

An expense is immediately recognized when a disbursement does not generate future economic benefits or when it fails to meet the necessary requirements for recognition as asset.

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u) *Earnings per Share*

Promigas presents information of basic earnings per shares of its common shares. Basic earnings per shares are estimated by dividing the result attributable to the company and its subsidiaries' common shares by the weighted average of common shares outstanding during the period, adjusted by the Company's own maintained shares.

v) *Operating Segments*

The information by segment is presented consistently with the internal reports provided to those responsible for relevant operating decision-making. The following segments are considered for the financial statements.

- Gas transportation
- Gas distribution
- Integrated solutions for the industry and power generation
- Power distribution
- Non-bank financing

Senior Executives regularly review the results of the segments and evaluate the results of each operation and the resources that must be allocated.

5. RISK MANAGEMENT

The Companies are exposed to a variety of risks, including market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk, liquidity risk, operational and legal risks, which are managed depending on their nature.

a. Risk Management Framework

The Companies' Boards of Directors are responsible for establishing and supervising the risk management structure of Promigas.

The Companies' risk management policies are provided in order to identify and analyze the risks faced, set limits and appropriate risk controls, and monitor risks and adherence to limits. Policies and risk management systems are reviewed regularly to reflect changes in market conditions and activities of Promigas and its subsidiaries.

The Companies, through management standards and procedures, aim to develop an environment of disciplined and constructive control where all employees understand their roles and obligations.

b. Market Risk:

1. Macroeconomic Factors

The main macroeconomic factors that impact the financial results of Promigas and its subsidiaries are devaluation, inflation and interest rate.

Operating revenues are generated through fees that are indexed in US dollars, transport service invoices are issued in Colombian pesos and settled with the exchange rate at the time of invoice, while 95% of costs are in Colombian Pesos. Therefore, the exchange rate variation may positively or negatively affect income. The exchange rate exposure is mitigated by the contracting of financial hedging instruments (Forwards), which are contracted provided that future dollar sale rates are greater than or equal to the macroeconomic bases budgeted by the Companies.

With respect to inflation, IBR and DTF and other interest rates, the Companies are exposed given that most of the debt is indexed to these macroeconomic indexes. The risk for these variables is mitigated by maintaining a permanent monitoring, which allows timely decision making, maintaining or refinancing existing credits or contracting new obligations, always seeking, where possible, to minimize financial costs.

2. Vulnerability to Changes in Interest Rates and Exchange Rates

Fluctuations in interest rates may negatively or positively affect the Companies; however, to mitigate any negative impact that may arise, each and every financial obligation is contracted without prepayment penalty in order to benefit in the event of falls in market rates.

As for the vulnerability to exchange rates, each project is analyzed independently to determine its exposure and the strategy to be implemented, which could be through the contracting of derivatives or the implementation of hedge accounting. For example, asset accounts held in foreign currency can be hedged naturally with financing in the same currency. Financial liabilities or accounts payable in foreign currency that do not have natural hedging with an active account may be hedged by the contracting of derivatives or by accounting derivatives. The measures implemented seek to minimize exchange rate risk.

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3. Risk of Variation in the Exchange Rate of Foreign Currency:

The Companies are exposed to variations in the exchange rate produced by transactions in several currencies, mainly in US Dollars. The risk of variation in the exchange rate of foreign currency arises from assets, liabilities, revenues, costs and some recognized expenses.

Assets, liabilities and transactions denominated in foreign currency are those made in currencies different from each Company's functional currency. As of December 31, 2021 and 2020, assets and liabilities denominated in foreign currency for the consolidated companies are:

	2021			2020		
In thousands	**Dollars**	**Soles**	**Colombian Pesos**	**Dollars**	**Soles**	**Colombian Pesos**
Assets						
Cash and cash equivalents	5,461	10,032	75,724,046	3,450	7,192	49,187,035
Investments in debt securities at fair value	-	-	5,523,316	-	-	-
Financial assets from loans and receivables at amortized cost	84,054	162,575	-	47,434	163,952	-
Other assets	19,880	78,894	2,720,238	48,367	62,575	-
Total assets	**109,395**	**251,501**	**83,967,600**	**99,251**	**233,719**	**49,187,035**
Liabilities						
Liabilities	(302,588)	(245,503)	(24,598,535)	(249,685)	(173,711)	(20,116,316)
Total liabilities	**(302,588)**	**(245,503)**	**(24,598,535)**	**(249,685)**	**(173,711)**	**(20,116,316)**
Net asset (liability) position	**(193,193)**	**5,998**	**59,369,065**	**(150,434)**	**60,008**	**29,070,719**

Revenues received by the Companies for the gas transport service are determined by the dollar rate. The sensitivity due to the effect of the dollar in revenues is as follows:

Variable	Scenario	Devaluation	Impact	Value (in millions)
Exchange Rate	Bajo	+ 4.00%	Ebitda	$ 14,218
			Net Income /Equity	9,442
	Medio	0.00%	Ebitda	-
			Net Income /Equity	-
	Alto	- 4.00%	Ebitda	(14,218)
			Net Income /Equity	$ (9,442)

For the above sensitivity, we start from the medium scenario, which is the real scenario. For the low and high scenarios, a fluctuation of the devaluation in more or less 400 points is considered.

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Hedge Accounting

The Company and its subsidiaries, through their risk strategy, aim to cover the risk exposure of its financial items caused by the variation in the USD/COP exchange rate and prices in the electricity market, which include:

- Income from the gas transportation service with part of the regulated rate indexed in US dollars
- Existing financial liabilities in foreign currency that are updated to their equivalent in dollars using the closing rates
- Cost of energy attributed to the variation in the price of energy at the time of purchase in the Electricity Market.
- Accounts payable in U.S. dollars associated with photovoltaic energy projects.

The effects of the aforementioned transactions are recognized in profit or loss and to mitigate them the Company and its subsidiaries take hedging positions through forward non-delivery contracts, designating cash flow and fair value hedges and thus avoid the impact on the budget of revenue, expenses and cash flows.

To cover revenue, as many forward contracts are taken as business days of the month, to be negotiated (settled) daily with different agreed rates. At the end of each month, the average rates of the settled forwards contracts simulate the average rate of the hedged income.

To hedge the exchange difference for financial liabilities, forwards are contracted by agreeing a fixed exchange rate until the time of their cancellation, mitigating the impacts on the results of the period.

To hedge the cost of energy in the electricity market, energy futures are contracted at fixed prices to mitigate the price variation. The changes in the cash flow of the future contract offset the changes in the energy price in the electricity market.

To hedge the accounts payable in dollars associated with the photovoltaic energy projects, forward contracts are taken out to fix the project's cash flow.

Hedging instruments are periodically valued, reflecting the hedged position with changes in other comprehensive income or in profit or loss for the period, for cash flow and fair value hedges, respectively.

To measure the expected efficiency at the beginning of the hedge and during the term of the hedge, the Mark to Market - MtM valuation and the Dollar Offset methodology are used under an efficiency range of 80 to 125 percent.

c. Price Risk

Companies in the regulated business of gas transportation and distribution have a selling price directly established by the government through the Energy and Gas Regulatory Commission (CREG) and for fixed periods; therefore, such companies do not have fluctuation risks. Price changes are generated in times of rate recalculations when the CREG defines the methodology and variables to be included in the respective calculation.

d. Credit Risk

Promigas S.A. E.S.P., Surtigas S.A. E.S.P., Gases de Occidente S.A. E.S.P., Compañía Energética de Occidente S.A. E.S.P. and Gases del Pacífico S.A.C., through its non-bank financing Program – Brilla, are exposed to credit risk, which consists of the debtor causing a financial loss for not fulfilling its obligations. Credit risk exposure arises as a result of activities of the Brilla business and transactions with counterparties that lead to financial assets, executed by gas and energy distributors where the program runs.

The maximum exposure to credit risk is the amount of the commitments, reflected in the book value of financial assets and in the Companies' statement of financial position.

The principles and rules for managing and approving the Brilla credit are stated in the Non-Bank Financing Policy. The evaluation criteria to control credit risk follow the guidelines provided by Non-Bank Financing Policy and the Brilla Executive Committee.

The maximum credit authority is the Brilla Executive Committee, which guides the general policy and has the power to establish the credit limits for each distributor that handles credit requests and is responsible for the analysis, monitoring and results.

The Companies calculate the portfolio provision considering the expected loss applied to standard IFRS 9. For monitoring and measuring the portfolio, the Companies have the indicator of non-performing loans more than 90 days past due. Monthly monitoring of the portfolio is conducted based on the analysis of nonperforming loans by age. The Portfolio Committee meets twice a year to present the indicators and review the results of each period (cut-off), evaluate the management of the portfolio financed by Promigas and approve strategies and actions to improve its condition.

By the end of each reported period, the Companies assess whether there is any objective evidence of an impaired financial asset or group thereof. A financial asset or group thereof is considered impaired only if there is objective evidence of impairment as a consequence of one or more events occurring after the initial recognition of such asset (an "event causing the loss"), and if such event causing the loss has an impact over future estimated cash flows of the financial asset, which can be reliably estimated.

Objective evidence of impairments may include signs of debtors or group thereof having significant financial difficulties, nonpayment of or default in principal or interest payments, the likelihood of entering bankruptcy or other form of financial reorganization, and when observable data indicate that there is a measurable decrease in future estimated cash flows, such as adverse changes in the status of overdue payments or in the financial conditions that correlate with defaults.

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To determine the impairment of financial assets, the Company and its subsidiaries use the quantification of incurred losses, which considers three basic factors: exposure, probability of default and severity, as follows:

- Exposure is the amount of risk at the time of the counterparty default.

- Probability of default is the likelihood that the counterparty defaults on its obligations of principal and/or interest payments. Probability of default is associated with the rating/scoring of each counterparty/transaction.

- Severity is the estimate of the loss if default occurs. It mainly depends on the counterparty's characteristics and the appraisal of guarantees or collaterals associated with the transaction.

If in subsequent periods a recovery of the financial asset's value at amortized cost were evident, the loss due to impairment would be reversed. Such reversal will be limited to the book value the financial asset would have had should the loss due to impairment had not been recorded. The record of the reversal is recognized through profit or loss.

For purposes of the portfolio impairment analysis, Promigas and it subsidiaries arranged a segmentation that allows identifying the common characteristics in the accounts receivable of the same group and heterogeneous characteristics among the accounts receivable from different groups. This segmentation is as follows:

- Gas transportation
- Energy distribution and sale
- Non-bank financing
- Other accounts receivable.

Definition of loss for group analysis: Loss is defined as the amount not recovered given the maximum term of expected life to obtain recoveries. Promigas has defined as loss the sum of:

- Accounts receivable written off during the 12-month time window
- Value not recovered from the account receivable during the 12-month window.

In order to define the stage of the portfolio, Promigas and its subsidiaries have defined the following guidelines:

Credits are classified in each stage considering the following definitions:

Stage 1: All credits that have less than 30-days default.
Stage 2: All credits that have between 30 and 89-days default.
Stage 3: All credits that have 90-days default or more.

All credits that have 360-days default will have 100% provision.

Provision ratios to be applied to the portfolio include scenario analysis and forward-looking information.

In order to determine whether the portfolio risk has not significantly increased, an analysis is performed based on the following aspects:

- *Quantitative aspects* – Considering that the internal management of the Companies does not consider a rating model to differentiate customers, the transition of stages through the measurement of the probability of default lifetime is not considered.
- *Qualitative aspects* - Qualitatively, transitions between stages are considered by the refinancing concept according to the classification of refinanced, standardized or classification withdrawal.
- *Backstops* - The transition between Stages is mainly done by the "Backstops" (arrears) defined in Promigas and subsidiaries policy.

Promigas and its subsidiaries have defined a term of default of 12 months to proceed with the portfolio write off. In addition, there must be evidence of the portfolio management carried out with the customer.

Portfolio Concentration:

Considering the user segments targeted by the Brilla program, credit limits are assigned based on the criteria established in the Non-Bank Financing Policy and are increased annually according to the behavior of the CPI in the country. In 2021, the base credit limits were standardized among all distributors and average limits of $2,817,000 for strata 1 to 3 and an average of $4,517,000 for strata 4 to 6 were assigned. The past-due portfolio indicator is monitored by locality to control portfolio impairment.

As of December 31, 2021, the Brilla portfolio of Promigas decreased YoY by 30%, considering the natural behavior of the portfolio as Promigas does not actively fund loan operations, and with respect to the funded line, the distributors are collecting the portfolio that is pending collection.

e. Liquidity Risk

Liquidity risk is related to the inability of meeting obligations to creditors, for which purpose the Companies review its available resources on a daily basis. With the information obtained, the Company determines the liquidity needs and makes the relevant decisions to define the excess liquidity placement strategy, seeking to optimize profitability and minimize concentration risk.

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

f. Interest Rate Risk

The Companies are exposed to effects of market fluctuations in interest rates that affect its financial position and future cash flows.

Therefore, the Companies periodically review the conditions of financial obligations to analyze whether hedges need to be replaced, prepaid or managed. 100% of the financial obligations are contracted without prepayment penalty clauses in order to have benefit in cases of drops of market rates.

Promigas and its subsidiaries contract loans indexed to DTF, CPI, UVR, IBR, Libor and Fixed Rate; in addition, issues of ordinary bonds in COP are indexed to the CPI UVY and issues in USD at a fixed rate. Consolidated financial debt as of December 31, 2021, consisted of 35.8% Fixed, 32.6% CPI, 14.8% IBR, 7.5% UVR, 7.9% Libor and 1.4% DTF.

The sensitivity of the net result of fluctuations of interest rates is detailed in the table below:

DTF fluctuation effects:

Variable	Scenario	Rate	Impact		Value
	Low	3.50%	Net Income /Equity	$	(554,116)
DTF	Medium	4.50%	Net Income /Equity		-
	High	5.50%	Net Income /Equity	$	554,116

For the above sensitivity, we start from the medium scenario, which is the real scenario. For the low and high scenarios, a fluctuation of the devaluation in more or less 100 basic points and a 40% tax rate are considered. The result will be reflected through profit or loss on the following periods.

CPI fluctuation effects:

Variable	Scenario	Rate	Impact		Value
	Low	7.63%	Net Income /Equity	$	(16,021,074)
CPI (1)	Medium	8.63%	Net Income /Equity		-
	High	9.63%	Net Income /Equity	$	16,021,074

(1) Includes effect of UVR variation correlated with the CPI variation as a consequence of the issuance of local ordinary bonds indexed in UVR.

(Continues)

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

For the above sensitivity, we start from the medium scenario, which is the real scenario. For the low and high scenarios, a fluctuation of the devaluation in more or less 100 basic points and a 40% tax rate are considered, with respect to the medium scenario.

Libor fluctuation effects:

Variable	Scenario	Rate	Impact		Value US $
	Low	1.53%	Net Income /Equity	$	(793)
Libor	Medium	2.53%	Net Income /Equity		-
	High	3.53%	Net Income /Equity	$	793

For the above sensitivity, we start from the medium scenario, which is the real scenario. For the low and high scenarios, a fluctuation of the devaluation in more or less 100 basic points and a 40% tax rate are considered, with respect to the medium scenario.

Benchmark interest rate reform

With the announcement of the Financial Conduct Authority (FCA) informing the future cessation or loss of representativeness of the LIBOR benchmark rates starting on December 31, 2021, with some benchmarks until completing the 35 benchmark rates in June 2023, the entities that use these rates worldwide are forced to transfer the current positions that were indexed to these benchmarks to new benchmarks interest rates that maintain the representativeness and depth that used to have the IBOR rates.

Promigas has not been unaware of this phenomenon, therefore it consulted the financial entities with which it has loans and derivatives in dollars in order to establish the mechanism for the adoption of the new benchmark rate. All the entities consulted stated that they are in the process of finalizing the timing and form of the transition and, probably during 2022, the loans will continue to accrue interest on LIBOR.

Currently, SPEC has contracted an interest rate swap to hedge the LIBOR rate of the current loan; however, this contract is scheduled to expire in June 2023; therefore, once the bank notifies the new rate to be used and the term thereof, arrangements will be made to change the SWAP, if it is still in effect.

For new loans in dollars, the benchmark rate used by banks is SOFR, which is already parameterized in the system, or fixed rate.

During 2020 and 2021, companies had the following IBOR exposures with respect to liabilities subject to IBOR benchmarks:

(Continues)

Loans from banks and similar

	December 31, 2021			December 31, 2020		
	Total value of indexed contracts	**Total value of indexed contracts with maturity greater than December 31, 2022**	**Total value of contracts with fallback clauses**	**Total value of indexed contracts**	**Total value of indexed contracts with maturity greater than December 31, 2022**	**Total value of contracts with fallback clauses**
Value in dollars	133,412,300	58,322,900	133,412,300	113,256,000	71,346,134	113,256,000
Value in thousands of pesos	531,135,712	232,192,797	531,135,712	388,751,220	284,040,375	388,751,220

Interest rate swap

	December 31, 2021			December 31, 2020		
	Total value of indexed contracts	**Total value of indexed contracts with maturity greater than December 31, 2022**	**Total value of contracts with fallback clauses**	**Total value of indexed contracts**	**Total value of indexed contracts with maturity greater than December 31, 2022**	**Total value of contracts with fallback clauses**
Value in dollars	-	924,404	-	-	2,111,898	-
Value in thousands of pesos	-	3.680.201	-	-	7,249,088,649	-

IBR fluctuation effect:

Variable	**Scenario**	**Rate**	**Impact**		**Value US $**
	Low	2.92%	Net Income /Equity	$	(5,937,469)
IBR	Medium	3.92%	Net Income /Equity		-
	High	4.92%	Net Income /Equity	$	5,937,469

For the above sensitivity, we start from the medium scenario, which is the real scenario. For the low and high scenarios, a fluctuation of the devaluation in more or less 100 basic points and a 40% tax rate are considered, with respect to the medium scenario.

6. DETERMINING FAIR VALUE

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.

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.

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**
	Figures in millions	
Discount Interest Rates	(98,946)	103,315
Gradual growth into perpetuity	62,363	(60,156)
	%	
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

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

Fair Value Measurements on a Recurring Basis

Fair value measurements on a recurring basis are those that the IFRS 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:

		December 2021		December 2020	
		Level2	Level3	Level2	Level3
Assets					
Hedging operations receivable (N.9; N.10)	$	570,681	-	8,942,106	-
Debt instruments through profit or loss		-	-	3,096,901	-
Equity instruments through profit or loss (N.9)		240,735,880	-	366,768,172	-
Financial instruments at fair value through profit or loss (N.9)		300,000	-	300,000	-
Equity instruments through OCI (N.9)		18,107,576	-	17,824,949	-
Long-term financial assets debtors (N.9)		-	3,228,479,772		2,958,385,088
Investment properties		-	9,259,620	-	8,177,931
	$	259,714,137	3,237,739,392	396,932,128	2,966,563,019
Liabilities					
Creditors for hedging liability position	$	4,079,960	-	(30,842,231)	-

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 suing 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

(Continues)

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.

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 come 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.

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

		Investment Properties	Financial Assets by Pipelines Under Concession
Balance as of December 31, 2019	$	7,286,279	2,706,029,928
Capitalized purchases or expenses (net)		640,092	-
Adjustments to fair value through profit or loss		251,560	252,355,160
Balance as of December 31, 2020	$	8,177,931	2,958,385,088
Capitalized purchases or expenses (net)		876,729	-
Adjustments to fair value through profit or loss		204,960	270,094,684
Balance as of December 31, 2021	$	9,259,620	3,228,479,772

7. BUSINESS COMBINATION

On July 13, 2020, Promigas S.A. E.S.P. acquired 100% of the shares of Promigas Perú S.A. (formerly Gas Comprimido del Perú S.A.), which was a company controlled by Corficolombiana S.A., thus exercising direct control over this company. This operation was carried out as part of the strategy of expansion and strengthening of the position in Peru to consolidate the leadership in the massification of natural gas in that country.

Promigas Peru S.A. is a leading company in the development of the natural gas market in northern Peru, with Piura and Chiclayo being the second and third cities respectively to have Natural Gas after Lima. As it is a complementary business not regulated through Service Stations, it will allow access to customers in a transitional efficient manner, becoming an additional source of natural gas for Gases del Pacífico S.A.C. and thus reach regions where it is not possible for the concession.

Acquisition amount
The sale price was agreed at USD $4,995,069, a sum that was paid on the closing date of the transaction, which was July 17, 2020, and converted to thousands of Colombian pesos was $18,060,920.

The table below summarizes the consideration paid by Promigas S.A. E.S.P. and the fair values of the assets acquired and liabilities assumed at the acquisition date:

Balance Sheet	Book value (Soles)	Adjustments (Soles)	Fair value (Soles)	Fair value (USD)
Cash	1,417,251	-	1,417,251	400,240
Accounts receivable	3,747,716	-	3,747,716	1,058,378
Other receivables	8,266,811	-	8,266,811	2,334,598
Inventories (1)	3,564,828	837,087	4,401,915	1,243,128
Prepaid expenses	599,738	-	599,738	169,370
Current assets	17,596,344	837,087	18,433,431	5,205,714
Deferred income tax	98,636	219,057	317,693	89,719

(Continues)

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

Balance Sheet	Book value (Soles)	Adjustments (Soles)	Fair value (Soles)	Fair value (USD)
Plant, machinery and equipment, net (2)	48,913,978	1,100,823	50,014,801	14,124,485
Right-of-use assets, net	522,104	-	522,104	147,445
Intangible assets, net	224,271	-	224,271	63,335
Non-current assets	49,758,989	1,319,880	51,078,869	14,424,984
				-
Customer contracts (3)	-	4,743,025	4,743,025	1,339,459
Goodwill	-	-	19,476,891	5,500,393
Total assets	67,355,333	6,899,992	93,732,216	26,470,550
Financial liabilities	885,000	-	885,000	249,929
Accounts payable	3,127,583	-	3,127,583	883,248
Other payables	2,783,808	-	2,783,808	786,164
Current liabilities	6,796,391	-	6,796,391	1,919,341
Financial liabilities	29,371,622	742,567	30,114,189	8,504,431
Other payables	1,411,613	-	1,411,613	398,648
Accounts payable to related parties	35,751,609	-	35,751,609	10,096,472
Deferred tax liabilities PPA	-	1,970,876	1,970,876	556,587
Non-current liabilities	66,534,844	2,713,443	69,248,287	19,556,138
Total liabilities	73,331,235	2,713,443	76,044,678	21,475,479
				-
Net assets (equity)	(5,975,902)	4,186,549	17,687,538	4,995,071

(1) Inventories include gas inventory, which was measured at net realizable value.

(2) Property, plant and equipment were recognized in accordance with the technical appraisal performed under the depreciated replacement cost methodology.

(3) An intangible related to contracts with customers measured at fair value was identified. These contracts are ten contracts with Compressed Natural Gas customers and four contracts with customers that lease the service stations and must acquire the Vehicular Natural Gas to be supplied by Promigas Peru.

The general methodology for identification and valuation of intangible assets corresponds to the income approach, which assumes that the value of an asset is represented by the present value of expected future cash flows. These contracts were valued using the Multi-Period Excess Earnings Method (MPEE).

Adjustments to the fair value of plant, machinery and equipment are depreciated over the remaining useful life, which average for GASCOP is 8 years, using the straight-line method.

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

The intangible asset for customer relations is amortized over 31 years, considering the estimated time of permanence of Promigas in Peru in compliance with the concession agreements signed for the provision of gas distribution services through Gases del Pacífico S.A.C. and Gases del Norte del Perú, since the acquisition of Promigas Perú S.A. is part of the strategy of Promigas to comply with its commitments in that country.

Adjustments to the fair value of inventories and financial obligations are amortized according to the inventory turnover and cancellation of obligations, respectively.

8. CASH

Cash is broken down as follows:

		December 2021	December 2020
In local currency			
Cash	$	244,822	605,328
Banks (1)		247,526,922	161,939,411
Cash in local currency		247,771,744	162,544,739
In foreign currency			
Cash		313,021	191,847
Banks (1)		179,763,900	236,687,200
Cash in foreign currency		180,076,921	236,879,047
Cash and cash equivalents	$	427,848,665	399,423,786

(2) As of December 31, 2021 and 2020, the funds of the debt service reserve account (“CRSD”) of Sociedad Portuaria El Cayao S.A. E.S.P. were reclassified from cash to security deposits (see note 12), since the purpose of this fund, managed by the trust entity, is to serve as a guarantee. The conditions of this fund are detailed in the agreement “Comprehensive amendment to the irrevocable administration, guarantee and payment trust agreement” entered into between Sociedad Portuaria el Cayao S.A. E.S.P., Itaú Asset Management Colombia S.A. Sociedad Fiduciaria, as collateral agent, and Itaú Asset Management Colombia S.A. Sociedad Fiduciaria, as trustee, on December 11, 2018, where it is indicated that at all times the Debt Service Reserve account must be funded in an amount at least equivalent to the mandatory balance of the CRSD. These funds may only be used for debt repayment in the event that the funds in the collection account are not sufficient. In the event of any deficiency in the reserve fund for technical or administrative reasons attributable to the trustee, Sociedad Portuaria el Cayao S.A. E.S.P. shall have the right to make up for such deficiency within five (5) business days following the occurrence of such deficiency. In accordance with the accounting policy of Promigas, the funds in guarantee are not available to meet the company’s cash commitments since they are not available.

Below is the breakdown of the credit quality of the main financial institutions where the Company and its subsidiaries keep cash funds, as determined by independent risk rating agencies:

(Continues)

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

Credit Rating		**December 2021**	**December 2020**
AAA	$	352,566,691	163,077,065
AA+		22,981,047	42,737,749
AA		-	1,154,404
A+		6,174,026	190,725,331
BBB+		45,569,058	-
BBB		-	413,352
A		-	518,710
	$	427,290,822	398,626,611

There are no restrictions or limitations on the use of funds recognized as cash.

9. FINANCIAL ASSETS AT FAIR VALUE

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

		December 2020	**December 2019**
Short-term			
Debt instruments through profit or loss	$	240,735,880	369,865,073
Valuation of forward contracts (1)		428,441	8,942,106
	$	241,164,321	378,807,179
Long-term			
Equity instruments at fair value through profit or loss	$	300,000	300,000
Equity instruments through OCI		18,107,576	17,824,949
Financial assets under call option Colombian State (2)		3,228,479,771	2,958,385,087
	$	3,246,887,347	2,976,510,036

(1) Derivative instruments - Hedging derivatives:

Description of the type of hedge: Non-delivery sales and purchase FWDs with cash flow hedge of a group of highly probable expected transactions and Non delivery purchase FWDs with fair value hedge of existing items on the balance sheet; the latter were settled in April 2021.

Description of financial instruments assigned as hedging instruments: hedging cash flow of a group of highly probable forecasted transaction. Fair value hedge of existing items on the balance sheet; the latter were settled in April 2021.

Description of the nature of the hedged risks: Risk of change in the magnitude of cash flows associated with the portion of gas transportation revenues denominated in USD and settled in COP, due to fluctuations in the COP-USD parity. Foeign exchange risk in the magnitude of cash flows associated with the portion of gas distribution costs denominated in USD and settled in COP, attributable to fluctuations in the COP-USD parity. USD/COP foreign exchange risk from the existence of accounts payable, and the valuation periods during the life of this item, until payment; the latter were settled in April 2021.

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

Description of the periods in which the expected cash flows occur and fair value: As of December 31, 2021, the Company and its subsidiaries has contracted 33 forwards with a weighted average of agreed strikes of $4,042.06 in USD sales and 5 forwards with a weighted average of agreed strikes of $4,001.05 in USD purchases. The Company was effective in contracting.

Description of the periods in which the expected cash flows affected profit or loss: During 2021, the profit and loss account was affected by the settlement of the contracts. Despite the good hedging, the average exchange rate behavior was greater than the contracted rate; for which reason, we see expenditures for FWD settlements.

Counterparty: Banks and financial entities.

Below is the detail of forward contracts in local currency – Dollars:

		December 2021	December 2020
Number of operations		38	114
Nominal in dollars		34,465,234	95,064,982
Amount in pesos		138,414,917	358,847,449
Fair value:			
Assets		428,441	8,942,106
Liabilities (1)		(147,632)	(23,140,718)
Total average term in days		61	198
Average remaining term in days		57	144
Hedged item	US$	34,465,234	95,064,982

(1) See forwards liability position in Note 23. Accounts payable.

Prices specified in forward contracts of cash financial assets:

Cumulative time bands		December 2021	December 2020
Up to 1 month	$	77,953,600	91,175,732
From 2 to 3 months		58,464,939	60,439,997
From 3 to 12 months		1,996,378	207,231,720
Total	$	138,414,917	358,847,449

As of December 31, 2021 and 2020, the Company has no obligation to deliver financial assets in debt securities or foreign currency, or receive financial assets or foreign currency, considering they are hedge derivatives under Sales/Purchase Non-Deliverable Forwards. Currently there are no restrictions related to derivative hedging instruments.

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

(2) Corresponds to the obligation of selling the networks and pipelines under concession to the Colombian State at the termination date of the agreements. In accordance with IFRIC 12 - Service Concession Arrangements, the Operator shall recognize a financial asset by the residual interest over the infrastructure insofar as it has an unconditional contractual right to receive from the grantor or from an entity under the latter's supervision, cash or other financial asset for the construction services, the payment of which the grantor has little or no ability to avoid, as the agreement is enforceable by law. According to IFRS 9 - Financial Instruments, financial assets are measured at fair value for each reported period. This measurement is based on the application of IFRS 13 – Fair Value Measurement.

Below is the detail of financial assets for each Company:

		December 2021	December 2020
Promigas S.A. E.S.P.	$	2,550,315,032	2,341,498,876
Transmetano E.S.P. S.A.		172,891,368	157,724,716
Surtigas S.A. E.S.P.		342,873,208	313,023,064
Promioriente S.A. E.S.P.		56,916,904	50,478,015
Gases de Occidente S.A. E.S.P.		105,483,259	95,660,416
	$	3,228,479,771	2,958,385,087

10. FINANCIAL ASSETS AT AMORTIZED COST

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

		December 2021	December 2020
Short-term			
Debt securities	$	24,901	24,991
Accounts receivable (1)		1,160,125,127	1,045,346,282
Other receivables (2)		41,141,855	58,398,458
	$	1,201,291,883	1,103,769,731
Long-term			
Debt securities	$	172,553	172,553
Accounts receivable (1)		1,773,677,465	1,591,443,287
Other accounts receivable (2)		9,975,103	9,149,599
	$	1,783,825,121	1,600,765,439

(Continues)

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

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

		December, 2021			December, 2020		
		Third parties	Related Entities	Total	Third parties	Related Entities	Total
Short-term							
Gas transport	$	87,289,756	14,042,829	101,332,585	110,308,825	3,586,926	113,895,751
Gas Distribution		490,441,087	2,775,303	493,216,390	422,634,669	1,449,011	424,083,680
Distribution and trade of energy		133,696,110	689	133,696,799	164,054,179	601	164,054,780
Non-bank financing		277,027,889	117,576	277,145,465	215,806,116	262,643	216,068,759
Finance lease		167,221,268	-	167,221,268	123,777,984	-	123,777,984
Other services		99,512,352	12,469	99,524,821	101,384,202	123,956	101,508,158
		1,255,188,462	16,948,866	1,272,137,328	1,137,965,975	5,423,137	1,143,389,112
Debtor impairment		(112,012,201)	-	(112,012,201)	(98,042,830)	-	(98,042,830)
	$	1,143,176,261	16,948,866	1,160,125,127	1,039,923,145	5,423,137	1,045,346,282
Long-term							
Gas transportation	$	78	-	78	4,906	-	4,906
Gas Distribution		260,560,240	-	260,560,240	230,040,689	-	230,040,689
Distribution and sale of electricity		22,314,828	-	22,314,828	27,758,246	-	27,758,246
Other services		116,788,985	-	116,788,985	112,164,398	-	112,164,398
Non-bank financing		294,695,310	-	294,695,310	174,744,774	-	174,744,774
Finance lease		1,157,236,110	-	1,157,236,110	1,105,430,674	-	1,105,430,674
		1,851,595,551	-	1,851,595,551	1,650,143,687	-	1,650,143,687
Debtor impairment		(77,918,086)	-	(77,918,086)	(58,700,400)	-	(58,700,400)
	$	1,773,677,465	-	1,773,677,465	1,591,443,287	-	1,591,443,287

As of December 31, 2021 and 2020, there are no levies or restrictions on the balance of the debt account.

Below is a summary of the years when long-term accounts will be collected:

Año		**December 2021**
2023	$	759,785,560
2024		336,584,833
2025		339,358,360
2026		357,177,738
2027 onwards		58,689,060
	$	1,851,595,551

(Continues)

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

The composition by maturity of accounts receivable is as follows:

		December 2021	December 2020
Maturity 0 - 30 days	$	2,564,010,199	2,089,060,119
Maturity 31 - 90 days		168,034,327	114,961,265
Maturity 91 - 180 days		131,381,584	117,363,758
Maturity 181 - 360 days		158,264,082	186,560,418
Maturity over 360 days		102,042,687	290,820,031
	$	3,123,732,879	2,798,765,591

(2) Other receivables are as follows:

		December, 2021	December, 2020
Short-term			
Loans granted	$	3,178,107	3,736,272
Other debtors		46,207,352	64,566,638
		49,385,459	68,302,910
Impairment of loans granted		(8,243,604)	(9,904,452)
	$	41,141,855	58,398,458
Long-term			
Loans granted	$	9,642,514	8,513,154
Other debtors		1,076,995	1,388,286
		10,719,509	9,901,440
Impairment of loans granted		(744,406)	(751,841)
	$	9,975,103	9,149,599

The following is the consolidated movement of the impairment of accounts receivable and other accounts receivable:

		December, 2021	December, 2020
Opening balance	$	(167,399,523)	(134,673,790)
Impairment charged to expenses		(78,407,537)	(76,277,620)
Write-off		25,861,013	17,946,806
Reinstatement of previously written-off portfolio		(1,321,124)	(344,832)
Reinstatement of impairment through profit or loss		24,221,840	25,658,107
Reclassifications		-	(804)
Translation adjustments		(1,872,966)	292,610
Closing balance	$	(198,918,297)	(167,399,523)

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

Guarantees Provided by Debtors

To guarantee the debts of domestic customers there are bank guarantees, blank promissory with letters of instruction and contracts / purchase orders / commercial offers. Some transportation agreements have insurance policies in case of default.

For loans of the Brilla portfolio, blank promissory notes with letters of instruction are constituted, and for debts with employees, payment orders are subscribe and social benefits are pledged in case of retirement. Currently there are no restrictions related to accounts receivable.

11. INVENTORIES

Below is the composition of the balances of inventories:

		December 2021	December 2020
Goods in stock	$	55,146,412	52,058,416
Materials for the provision of services		54,255,970	33,761,091
In-transit inventories		120,229	713,646
Inventories held by third parties		13,149,186	8,285,401
		122,671,797	94,818,554
Impairment of inventories		(4,976,675)	(4,268,731)
	$	117,695,122	90,549,823

Below is the movement of inventory impairment:

		December 2021	December 2020
Opening balance	$	(4,268,731)	(4,928,241)
Impairment through expenses		(1,341,138)	(641,249)
Write-off		486,575	281,701
Reimbursement of impairment with payment to profit or loss		152,236	1,017,962
Translation adjustment		(5,617)	1,096
Closing balance	$	(4,976,675)	(4,268,731)

(Continues)

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

12. OTHER ASSETS

Below is the detail of other current assets:

		December 2021	December 2020
Short term			
Prepaid expenses		65,685,864	83,782,879
Prepayments or balances in favor for other taxes		49,637,754	105,096,041
security deposits (1)		50,911,196	24,357,127
Business collaboration receivable		-	3,310,153
	$	166,234,814	192,189,073
Long term			
Long-term deposits		50,246	-
Long-term prepaid expenses		91,378,319	66.568.349
Advances or deferred balances in favor		155,965,235	22.434.528
		247,393,800	89.002.877

(1) As As of December 31, 2021 and 2020, the funds of the debt service reserve account ("CRSD") of Sociedad Portuaria El Cayao S.A. E.S.P. were reclassified from cash (Note 8) to security deposits, since the purpose of this fund, managed by the trust entity, is to serve as a guarantee. The conditions of this fund are detailed in the agreement "Comprehensive amendment to the irrevocable administration, guarantee and payment trust agreement" entered into between Sociedad Portuaria el Cayao S.A. E.S.P., Itaú Asset Management Colombia S.A. Sociedad Fiduciaria, as collateral agent and Itaú Asset Management Colombia S.A. Sociedad Fiduciaria as trustee on December 11, 2018, where it is indicated that at all times the Debt Service Reserve account must be funded in an amount at least equivalent to the mandatory balance of the CRSD. These funds may only be used for debt repayment in the event that the funds in the collection account are not sufficient. In the event of any deficiency in the reserve fund for technical or administrative reasons attributable to the trustee, Sociedad Portuaria el Cayao S.A. E.S.P. shall have the right to make up such deficiency within five (5) business days following the occurrence of such deficiency. In accordance with the accounting policy of Promigas, the funds in guarantee, not being available, are not available to meet the cash commitments of the company.

(Continues)

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

13. INVESTMENTS IN ASSOCIATES

Identification and economic activity of affiliated companies

Gas Natural de Lima y Callao S.A.C. - Its corporate purpose is the distribution of natural gas, including the sale of equipment, equipment installation and maintenance, and the implementation of activities related to hydrocarbons and/or distribution. Its headquarters are in Lima Peru.
Gases del Caribe S.A. E.S.P. - It was incorporated according to Colombian law on November 25, 1966, and its corporate purpose is the purchase, storage, packaging and distribution of gas and hydrocarbon derivatives; the construction and operation of natural gas pipelines for industrial, commercial and home use, and the purchase of items, services and artifacts related to the sale and distribution of fuel gases and related products. The Company is headquartered in the city of Barranquilla, Colombia. Its legal existence expires on January 26, 2083.

E2 - Energía Eficiente S.A. E.S.P. – Purchase, sale, production and trade of energy in any form, development or trade of products and/or services for managing risks related to the energy business, and provide comprehensive advisory services on the acquisition and use of energy. The Company is headquartered in the city of Barranquilla, Colombia. Its legal existence expires on August 6, 2104.

Gas Natural de Lima y Callao S.A.C. - Its corporate purpose is the distribution of natural gas, including the sale of equipment, equipment installation and maintenance, and the implementation of activities related to hydrocarbons and/or distribution. Its headquarters are in Lima Peru.

Concentra en Inteligencia en Energía S.A.S. – Manage and administer, for commercial purposes, information of the natural gas industry and/or other substitute energy sectors, including the corresponding provision of domiciliary public utility service of gas and its complementary activities. The Company is headquartered in Bogota D.C., Colombia. The term of the Company is indefinite.

Below is the detail of investments in associate companies:

Company	Economic activity	Country of incorporation	Interest held	Book value	Revenues equity method	OCI of the period
December, 2021						
Gas Natural de Lima y Callao S.A.C.	Gas distribution	Perú	40,00%	$ 568,035,090	140,394,209	68,558,933
Gases del Caribe S.A. E.S.P. (1)	Gas distribution	Colombia	30,99%	305,455,595	113,749,018	(4,781,282)
E2 – Energía Eficiente S.A. E.S.P.	Gas sales	Colombia	32,41%	4,306,555	(1,331,755)	-
Concentra en Inteligencia en Energía S.A.S.	LNG Regasification	Colombia	22,24%	598,380	75,272	1,486
				878,395,620	252,886,744	63,779,137
December, 2020						
Gas Natural de Lima y Callao S.A.C.	Gas distribution	Perú	40,00%	$ 455,703,774	102,449,552	36,800,629
Gases del Caribe S.A. E.S.P. (1)	Gas distribution	Colombia	30,99%	293,630,600	111,280,760	(302,922)
E2 – Energía Eficiente S.A. E.S.P.	Gas sales	Colombia	32,41%	10,133,373	14,513	-
Concentra en Inteligencia en Energía S.A.S.	LNG Regasification	Colombia	22,24%	521,622	(163,522)	(8,012)
				759,989,369	213,581,303	36,489,695

(Continues)

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

(1) In order to calculate and record the equity method, the Company recognizes the accounting principles to align the accounting policies with those of Promigas S.A. E.S.P.

The operations of investments in associates are as follows:

		December 2021	December 2020
Opening balance	$	759,989,369	714,404,339
Dividends ordered by companies		(196,264,557)	(204,485,968)
Equity method through profit or loss		252,886,744	213,581,303
Other comprehensive income in associates		63,779,137	36,489,695
Recognition of the preferred equity interest in E2 as a financial asset		(1,995,073)	-
Closing balance	$	878.395.620	759.989.369

The dividends declared and received by associates as of December 31, 2021, are as follows:

	December, 2021		December, 2020	
Company	**Dividends declared**	**Dividends actually received**	**Dividends declared**	**Dividends actually received**
Gases del Caribe S.A. E.S.P.	97,142,741	(89,857,032)	85,581,362	(79,162,765)
Gas Natural de Lima y Callao	96,621,826	(99,465,406)	118,904,606	(110,638,433)
Energía Eficiente S.A.	2,499,990	(2,312,491)	-	-
	196,264,557	(191,634,929)	204,485,968	(189,801,198)

Below is the detail of the equity composition of investments in associates, recorded using the equity method:

		Capital	Share placement premium	Reserves	Period Results	Retained earnings	Results for IFRS Adoption	Unrealized gains or losses (OCI)	Total equity
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
December 2020									
Gas Natural de Lima y Callao S.A.C.	$	474,434,154	-	122,211,670	255,403,538	(89,693,074)	-	388,572,225	1,150,928,513
Gases del Caribe S.A. E.S.P.		1,755,369	1,260,919	38,649,222	351,284,713	218,791,724	332,521,817	(3,658,752)	940,605,012
E2 - Energía Eficiente S.A. E.S.P.		909,998	1,439,982	454,999	477,527	23,566,356	(682,535)	-	26,166,327
Concentra en Inteligencia en Energía S.A.S.		1,764,000	-	-	70,609	411,017	-	-	2,245,626

(Continues)

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

14. PROPERTY, PIPELINES, PLANT AND EQUIPMENT

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

		December, 2021			December, 2020		
		Cost	Accumulated depreciation	Total	Cost	Accumulated depreciation	Total
Land	$	78,287,559	-	78,287,559	74,435,627	-	74,435,627
Construction in progress		49,378,765	-	49,378,765	37,665,816	-	37,665,816
Machinery, plant & equipment in assembly		27,688,968	-	27,688,968	11,946,555	-	11,946,555
Property, plant and equipment in transit		-	-	-	125,928	-	125,928
Constructions and buildings		98,324,634	(20,200,937)	78,123,697	95,022,096	(17,144,665)	77,877,431
Pipelines and stations		541,939,452	(57,260,799)	484,678,653	531,483,695	(49,109,374)	482,374,321
Networks not under concession		462,724,596	(51,499,847)	411,224,749	474,481,080	(44,024,910)	430,456,170
Machinery and equipment		207,574,285	(93,584,926)	113,989,359	180,849,080	(79,168,641)	101,680,439
Furniture and fixtures		16,537,017	(9,392,638)	7,144,379	15,553,250	(8,198,443)	7,354,807
Communication and computer equipment		43,923,833	(30,311,474)	13,612,359	38,492,774	(26,012,803)	12,479,971
Fleet and transportation equipment		10,594,730	(7,073,331)	3,521,399	10,590,912	(6,282,036)	4,308,876
Property improvements		1,190,750	(247,398)	943,352	453,550	(80,253)	373,297
		1,538,164,589	(269,571,350)	1,268,593,239	1,471,100,363	(230,021,125)	1,241,079,238
Impairment		(1,453,387)	-	(1,453,387)	(1,453,387)	-	(1,453,387)
	$	1,536,711,202	(269,571,350)	1,267,139,852	1,469,646,976	(230,021,125)	1,239,625,851

(Continues)

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

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

	Land	Constructions in progress	Machinery, plant and equipment in assembly	Property, plant and equipment in transit	Constructions and buildings	Pipelines and stations	Networks not under concession	Machinery and Equipment	Furniture and fixtures	Communication and computer equipment	Fleet and transportation equipment	Leasehold improvements	Total
Cost													
Balance as of December 31, 2019	$ 73,470,294	31,333,471	18,290,136	-	90,758,228	489,246,393	450,342,530	112,951,576	14,360,159	34,088,780	9,532,819	655,917	1,325,030,303
Purchases	55,609	43,701,783	1,655,425	131,782	35,339	15,997,184	20,696,522	6,321,982	757,751	3,575,734	812,411	23,598	93,765,120
Capitalized interests	-	287,109	4,128	-	-	-	-	-	-	-	-	-	291,237
Finance lease recognition lessor	-	(1,960,808)	-	-	-	-	-	-	-	-	-	-	(1,960,808)
Capitalizations	-	(33,143,603)	(2,996,362)	(1,523,421)	1,952,385	25,720,806	4,734,702	4,911,033	141,925	73,705	-	128,830	-
Withdrawals	-	(2,301,722)	(9,432,486)	-	-	-	-	(2,714,370)	(51,507)	(220,305)	(186,168)	-	(14,906,558)
Reclassifications	-	-	(551)	(153)	(278)	519,312	-	109,461	(33)	(110)	(153,205)	(354,795)	119,648
Tax discount	-	(397,778)	-	-	-	-	(15,314)	(585,902)	(1,235)	(12,807)	-	-	(1,013,036)
Transfer of non-current assets held for sale	-	-	-	-	-	-	-	(103,460)	-	-	-	-	(103,460)
Translation adjustments	909,724	113,089	(179,648)	40,735	(82,006)	-	(1,277,360)	(4,874,056)	71,065	91,648	40,057	-	(5,146,752)
Balance acquired in business combinations	-	34,275	4,605,913	1,476,985	2,358,428	-	-	64,832,816	275,125	896,129	544,998	-	75,024,669
Balance as of December 31, 2020	$ 74,435,627	37,665,816	11,946,555	125,928	95,022,096	531,483,695	474,481,080	180,849,080	15,553,250	38,492,774	10,590,912	453,550	1,471,100,363
Purchases	36,800	69,377,039	23,154,766	-	62,909	-	1,171,203	11,353,749	546,667	4,818,115	503,301	24,641	111,049,190
Capitalized interests	-	523,686	92,782	-	-	-	-	-	-	-	-	-	616,468
Finance lease recognition lessor	-	(36,601,971)	-	-	-	-	-	-	-	-	-	-	(36,601,971)
Capitalizations	602,410	(25,178,943)	(4,569,157)	(100,921)	2,576,751	12,616,904	6,293,435	6,556,990	511,573	4,934	-	686,024	-
Initial recognition PPA	-	-	-	-	-	-	-	1,067,092	-	-	-	-	1,067,092
Cost of assets sold	-	-	-	-	-	-	-	(764,682)	-	-	(403,708)	-	(1,168,390)
Cost of assets written off	-	(195,278)	(4,270,308)	-	-	(1,993,659)	-	(1,561,013)	(489,950)	(237,628)	-	-	(8,747,836)
Transfer of purchase option rights of use	-	-	-	-	-	-	-	-	-	-	162,039	-	162,039
Reclassifications	-	5,088,101	43,309	(37,777)	-	(20,519)	(20,449,482)	1,474,382	(30,416)	35,617	-	-	(13,896,785)
Tax discount	-	(2,099,648)	-	-	-	(146,969)	-	(1,932,002)	(16,509)	(54,840)	(20,195)	-	(4,270,163)
Transfer of non-current assets held for sale	-	-	-	-	-	-	-	-	-	-	(615,998)	-	(615,998)
Translation adjustments	3,212,722	799,963	1,291,021	12,770	662,878	-	1,228,360	10,530,689	462,402	864,861	378,379	26,535	19,470,580
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
Accumulated depreciation													
Balance as of December 31, 2019	$ -	-	-	-	(13,849,898)	(39,984,448)	(36,410,720)	(50,603,875)	(6,672,285)	(21,968,973)	(5,123,060)	(36,660)	(174,649,919)
Depreciation	-	-	-	-	(2,456,303)	(9,124,926)	(7,623,243)	(9,564,646)	(1,364,536)	(3,727,520)	(1,164,023)	(43,593)	(35,068,790)
Withdrawals	-	-	-	-	-	-	-	1,552,320	30,568	195,635	180,745	-	1,959,268
Reclassifications	-	-	-	-	94	-	-	2,487	20	53	62,024	-	64,678
Transfer of non-current assets held for sale	-	-	-	-	-	-	-	65,887	-	-	-	-	65,887
Translation adjustments	-	-	-	-	(17,198)	-	9,053	1,698,847	(17,686)	(51,547)	15,511	-	1,636,980
Balance acquired in business combinations	-	-	-	-	(821,360)	-	-	(22,319,661)	(174,524)	(460,451)	(253,233)	-	(24,029,229)
Balance as of December 31, 2020	$ -	-	-	-	(17,144,665)	(49,109,374)	(44,024,910)	(79,168,641)	(8,198,443)	(26,012,803)	(6,282,036)	(80,253)	(230,021,125)
Depreciation	-	-	-	-	(2.623.428)	(8.444.365)	(7.684.793)	(12.080.390)	(1.402.630)	(3.940.210)	(1.068.505)	(163.759)	(37.408.080)

(Continues)

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

	Land	Constructions in progress	Machinery, plant and equipment in assembly	Property, plant and equipment in transit	Constructions and buildings	Pipelines and stations	Networks not under concession	Machinery and Equipment	Furniture and fixtures	Communication and computer equipment	Fleet and transportation equipment	Leasehold improvements	Total
Depreciation of assets sold	-	-	-	-	-	-	-	273.619	-	-	320.615	-	594.234
Depreciation of derecognized assets	-	-	-	-	-	292.940	-	938.100	430.501	159.661	-	-	1.821.202
Transfer of purchase option	-	-	-	-	-	-	-	-	-	-	(78.947)	-	(78.947)
rights of use	-	-	-	-	-	-	219.111	456.455	-	-	-	-	675.566
Reclassifications	-	-	-	-	-	-	-	-	-	-	202.014	-	202.014
Transfer of non-current assets held for sale	-	-	-	-	(432.844)	-	(9.255)	(4.004.069)	(222.066)	(518.122)	(166.472)	(3.386)	(5.356.214)
Translation adjustments	$ -	-	-	-	(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)
Balance as of December 31, 2021													
Impairment December 31, 2020	(1.451.423)	-	-	-	-	-	-	(1.964)	-	-	-	-	(1.453.387)
Impairment charged expenses	-	-	-	-	-	-	-	-	-	-	(53.985)	-	(53.985)
Transfer of non-current assets held for sale	-	-	-	-	-	-	-	-	-	-	53.985	-	53.985
Impairment December 31, 2021	(1.451.423)	-	-	-	-	-	-	(1.964)	-	-	-	-	(1.453.387)
Net balance													
Balance as of December 31, 2020	$ 72.984.204	37.665.816	11.946.555	125.928	77.877.431	482.374.321	430.456.170	101.678.475	7.354.807	12.479.971	4.308.876	373.297	1.239.625.851
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

(Continues)

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

15. CONCESSIONS

Detail of assets under concession:

		December, 2021			December, 2020		
		Cost	Accumulated depreciation	Total	Cost	Accumulated depreciation	Total
Lands under concession	$	36,521,224	(3,758,413)	32,762,811	31,837,849	(2,614,795)	29,223,054
Constructions in progress (1)		802,562,711	-	802,562,711	580,865,537	-	580,865,537
Buildings under concession		51,245,531	(8,303,904)	42,941,627	44,751,485	(5,947,650)	38,803,835
Pipelines and networks		4,454,812,598	(870,281,174)	3,584,531,424	3,468,318,787	(672,488,281)	2,795,830,506
Machinery and equipment		550,016,740	(173,508,298)	376,508,442	534,880,757	(142,214,683)	392,666,074
Improvements in third-party property		400,829	(71,859)	328,970	343,892	(28,533)	315,359
		5,895,559,633	(1,055,923,648)	4,839,635,985	4,660,998,307	(823,293,942)	3,837,704,365
Impairment of concessions		(7,145,660)	-	(7,145,660)	(2,295,790)	-	(2,295,790)
	$	5,888,413,973	(1,055,923,648)	4,832,490,325	4,658,702,517	(823,293,942)	3,835,408,575

(1) As of December 31, 2021, 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 $615,603,861 and $53,936,334, respectively, for a total of 669,540,195 ($100,732,170 and $388,059,050 as of December 31, 2020, for a total of 488,791,220).

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

Below are the movements of assets under concession:

		Lands under concession	Constr, in Progress under concession	Buildings under concession	Pipelines and networks under concession	Machinery and equipment under concession	Improvements in third-party property under concession	Concessions
Cost								
Balance as of December 31, 2019	$	30,268,154	430,010,988	42,214,200	2,780,337,634	508,470,967	-	3,791,301,943
Additions		-	384,479,618	-	57,923,459	-	-	442,403,077
Addition capitalizable interest		-	21,855,324	-	2,558,680	-	-	24,414,004
Valuation of concessions in progress (1)		-	394,560,189	-	-	-	-	394,560,189
Capitalization of assets under construction		327,910	(641,465,198)	2,537,285	611,718,039	26,881,964	-	-
Addition of capitalized provisions		-	-	-	17,707,858	1,082,212	-	18,790,070
Capitalized depreciation		-	581,708	-	-	-	-	581,708
Withdrawals		-	(313,754)	-	(7,456,948)	(2,750,153)	-	(10,520,855)
Reclassifications		-	-	-	(9,281,205)	-	354,795	(8,926,410)
Transfers		-	239,428	-	(239,428)	-	-	-
Transfer of tax credits		-	(4,739,782)		(2,196,038)			(6,935,820)
Transfer to non-current assets held for sale		-	-	-	(769,108)	-	-	(769,108)
Translation adjustments		1,241,785	(4,342,984)	-	18,015,844	1,195,767	(10,903)	16,099,509
Balance as of December 31, 2020	$	31,837,849	580,865,537	44,751,485	3,468,318,787	534,880,757	343,892	4,660,998,307
Additions		-	556,248,233	-	61,347,895	104,447	38,087	617,738,662
Addition capitalizable interest		-	13,120,508	-	735,915	-	-	13,856,423
Valuation of concessions in progress (1)		-	342,956,710	-	-	-	-	342,956,710
Capitalization of assets under construction		297,963	(734,149,144)	7,090,050	714,649,538	12,111,593	-	-
Addition of capitalized provisions		-	-	-	25,084,246	3,451,605	-	28,535,851
Capitalized depreciation		-	290,567	-	-	-	-	290,567
Withdrawals		-	(1,778,611)	(596,004)	(1,375,591)	(1,291,962)	-	(5,042,168)
Reclassifications		-	72,343	-	9,548,274	(1,252,264)	-	8,368,353
Reversal of machinery and equipment to gas pipeline non-current assets held for sale		-	-	-	2,515,667	(4,436,867)	-	(1,921,200)
Transfers		-	(3,802,299)	-	3,802,299	-	-	-
Transfer of tax credits		-	(3,078,023)	-	(5,824,218)	-	-	(8,902,241)
Translation adjustments		4,385,412	51,816,890	-	176,009,786	6,449,431	18,850	238,680,369
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
Accumulated amortization								

		Lands under concession	Constr, in Progress under concession	Buildings under concession	Pipelines and networks under concession	Machinery and equipment under concession	Improvements in third-party property under concession	Concessions
Balance as of December 31, 2019	$	(1,730,669)	-	(3,697,055)	(524,808,772)	(111,736,362)	-	(641,972,858)
Amortization		(910,767)	-	(2,250,595)	(148,595,836)	(31,943,027)	(28,780)	(183,729,005)
Withdrawals		-	-	-	3,217,264	913,965	-	4,131,229
Reclassifications		-	-	-	(584,829)	545,918	-	(38,911)
Transfers		-	-	-	(36,494)	36,494	-	-
Transfer to non-current assets held for sale		-	-	-	147,747	-	-	147,747
Translation adjustments		26,641	-	-	(1,827,361)	(31,671)	247	(1,832,144)
Balance as of December 31, 2020	$	(2,614,795)	-	(5,947,650)	(672,488,281)	(142,214,683)	(28,533)	(823,293,942)
Amortization		(961,029)	-	(2,446,390)	(185,522,881)	(33,964,033)	(42,042)	(222,936,375)
Withdrawals		-	-	90,136	171,275	912,529	-	1,173,940
Reclassifications		-	-	-	47,516	-	-	47,516
Reversal of machinery and equipment to gas pipeline non-current assets held for sale		-	-	-	-	1,921,200	-	1,921,200
Translation adjustments		(182,589)	-	-	(12,488,803)	(163,311)	(1,284)	(12,835,987)
Balance as of December 31, 2021	$	(3,758,413)	-	(8,303,904)	(870,281,174)	(173,508,298)	(71,859)	(1,055,923,648)
Impairment December 31, 2020		-	-	-	(2,295,790)	-	-	(2,295,790)
Impairment charged to cost		-	-	-	(4,849,870)	-	-	(4,849,870)
Impairment December 31, 2021		-	-	-	(7,145,660)	-	-	(7,145,660)
Net balance:								
Balance as of December 31, 2020	$	29,223,054	580,865,537	38,803,835	2,793,534,716	392,666,074	315,359	3,835,408,575
Balance as of December 31, 2021	$	32,762,811	802,562,711	42,941,627	3,577,385,764	376,508,442	328,970	4,832,490,325

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

In the course of 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	Concession 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.	Gas and 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

Except for the agreements of Gases del Pacífico S.A.C., Gases del Norte del Perú S.A.C., Compañía Energética de Occidente S.A. E.S.P. and Sociedad Portuaria El Cayao S.A. E.S.P., the previous agreements are signed in accordance with Decree 1056/1953, the Petroleum Code (now in force), and other laws complementing it. Each concession with the Government was for 50 years, whereby the government gives Promigas and its subsidiaries the right to build, operate, maintain, exploit and manage a network of public utility pipelines for the transportation of hydrocarbons from La Guajira to major cities such as Barranquilla and Cartagena with trunk pipelines and regional pipelines to other populations in the Atlantic Coast. These agreements additionally have the following relevant elements:

- The agreement required the provision of construction services to develop, operate, maintain, exploit and manage a network of pipelines by Promigas and its subsidiaries. The term of the agreements is 50 years, renewable for 20 more years, without representing an automatic renewal, and the estimated useful life of the pipelines is 70 years, in current conditions and with minimal maintenance required. Additionally, since the concession agreements include construction, operation and maintenance activities, at the end of the contractual term, the pipeline shall be in optimum operating conditions to ensure the continued provision of public utilities beyond the contractual term of the concessions; therefore, it is concluded that the infrastructure is not used for its entire useful life. The extensions should proceed with the approval of the Ministry of Mines and Energy.

- Promigas and its subsidiaries have the right to recover the investment by charging the public service, which is regulated by the Government to set rates for transporting gas through the CREG.

  The remuneration of construction service is included in the fees fixed by the CREG, which are established considering the provisions of the Petroleum Code, as follows:
  - Amortization of invested capital in construction;
  - Maintenance, management and exploitation expenses; and
  - Fair earnings for entrepreneurs.

  Such remuneration with the building service does not cover payments receivable when the Government exercises its right acquired in signing the agreement to buy transportation infrastructure. In fact, in establishing the remuneration of new investments or reinforcement of infrastructure, the regulated asset base is calculated through the concession on a five-year basis, according to the regulatory framework and in which the fair contractual selling price at the end of the concession is not taken into account, enabling Promigas and its subsidiaries to recover its investment by charging customers for services before fulfilling the obligation to sell the system to the State. That is, the final payment is not part of the repayments related to the investments in construction and maintenance.

- The agreement provides that Promigas and its subsidiaries shall be obligated to sell the pipeline only and exclusively to the Government as follows: i) 30 years after the agreement; ii) 50 years after terminating the agreement; and iii) at the end of each extension, if any. Therefore, the Government shall always have the right to purchase the infrastructure at the time that it sees fit, without implying that it has an option of absolute waiver of a payment obligation, but otherwise that it has the ability to choose when to make the payment. Neither party shall have the option of waiving the terms of the agreement with respect to the exercise of the right of purchase by the Government and the obligation to sell by Promigas and its subsidiaries.

  Regarding the above obligation, the Government and Promigas and its subsidiaries shall agree the price of the pipeline and only in case of dispute shall the fair price be fixed by a third party.
  Contract law and the relevant contractual obligation exist because of a transaction or event that has happened in the past; in the case of Promigas and its subsidiaries, the execution of the concession

agreement, which sets out the mandatory the sale of the infrastructure to the Government at a fair price at the end of the concession agreement, produces clear economic consequences that the Government, as party to the agreement, has little or no ability to prevent, as the agreement is enforceable by law.

From the above it follows that, for each concession, Promigas and its subsidiaries is facing a significant residual interest in the pipeline infrastructure and on which it has acknowledged having a right represented in a financial asset by the obligation to sell the infrastructure to the Government, the measurement of which being at fair value.

- Promigas and its subsidiaries may not assign or transfer this Agreement, in whole or in part, to any natural or juridical person without prior approval by the Government, which, at its discretion, can approve or deny it without being obligated to provide the reasons for its determination.

Concession for the Provision of Electric Power

Compañía Energética de Occidente S.A.S. E.S.P. (CEO) was incorporated for the purpose of assuming at its own risk and expense the administrative, operational, technical and commercial management, the investment, expansion of coverage, reconditioning and preventive and corrective maintenance of the infrastructure and other activities required for the provision of electric power distribution and trading services in the Department of Cauca. The execution of the Management Agreement was on August 1, 2010, and has a 25-year term.

For the development of the purpose of the agreement, CEO received as lease the assets and possession and use of the infrastructure for the distribution and trade of public services. Upon termination of the management agreement for whatever reason, the infrastructure and assets owned by CEO will be transferred without any consideration to Centrales Eléctricas del Cauca S.A. (Cedelca), the counterparty to the management agreement, in which the National Government has shareholding interest.

CEO, as manager, shall comply with the law and regulations regarding subsidies to lower-income strata and solidarity contribution.

In signing the agreement CEO has also agreed to pay and invest in the following:

a) Monthly and during the contract term the sum of $887,000 plus VAT. These payments shall be adjusted on January 1 of each calendar year, according to the CPI variation of the previous year between January 1 and December 31, as consideration for the use of the infrastructure.
b) With the execution of the agreement, constituted rights worth $44.000.000 and purchase of assets for $ 46,236,194 payable to Cedelca S.A. E.S.P.
c) CEO has agreed to develop an investment plan, understanding such investments as those made in non-current assets (tangible or intangible) that shall serve for the expansion, replacement and improvement of the infrastructure throughout the 25-year period, worth $328,875,000.

For this agreement, CEO, acting as operator, applied the intangible asset model according to IFRIC 12 – Service Concession Agreements, considering that the compensation mechanism will be realized by charging the use if the infrastructure, even though, as Operator, it has no obligation to build but to make improvements to the infrastructure, which are recognized as they are performed as an intangible asset measured at cost.

In addition, CEO is also contractually obligated to perform corrective maintenance as part of the contractually defined investment, and recognized as part of the intangible asset.

Port Consideration Concession

Sociedad Portuaria el Cayao S.A. E.S.P. is in charge of running the first liquefied natural gas (LNG) regasification plant in Colombia, operated by a Floating Storage Regasification Unit (FSRU), since December 2016. For this purpose, a Port Concession agreement was entered into with the National Infrastructure Agency (ANI, for its Spanish abbreviation), which grants the entity the right to build, operate and maintain a port terminal. This was evaluated under the scope of IFRIC 12 – Service Concession Agreements, thus recognizing an intangible asset for its right to charge rates to users. In accordance with the reversal clause of the same agreement, this gas pipeline will be assigned free of charge and in an operational state at the end of the agreement.

Concession Gases del Pacífico S.A.C.

By Supreme Resolution No. 067-2013-EM published on October 18, 2013, the Concession of the Natural Gas Distribution System was granted by Red de Ductos de la Concesión Norte to Gases del Pacífico S.A.C., comprising the following regions: Lambayeque, La Libertad, Ancash and Cajamarca; under the terms and conditions detailed in the Concession Agreement. The main issues set out in the agreement are the following:

The term of the Concession Agreement is 21 years from the closing date (subject to extension of up to 60 years); however, by document No. 981-2016 MEM/DGH dated June 1, 2016, the General Hydrocarbons Directorate (hereinafter DGH) submitted Technical-Legal Report No. 011- 2016-MEM/DGH-DNH-DGGN, which specifies that the Concession’s operating term is 19 years from the Commercial Operation (POC).

The Company will deliver an irrevocable, unconditional, joint-liability letter of guarantee of automatic performance, without exclusion benefit, which must be issued by a bank for US $20,000,000, with coverage from the closing date to 60 days after compliance with the First Connections Plan. After such date, the letter of guarantee must be for US $3,000,000. During the term of the Concession Agreement, the Company will be the owner of the Assets Under Concession, which will be transferred to the Concessionaire at the end of the Concession Agreement.

The Company may assign its contractual position in the Concession Agreement, which shall be total, including all rights and obligations.

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

Piura Concession

The purpose of the agreement is to establish the rights and obligations of the Parties and to stipulate the governing standards and procedures for the design, supply of goods and services, construction of the Natural Gas Distribution System by Pipeline Network, the use of the assets under concession, the provision of the Distribution Service in the Piura Region and the transfer of the assets under concession to the State upon termination of the Concession.

The responsibility of the concessionaire for the construction of the Distribution System includes all the works, installations and equipment necessary for the proper operation of the Distribution System, respecting the safety standards established in the applicable laws.

Additional Information Required for Concession Agreements Currently Under Construction

The following is a breakdown of the main movements of revenues and costs incurred in the stage of construction of concession agreements as of December 31, 2020 and 2019:

	Period accruals	
	Revenues	**Costs**
December 2021		
Revenues from concession agreements	939,843,911	-
Construction costs incurred in the period	-	548,484,732
December 2020		
Revenues from concession agreements	829,374,632	-
Construction costs incurred in the period	-	400,215,446

As of December 31, 2021 and 2020, the Company and its subsidiaries had no contingent assets under revenues receivable caused by a contractual dispute in a pipeline construction, other than a recognition rate. Nor did the Company have any contingent liabilities under fines or penalties imposed by the Government in the performance of the concession agreement for possible contractual breaches.

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

16. CAPITAL GAINS

Capital gains generated by the purchase of companies are detailed below:

		December 2021	December 2020
Gas Natural de Lima y Callao S.A.C.	$	20,912,996	20,912,996
Compañía Energética de Occidente S.A.S. E.S.P.		448,207	448,207
Gases de Occidente S.A. E.S.P.		65,577,389	65,577,389
Promioriente S.A. E.S.P.		2,845,365	2,845,365
Promisol S.A.S.		91,501	91,501
Surtigas S.A. E.S.P.		35,414,936	35,414,936
Transmetano E.S.P. S.A.		921,966	921,966
Sociedad Portuaria El Cayao S.A. E.S.P.		329,486	329,486
Transoccidente S.A. E.S.P.		234,352	234,352
Enercolsa S.A.S.		2,042,727	2,042,727
Promigas Perú S.A.		21,897,945	22,938,368
	$	150,716,870	151,757,293

As of December 31, 2021 and 2020, a financial analysis of the results of each company was performed in order to monitor financial soundness indicators that reflect whether there has been any business impairment. To determine whether capital gains impairment has occurred, the following criteria were evaluated:

- Significant decrease in the fair value of a long-term asset or cash-generating unit (CGU).
- Significant adverse changes in the way in which the long-term asset is being used or in its physical condition.
- Adverse change in legal factors or in the business environment that may affect the value of the asset.
- Cost accumulation much higher than originally expected in the acquisition or construction the asset.
- A current period or a history of operating losses in the cash movement involving ongoing losses.
- A highly likely current expectation that a long-term asset will be sold or derecognized before its estimated useful life.

No reductions were found in the value of long-term assets or the group, nor were there significant changes recognized in the legal or business environment factors that may affect the value of the asset.

The results of the recovery test yielded satisfactory figures in all the related entities. No changes or events were found indicating non-recoverability of the recognized capital gains. In addition, the Company performed an impairment test at this time and no deterioration was evident. As of December 31, 2021 and 2020, the valuation was as follows:

Figures in millions of pesos	Total valuation	Direct interest	Fair value (Book Value Promigas Separate)	Valuation free cash flow discounted (% Promigas)	·igher commercial value over fair value
December 2020					
Gas Natural de Lima y Callao S.A.C.	$ 3,112,549	40.00%	590,452	1,245,019	654,567
Gases del Caribe S.A. E.S.P.	5,197,091	30.99%	299,784	1,610,756	1,310,972
Compañía Energética de Occidente S.A.S. E.S.P.	410,796	49.00%	65,640	201,290	135,650
Gases del Norte del Perú S.A.C.	486,905	98.92%	353,808	481,631	127,823
Gases de Occidente S.A. E.S.P.	1,894,609	94.43%	442,020	1,789,101	1,347,081
Promioriente S.A. E.S.P.	593,123	73.27%	278,818	434,603	155,785
Promisol S.A.S.	338,733	100.00%	106,034	338,733	232,699
Surtigas S.A. E.S.P.	1,219,007	99.99%	767,322	1,218,873	451,551
Transmetano E.S.P. S.A.	686,526	99.67%	209,102	684,238	475,136
Sociedad Portuaria El Cayao S.A. E.S.P.	641,017	51.00%	160,985	326,918	165,933
Gases del Pacífico S.A.C.	484,651	95.49%	412,646	462,810	50,164
Transoccidente S.A. E.S.P.	27,295	79.00%	9,492	21,563	12,071
Promigas Perú S.A.	$ 470,523	100.00%	49,745	470,523	420,778
December 2020					
Gas Natural de Lima y Callao S.A.C.	$ 3,692,007	40.00%	489,338	1,476,803	987,465
Gases del Caribe S.A. E.S.P.	4,346,997	30.99%	284,949	1,347,283	1,062,334
Compañía Energética de Occidente S.A.S. E.S.P.	776,586	49.00%	56,335	380,527	324,192
Gases de Occidente S.A. E.S.P.	1,890,821	94.43%	374,613	1,785,523	1,410,910
Promioriente S.A. E.S.P.	666,118	73.27%	308,283	488,089	179,807
Promisol S.A.S.	313,207	100.00%	90,278	313,207	222,929
Surtigas S.A. E.S.P.	1,099,330	99.99%	661,129	1,099,209	438,080
Transmetano E.S.P. S.A.	474,812	99.67%	201,387	473,224	271,838
Sociedad Portuaria El Cayao S.A. E.S.P.	640,312	51.00%	133,873	326,559	192,686
Gases del Pacífico S.A.C.	421,747	92.97%	60,254	392,109	331,855
Transoccidente S.A. E.S.P.	33,023	79.00%	9,678	26,088	16,410
Promigas Perú S.A.	$ 36,220	100.00%	17,601	36,220	18,619

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

17. OTHER INTANGIBLE ASSETS

Below is the detail of other intangible assets:

		December 2021			December 2020		
		Cost	Accumulated Amortization	Total	Cost	Accumulated Amortization	Total
Licenses		164,897,215	(92,413,508)	72,483,707	145,438,704	(72,674,463)	72,764,241
Software	$	6,730,422	(2,153,981)	4,576,441	5,259,766	(1,758,283)	3,501,483
Rights		77,622	-	77,622	5,000	-	-
Easements		7,127,254	(2,415,467)	4,711,787	7,108,132	(2,342,031)	4,771,101
Other intangibles		35,608,192	(2,405,801)	33,202,391	19,086,508	(1,546,035)	17,540,473
	$	214,440,705	(99,388,757)	115,051,948	176,898,110	(78,320,812)	98,577,298

Below is the movement of intangible assets:

		December, 2021	December, 2020
Cost			
Opening balance	$	176,898,110	160,664,612
Purchases		27,784,978	14,518,163
Addition capitalized interest		861,509	431,410
Withdrawals, sales (net)		(1,078,598)	-
PPA adjustments		4,597,693	(783)
Reclassifications		564,129	(52)
Translation adjustments		4,812,884	846,748
Business combination		-	438,012
Closing balance	$	214,440,705	176,898,110
Accumulated amortization			
Opening balance			
Amortization through cost	$	(78,320,812)	(60,095,946)
Amortization through expenses		(6,680,970)	(6,141,352)
Withdrawals		(13,846,014)	(12,027,498)
Adjustment audited balances		1,021,443	-
Translation adjustments		(83,590)	23
Business combination		(1,478,814)	148,077
Closing balance		-	(204,116)
Cost	$	(99,388,757)	(78,320,812)

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

18. RIGHTS OF USE

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

	December 2021			December 2020		
	Cost	Accumulated depreciation	Total	Cost	Accumulated depreciation	Total
Rights of use associated with property, plant and equipment						
Land	4,828,747	(1,017,191)	3,811,556	4,233,789	(545,298)	3,688,491
Buildings	21,591,013	(4,696,057)	16,894,956	20,091,564	(2,669,105)	17,422,459
Machinery and equipment	56,613,414	(54,464,231)	2,149,183	56,576,275	(54,315,202)	2,261,073
Transport equipment	34,041,409	(21,210,876)	12,830,533	28,125,808	(17,612,800)	10,513,008
Communication and computer equipment	110,618	(64,526)	46,092	219,868	(151,652)	68,216
	117,185,201	(81,452,881)	35,732,320	109,247,304	(75,294,057)	33,953,247
Rights of use associated with concessions						
Land	290,456	(25,207)	265,249	163,676	(12,020)	151,656
Buildings	5,535,624	(1,915,993)	3,619,631	5,247,677	(1,414,901)	3,832,776
Machinery and equipment	14,339,577	(21,077,657)	93,261,920	112,051,753	(13,378,156)	98,673,597
	120,165,657	(23,018,857)	97,146,800	117,463,106	(14,805,077)	102,658,029
	$ 237,350,858	(104,471,738)	132,879,120	226,710,410	(90,099,134)	136,611,276

(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 computer equipment	Land associated with the concession	Buildings associated with the concession	Machinery and equipment associated with the concession	Total rights of use
Cost										
Balance as of December 31, 2019	$	1,077,093	17,705,324	164,482,182	27,286,154	219,868	157,528	11,274,384	-	222,202,533
Addition of new finance leases		2,700,655	3,162,681	-	892,481	-	-	363,852	-	7,119,669
Addition of current finance leases		80,774	1,537,237	5,492,696	749,688	-	6,148	219,692	-	8,086,235
Withdrawals, sales and derecognitions		-	(2,725,243)	(1,638,409)	(1,061,143)	-	-	(7,281,191)	-	(12,705,986)
Reclassifications		-	-	(112,051,753)	-	-	-	108	112,051,753	108
Translation adjustments of transactions in foreign subsidiaries		(361,230)	(20,214)	291,559	105,487	-	-	670,832	-	686,434
Audited balance adjustments		(87)	(51)	-	153,141	-	-	-	-	153,003
Balance acquired in business combinations		736,584	431,830	-	-	-	-	-	-	1,168,414
Balance as of December 31, 2020	$	4,233,789	20,091,564	56,576,275	28,125,808	219,868	163,676	5,247,677	112,051,753	226,710,410
Addition of new finance leases		-	1,429,545	-	8,868,958	-	46,899	-	-	10,345,402
Addition of current finance leases		128,242	1,131,064	37,139	823,094	-	2,678	71,622	2,287,824	4,481,663
Withdrawals, sales and derecognitions		(34,764)	(1,644,731)	-	(4,174,164)	(109,250)	-	(326,405)	-	(6,289,314)
Transfer of option to purchase rights of use		-	-	-	(162,039)	-	-	-	-	(162,039)
Translation adjustments of transactions in foreign subsidiaries		501,480	583,571	-	559,752	-	-	619,933	-	2,264,736
Audited balance adjustments		-	-	-	-	-	77,203	(77,203)	-	-
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
Accumulated depreciation										
Balance as of December 31, 2019	$	(33,674)	(1,367,468)	(60,882,576)	(12,099,301)	(74,905)	(5,907)	(1,271,218)	-	(75,735,049)
Depreciation through profit or loss		(280,758)	(1,577,963)	(314,885)	(5,942,450)	(76,747)	(6,113)	(1,151,276)	(6,947,282)	(16,297,474)
Withdrawals, sales and derecognitions		-	645,647	534,151	845,984	-	-	1,184,086	-	3,209,868
Reclassifications		-	-	6,430,874	-	-	-	(108)	(6,430,874)	(108)
Capitalized depreciation		-	-	-	(409,981)	-	-	(171,727)	-	(581,708)
Translation adjustments of transactions in foreign subsidiaries		39,683	(16,047)	(82,766)	15,920	-	-	(4,658)	-	(47,868)
Audited balance adjustments		33	43	-	(22,972)	-	-	-	-	(22,896)
Balance acquired in business combinations		(270,582)	(353,317)	-	-	-	-	-	-	(623,899)
Balance as of December 31, 2020	$	(545,298)	(2,669,105)	(54,315,202)	(17,612,800)	(151,652)	(12,020)	(1,414,901)	(13,378,156)	(90,099,134)
Depreciation through profit or loss		(376,857)	(2,129,999)	(149,029)	(6,105,712)	(22,124)	(12,669)	(643,831)	(7,699,501)	(17,139,722)
Withdrawals, sales and derecognitions		2,544	257,587	-	2,857,802	109,250	-	326,405	-	3,553,588
Reclassifications		-	-	-	-	-	-	-	-	-
Capitalized depreciation		-	-	-	(290,567)	-	-	-	-	(290,567)

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

		Land	Buildings	Machinery and equipment	Transport equipment	Communication and computer equipment	Land associated with the concession	Buildings associated with the concession	Machinery and equipment associated with the concession	Total rights of use
Transfer of option to purchase rights of use		-	-	-	78,947	-	-	-	-	78,947
Translation adjustments of transactions in foreign subsidiaries		(97,580)	(154,540)	-	(138,546)	-	-	(184,184)	-	(574,850)
Audited balance adjustments		-	-	-	-	-	(518)	518	-	-
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)
Net balance										
Balance as of December 31, 2020	$	3,688,491	17,422,459	2,261,073	10,513,008	68,216	151,656	3,832,776	98,673,597	136,611,276
Balance as of December 31, 2021	$	3,811,556	16,894,956	2,149,183	12,830,533	46,092	265,249	3,619,631	93,261,920	132,879,120

19. INCOME TAX

In accordance with current tax regulations, the Company is subject to income tax and complementary taxes. The applicable rate for the years 2021 and 2020 was 31% and 32%, respectively.

The taxable income for occasional earnings is at a rate of 10%.

The basis for determining income tax in 2020 cannot be less than 0.5% of its net worth on the last day of the immediately preceding taxable year (presumptive income). For the year 2021, the minimum taxable base determined by presumptive income was eliminated.

Act 1819 of 2016, determined through Article 22 that for the validity of 2017 and following years, the determination of income tax and complementary taxes, in the value of assets, liabilities, equity, income, costs and expenses, of the taxpayers of this tax required to keep accounting, will apply the recognition and measurement systems, in accordance with the technical accounting regulatory frameworks in force in Colombia, when the tax law expressly refers to them and in the cases in which this does not regulate the matter. In any case, the tax law may expressly provide for a different treatment, in accordance with Article 4 of Act 1314 of 2009.

Deferred taxes

The differences between the book value of assets and liabilities and their tax bases give rise to the following temporary differences that generate deferred taxes, calculated and recorded in the periods ended December 31, 2021 and 2020, based on the tax rates in force as references for the years in which such temporary differences will be reversed.

In compliance with IAS 12, the Company did not record deferred tax liabilities related to temporary differences on investments in subsidiaries, mainly for items corresponding to undistributed earnings and tax adjustments on investments. This is due to the fact that: i) the Company has control of the subsidiaries and, therefore, can decide on the reversal of such temporary differences; and ii) the Company does not expect to realize them in the medium term; therefore, it is probable that such temporary differences will not be reversed in the foreseeable future. Temporary differences for the aforementioned items as of December 31, 2021 and 2020, amounted to $2,195,442,825 and $1,583,947,748, respectively.

Below is the detail of the movement of deferred income tax:

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

	December 2019	Credited (debited) to profit and loss	Credited (debited) to OCI	Recognized directly through equity	December 2020	Credited (debited) to profit and loss	Credited (debited) to OCI	Recognized directly through equity	December 2021
Credit portfolio	$ (40,801,571)	9,086,615	-	-	(31,714,956)	(9,225,892)	-	-	(40,940,848)
Concession agreements	20,880,582	(602,223)	-	-	20,278,359	(8,898,468)	-	-	11,379,891
Biological asset	-	-	-	-	-	-	-	-	-
Fiscal losses	41,248,429	16,550,506	-	81,431	57,880,366	37,160,836	-	-	95,041,202
Excess of presumptive income	171,983	12,972	-	-	184,955	(402,463)	-	-	(217,508)
Non-deductible liability provisions	29,924,965	16,490,109	-	-	46,415,074	18,103,842	-	-	64,518,916
Difference between accounting and tax values of property, plant and equipment	67,424,189	6,625,228	-	-	74,049,417	(18,075,841)	-	-	55,973,576
Lease agreement	13,975,888	(244,733)	-	-	13,731,155	3,357,026	-	-	17,088,181
Provision of investment commitment	44,003,279	158,229	-	-	44,161,508	6,776,330	-	-	50,937,838
Employee benefits	(284,036)	891,551	(14,550)	-	592,965	(228,422)	(145,299)	-	219,244
Valuation of derivatives	(54,451)	(51,913)	106,364	-	-	-	-	-	-
Goodwill	859,462	(436,552)	-	-	422,910	(422,910)	-	-	-
Deferred charges	-	694,304	-	-	694,304	22,190,315	-	-	22,884,619
Financial assets	(486,275,468)	(43,829,118)	-	-	(530,104,586)	(105,760,155)	-	-	(635,864,741)
Valuation of equity investments	(17,497,698)	222,664	(1,758,795)	-	(19,033,829)	(1,852,664)	(228,131)	-	(21,114,624)
Cost of property, plant and equipment	(144,120,257)	12,136,379	-	-	(131,983,878)	(60,413,640)	-	-	(192,397,518)
Cost of intangible assets	(39,230,009)	(30,288,641)	-	-	(69,518,650)	30,556,426	-	-	(38,962,224)
IFRS15 construction service margin	-	(118,853,579)	-	1,945,475	(116,908,104)	(120,859,369)	-	-	(237,767,473)
Effect of translation of deferred tax subsidiaries Peru	-	-	-	-	-		-	(15,149,827)	(15,149,827)
Valuation of derivatives	794,916	(79,716)	167,163	-	882,363	(43,987)	(48,740)	-	789,636
Others	1,322,641	(8,138,384)	7,443,728	(829,526)	(201,541)	37,842,720	22,185,506	-	59,826,685
	$ (507,657,156)	(139,656,302)	5,943,910	1,197,380	(640,172,168)	(170,196,316)	21,763,336	(15,149,827)	(803,754,975)

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

Below is the detail of deferred income tax assets and liabilities:

		December, 2021	December, 2020
Deferred tax assets, net	$	66.136.281	60.225.121
Deferred tax liabilities, net		(869.891.255)	(700.397.289)
Deferred tax, net	$	(803.754.974)	(640.172.168)

Income Tax:

The Company and its subsidiaries are subject to an income tax with a rate as of December 31, 2021 and 2020, of 31% and 32% and, respectively. The mentioned rate is applicable to the highest of the net income or the presumptive income. To calculate the presumptive income in 2020, 0.5% of the net worth of the previous year was applied, in 2021 the rate applicable to presumptive income was 0%.

The subsidiaries Gases del Pacífico S.A.C. and Gases del Norte del Perú S.A.C., as of December 31, 2021 and 2020, are subject to an income tax of 29.5%; Zonagen S.A.S. and Sociedad Portuaria El Cayao S.A. E.S.P., as of December 31, 2021 and 2020, were subject to an income tax of 20%.

As of December 31, 2021 and 2020, the Company and its subsidiaries calculated and recorded provisions for income taxes, based on taxable income, which takes into account certain adjustments to the commercial profit of the separate financial statements prepared in accordance with the Financial Reporting Standards accepted in Colombia (CFRS), provided in Act 1314/2009.

As of December 31, 2021, Zonagen S.A.S. calculated and recorded the provision for income tax based on presumptive income.

Taxable years 2016, 2017, 2018, 2019 ans 2020 are open for review by the tax authorities of Promigas S.A. E.S.P., Promisol S.A.S., Promioriente S.A. and Sociedad Portuaria El Cayao. For Gases de Occidente S.A. E.S.P., Surtigas S.A. E.S.P, Transmetane E.S.P. S.A., Transoccidente S.A. E.S.P. and Enlace Servicios Compartidos S.A.S., are open for review by the authorities for taxable years 2017, 2018 and 2019; and for Zonagen S.A.S., the years 2016, 2017, 2018, 2019 and 2020. For Compañía Energética de Occidente S.A. E.S.P., the income statements subject to control by the DIAN correspond to the years 2014, 2016, 2017, 2018 and 2019. No adjustments are expected as a result of the reviews.

On February 4, 2009, Promigas S.A. E.S.P. entered into a Legal Stability Agreement with the Nation – Ministry of Mines and Energy, whereby it agrees to build a pipeline and other transportation facilities amounting to $77,263,585, over a seven-(7)-year term. The contract term is twenty (20) years, during which the Nation, as consideration, guarantees Promigas the legal stability on certain provisions of the Tax Code. The benefits include:

- The benefit from the deduction of productive real fixed assets as of December 31, 2021 and 2020, for $17,179,086 and $57,742,873, respectively.

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

As of December 31, 2021 and 2020, the following Companies had accrued fiscal loss and excess presumptive income over ordinary income: Zonagen S.A.S., Sociedad Portuaria El Cayao S.A. E.S.P., Gases del Pacífico S.A.C., and Gases del Norte del Perú y Enlace S.A.S., whose fiscal losses and excess presumptive rate over net income amount to $244,278,530 and $166,472,096, respectively. Excesses expire in 2025 and fiscal losses have no expiry, as they were caused after 2007.

	December 2021	December 2020
Zonagen S.A.S.	5,228,177	4,471,264
Sociedad Portuaria el Cayao S.A. E.S.P	22,038,920	24,529,609
Enlace Servicios compartidos S.A.S.	1,698,781	1,698,781
Gases Del Pacifico S.A.C.	209,874,156	134,150,144
Gases Del Norte Del Peru S.A.C	817,542	1,622,297
Promigas Peru S.A.	4,620,954	-
Totales	244,278,530	166,472,095

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

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

As of December 31, 2021 and 2020, the income tax liability is comprised as follows:

	December 2021	December 2020
Current year income tax	169,970,756	214,629,248
Offset of income and complementary taxes	(107,478,508)	(150,938,202)
	62,492,248	63,691,046

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

Below is the detail of income tax expense for the half-years ended December 31, 2021 and 2020:

		December 2021	December 2020
Current income tax	$	247,387,475	220,605,422
		247,387,475	220,605,422
Income tax previous periods		(3,286,022)	(457,721)
Net deferred taxes		170,196,316	139,656,302
	$	414,297,769	359,804,003

Below is the reconciliation of the effective rate:

		December 2021		December 2020	
			%		%
Income before income tax	$	1,548,585,005		1,546,183,251	
Expense of theoretical tax calculated based on the current tax rate		480,061,352	31.00%	494,778,640	32.00%
Non-deductible expenses		8,140,947	0.53%	8,991,105	0.58%
Use of provisions		11,578,335	0.75%	(5,101,435)	(0.33%)
Revenues from equity method		(78,253,485)	(5.05%)	(68,627,530)	(4.44%)
Interests and other untaxed revenues		(4,669,562)	(0.30%)	(4,477,781)	(0.29%)
Exempt income		(191,560)	(0.01%)	(213,214)	(0.01%)
Effect of accounting depreciation and amortization vs, fiscal depreciation and amortization		-	-	(1,262,802)	(0.08%)
Occasional earnings		(181,382)	(0.01%)	(145,407)	(0.01%)
Non-deductible expenses taken as tax discounts		9,962,547	0.64%	18,577,266	1.20%
Donations considered as tax discounts		(3,157,060)	(0.20%)	(8,356,877)	(0.54%)
Effect of the difference in rates on tax loss		-	-	2,236,207	0.14%
Tax benefit on acquisition of productive assets		(5,325,517)	(0.34%)	(18,477,719)	(1.20%)
Subsidiary earnings in countries with different tax rates		3,560,963	0.23%	2,161,253	0.14%
Tax rate change adjustment		(8,305,972)	(0.54%)	(8,816,256)	(0.57%)
Effect on deferred tax due to changes in tax rates on concessions		(33,184,111)	(2.14%)	(37,047,898)	(2.40%)
Effect on income tax due to adjustments in previous periods		(3,286,022)	(0.21%)	(390,211)	(0.03%)
Tax discounts		(15,438,231)	(1.00%)	(10,529,103)	(0.68%)
Effect of decree 1311/2021		47,137,206	3.04%		
Other items		5,849,321	0.38%	(3,494,235)	(0.23%)
Total tax expense for the period	$	414,297,769	26.77%	359,804,003	23.27%

Transfer Pricing

Pursuant to Acts 788/2002 and 863/2003, Promigas S.A. E.S.P., Promisol S.A.S., Surtigas S.A. E.S.P. and Orion Contact Center S.A.S. prepared the last transfer pricing assessment over transactions with related entities abroad in 2020. The assessment did not give rise to adjustments affecting tax income, costs or expenses of the Company.

The Company must carry out transfer pricing studies in September 2021, for the operations carried out with related parties during the year 2020; however, no significant changes are expected with respect to the aforementioned studies.

Tax Reform

On September 14, 2021, Act 2155 of 2021 was enacted, which introduces new tax rules, the most relevant aspects of which are presented below:

The general income tax rate is increased as from 2022 to 35%.

Financial institutions that have a taxable income higher than or equal to 120,000 UVT will have the obligation to add 3 additional points to the income tax.

The 50% discount in the industry and trade tax was maintained as from 2022.

For the years 2022 and 2023, the time of finality of income tax returns for taxpayers who increase their net income tax by 35% and 25% with respect to the previous year was modified to 6 and 12 months, respectively.

Penalties and default interest paid before December 31, 2021, and with respect to obligations prior to June 30, 2021, will have a 20% reduction.

Tax uncertainties

Based on the policies of Promigas and related companies, and the income tax returns that have not yet reached their term of finality, the impact of IFRIC 23 was reviewed, identifying that there are no cases of uncertain tax positions, except for the one identified in Compañía Energética de Occidente, recognized in its financial statements in the amount of COP $ 120 million.

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

20. FINANCIAL OBLIGATIONS

Below is a summary of the financial obligations obtained by Promigas and its subsidiaries as of December 31 and June 30, 2016, for the essential purpose of financing operations and investment plans:

		December 2021	December 2020
Short-term			
Loans in foreign currency	$	244,758,898	173,408,076
Loans in local currency		29,018,999	45,488,013
Lease agreements		148,083,354	128,912,652
Interest payable		6,575,802	5,984,937
	$	428,437,053	353,793,678
Long-term			
Loans in foreign currency	$	474,431,051	319,933,188
Loans in local currency		1,002,864,900	727,074,313
Lease agreements		779,475,955	823,369,280
	$	2,256,771,906	1,870,376,781
Total financial obligations	$	2,685,208,959	2,224,170,459

Below is a summary of the maturities of long-term financial obligations:

Year		Value
2022	$	446,241,495
2023		895,219,919
2024		359,093,246
2025		434,979,729
2026 onwards		121,237,517
	$	2,256,771,906

(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:

		Loans obtained in local currency	Loans obtained in foreign currency	Lease agreements	Interest payable	Financial obligations
Financial obligations and liabilities						
Balance as of December 31, 2019	$	1,203,913,257	365,369,005	1,032,488,126	12,200,793	2,613,971,181
Addition obligations		762,038,134	353,290,500	15,204,940	-	1,130,533,574
Addition of incremental costs		(357,308)	-	-	-	(357,308)
Initial recognition PPA Promigas Peru			719,817			719,817
Payments		(1,188,279,749)	(298,142,678)	(128,690,889)	(207,085,764)	(1,822,199,080)
Transfers and reclassifications		(4,752,009)	32,787,334	(40,244,487)	2,347,640	(9,861,522)
Interest through profit or loss					188,550,733	188,550,733
Capitalized interest		-	-	-	9,814,107	9,814,107
Exchange difference		-	(9,293,268)	8,737	63,147	(9,221,384)
Hedges through profit or loss		-	(949,425)	-	-	(949,425)
Adjustments for conversion of transactions in foreign subsidiaries		-	11,183,934	42,770,896	(379,254)	53,575,576
Balance acquired in business combinations		-	39,095,863	30,744,609	473,535	70,314,007
Balance as of December 31, 2020	$	772,562,325	493,341,265	952,281,932	5,984,937	2,224,170,459
Addition obligations		691,332,945	315,340,561	14,719,727	-	1,021,393,233
Initial recognition PPA Promigas Peru		-	719,817	-	-	719,817
Payments		(435,639,263)	(169,865,455)	(141,612,153)	(117,792,236)	(864,909,107)
Transfers and reclassifications		(4,444)	(9,560)	(2,740,914)	(167,817)	(2,922,735)
Interest through profit or loss		3,632,336	3,078,588	781,242	115,218,630	122,710,796
Capitalized interest		-		-	3,040,302	3,040,302
Exchange difference		-	(6,072,081)	100,521	(13,317)	(5,984,877)
Hedges through profit or loss		-	949,425	-	-	949,425
Adjustments for conversion of transactions in foreign subsidiaries		-	81,707,389	104,028,954	305,303	186,041,646
Balance as of December 31, 2021	$	1,031,883,899	719,189,949	927,559,309	6,575,802	2,685,208,959

21. OUTSTANDING BONDS

Outstanding bonds are detailed below:

		December 2021	December 2020
Short-term			
Ordinary bonds	$	230,382,000	-
Bonds interest payable		38,445,276	29,775,925
	$	268,827,276	29,775,925
Long-term			
Ordinary bonds	$	4,597,101,390	4.521,253,738
	$	4,597,101,390	4.521,253,738

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

The bonds issued by the Company and its subordinates in the local market are long-term, have AAA risk rating and pay interest quarterly in arrears and have as legal representative of the holders Fiduciaria Helm Trust S.A and Central S.A. The bonds issued in the international market are long-term, have BBB- risk rating and pay interest semi-annually in arrears.

As a result of the international bond issue, Promigas S.A. E.S.P. and Gases del Pacífico S.A.C. must comply with the agreements signed in the structuring of the bonds that are detailed in article 4 - Covenants of the Original Agreement dated October 16, 2019.

These commitments inlude the following:

<u>Sending quarterly (unaudited) and annual (audited) Financial Statements to USBANK</u>

So long as the debt exists, Promigas shall, within 90 days after the end of each quarter and 120 days after the end of each fiscal year, provide the trustee copies of an unaudited (with respect to the quarter) or audited (with with respect to the fiscal year) consolidated balance sheet, statement of income and statement of cash flows of Promigas, prepared in a form substantially similar to the financial statements included in the offering memorandum prepared in accordance with Colombian IFRS and presented in English. The audited information provided related to the annual financial statements will also include the corresponding report by the independent certified public accountants. Receipt of such reports by the trustee will not constitute an effective or constructive notice of the information it contains, including Promigas's compliance with any of its covenants under this agreement.

The bonds are detailed below

December, 2021

Issuer	Series	Term in years	Nominal value	Interest rate	Date of issue	Maturity	Underwriting date
Promigas S.A. E.S.P.	C15	15	170,000,000	CPI+5.99%	27/08/2009	27/08/2024	28/08/2009
Promigas S.A. E.S.P.	A10	10	150,179,000	CPI+3.22%	29/01/2013	29/01/2023	30/01/2013
Promigas S.A. E.S.P.	A20	20	250,000,000	CPI+3.64%	29/01/2013	29/01/2033	30/01/2013
Promigas S.A. E.S.P. (1)	A7	7	120,000,000	CPI+3.34%	11/03/2015	11/03/2022	12/03/2015
Promigas S.A. E.S.P.	A15	15	175,000,000	CPI+4.37%	11/03/2015	11/03/2030	12/03/2015
Promigas S.A. E.S.P.	A10	10	150,000,000	CPI+3.74%	08/09/2016	08/09/2026	09/09/2016
Promigas S.A. E.S.P.	A20	20	250,000,000	CPI+4.12%	08/09/2016	08/09/2036	09/09/2016
Promigas S.A. E.S.P.	USD	10	827,973,300	Fixed3.75%	16/10/2019	16/10/2029	16/10/2019
Promigas S.A. E.S.P.	USD	10	118,281,900	Fixed3.75%	22/10/2020	22/10/2029	22/10/2020
Promigas S.A. E.S.P.	A5	5	99,480,000	UVR3.77%	19/11/2020	19/11/2025	19/11/2020
Promigas S.A. E.S.P.	D25	25	500,519,957	CPI+1.58	19/11/2020	19/11/2045	19/11/2020
Gases del Pacifico S.A E.S.P.	USD	10	749,118,700	Fixed3.75%	16/10/2019	16/10/2029	16/10/2019
Gases del Pacifico S.A E.S.P.	USD	10	354,845,700	Fixed3.75%	16/10/2020	16/10/2029	16/10/2020
Surtigas S.A. E.S.P.	A10	10	130,000,000	CPI 3.25%	12/02/2013	12/02/2023	12/03/2013
Surtigas S.A. E.S.P.	A20	20	70,000,000	CPI+3.64%	12/02/2013	12/02/2033	12/03/2013
Gases de Occidente S.A. E.S.P.	A10	10	110,382,000	CPI+3.75%	11/12/2012	11/12/2022	10/12/2012
Gases de Occidente S.A. E.S.P.	A20	20	89,618,000	CPI+4.13%	11/12/2012	11/12/2032	10/12/2012
Gases de Occidente S.A. E.S.P.	A7	7	126,400,000	CPI+3.65%	02/03/2018	02/03/2025	01/03/2018
Gases de Occidente S.A. E.S.P.	A25	25	173,600,000	CPI+4.12%	02/03/2018	02/03/2043	01/03/2018
Promioriente S.A. E.S.P.	A7	7	105,000,000	CPI+3.54%	23/01/2018	23/01/2025	24/01/2018

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

December, 2021

Issuer	Series	Term in years		Nominal value	Interest rate	Date of issue	Maturity	Underwriting date
Promioriente S.A. E.S.P.	C5	5		100,000,000	CPI+7.10%	23/01/2018	23/01/2023	24/01/2018
		Subtotal	$	4,820,398,557				
		Amortized cost		(8,889,497)				
		UVR Adjustment		15,974,330				
		Interest payable		38,445,276				
		Total	$	4,865,928,666				

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

		Bonds	Interest bonds payable	Outstanding bonds
Outstanding bonds				
Balance as of December 31, 2019	$	3,658,338,340	29,058,940	3,687,397,280
Addition obligations		1,060,609,457	-	1,060,609,457
Addition incremental costs		(7,261,786)	-	(7,261,786)
Payments		(199,821,000)	(218,654,098)	(418,475,098)
Transfers and reclassifications		(3,931,797)	3,931,797	-
Interest through profit or loss		-	202,222,337	202,222,337
Capitalized interest		-	11,752,663	11,752,663
Exchange difference		(2,363,300)	(136,922)	(2,500,222)
Non-derivative hedges through OCI		24,229,187	-	24,229,187
Hedges through profit or loss		(1,962,227)	-	(1,962,227)
Adjustments for conversion of transactions in foreign subsidiaries		(6,583,136)	1,601,208	(4,981,928)
Balance as of December 31, 2020	$	4,521,253,738	29,775,925	4,551,029,663
Addition incremental costs		(151,225)	-	(151,225)
Reclassifications		33,580	(33,580)	-
Payments		-	(233,858,029)	(233,858,029)
Interest through profit or loss		23,598,999	236,863,754	260,462,753
Capitalized interest		-	4,703,623	4,703,623
Exchange difference		33,715,615	93,000	33,808,615
Non-derivative hedges through OCI		97,140,790	-	97,140,790
Hedges through profit or loss		248,897	-	248,897
Adjustments for conversion of transactions in foreign subsidiaries		151,642,996	900,583	152,543,579
Balance as of December 31, 2021	$	4,827,483,390	38,445,276	4,865,928,666

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

Hedging Financial Liabilities

By having bonded debt in foreign currency, the risk of fluctuation in the exchange rate of the translation effect of investments with functional currency dollar has been identified as a hedged item. The designated financial liabilities limit the risk resulting from fluctuations in the exchange rate in dollars above or below the specified ranges.

With the first issue of international bonds on October 16, 2019, the change of hedging instrument is confirmed, being currently the bond obligation, which will be used to offset the effects of the fluctuation of the exchange rate on Promigas's equity due to the adjustment in translation of the Net Investments abroad in functional currency dollar.

To determine the effectiveness of the hedge ratio, the Company evaluates qualitatively the critical contractual obligations between the hedged item and the hedging instrument. If inconsistencies are noticed in contractual obligations, a quantitative assessment is used to determine the impact of potential ineffectiveness.

The book value of net investments abroad and the percentage covered are detailed below:

Company	**Net investment value USD**	**Hedged item USD**	**Hedge %**
Gases del Pacífico S.A.C.	102,996,805	31,887,910	31.0%
Gases del Norte del Perú S.A.C	95,082,683	8,394,897	8.8%
Promigas Perú S.A..	12,270,185	4,819,714	39.3%
Sociedad Portuaria el Cayao S.A. E.S.P.	40,114,861	26,365,351	65.7%
Promigas Panamá Corporation	13,511	7,500	55.5%
Sociedad Portuaria de Lima y Callao S.A.C.	142,680,780	125,283,772	87.8%
Total	**393,158,825**	**196,759,144**	**50.05%**

Impact of the Hedge Ratio:
The part of the gain or loss on the hedging instrument determined as an effective hedge is recognized in other comprehensive income. The determination of the results by net investment hedge is as follows:

		Hedged Item Measurement	**Hedging Instrument Measurement**	**Ratio**
Effectiveness of the hedge ratio	$	196,759,144	196,759,144	100%

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

22. ACCOUNTS PAYABLE

Below is the detail of accounts payable:

		December, 2021			December, 2020		
		Third parties	Related entities	Total	Third parties	Related entities	Total
Short-Term							
Domestic goods and services	$	392,779,485	762,940	393,542,425	344,827,452	1,246,403	346,073,855
Goods and services		82,783,436	-	82,783,436	70,861,696	-	70,861,696
Creditors		20,210,343	19,891,581	40,101,924	51,789,099	17,147,300	68,936,399
Dividends payable		40,348,928	32,495,047	72,843,975	-	69,282,078	69,282,078
Hedges payable		395,799	3,960	399,759	23,366,930	-	23,366,930
Subsidies assigned payable		12,312,096	-	12,312,096	207,131	-	207,131
	$	548,830,087	53,153,528	601,983,615	491,052,308	87,675,781	578,728,089
Long-Term							
National goods and services		-	-	-	1,519,777	-	1,519,777
Creditors		22,869,891	-	22,869,891	18,760,105	-	18,760,105
Interest rate swaps hedging	$	3,680,201	-	3,680,201	7,249,089	-	7,249,089
		26,550,092	-	26,550,092	27,528,971	-	27,528,971

23. EMPLOYEE BENEFITS

Below is the detail of balances of employee benefits:

		December 2021	December 2020
Short-Term			
Severance and interest on severance pay	$	7,170,163	6,495,403
Vacations		9,485,702	9,060,984
Extralegal benefits		1,584,766	1,752,563
Other payments and benefits		4,668,921	5,407,612
	$	22,909,552	22,716,562
Long-term			
Post-employment benefits - Severance previous law	$	268,994	505,501
Post-employment benefits - Pensions		875,196	1,650,323
Long-term benefits		2,456,390	2,495,468
	$	3,600,580	4,651,292

Employee Retirement Benefits:

The post-employment benefits of the Company and its subsidiaries include a pension plan, retirement bonus and severance pay under the labor law prior to Act 100 of 1993.

The estimate of pension obligations, costs and liabilities depend on a variety of long-term premises determined by actuarial bases, including estimates of present value of projected future pension payments for those participating in the plan, considering the probability of future potential events, such as an increase in the urban minimum wages and demographic experience. These premises may have an effect in the amount and future contributions, should any variation occur.

The discount rate allows for future cash flows to be established at present value of the measurement date. The company and its subsidiaries determine a long-term rate that represents the market rate for high quality fixed income investments or government bonds denominated in the currency in which the benefit shall be paid, and considers the opportunity and payment amounts of future benefits, for which Government bonds have been selected.

Other key premises are used to measure actuarial liabilities, and are calculated based on the Company and its subsidiaries' specific experience combined with published statistics and market indicators.

- With Act 100/1993, effective April 1, 1994, the Company and its subsidiaries covered their pension obligation when employees retire after meeting certain age and years of service through the payment of contributions to Colpensiones (formerly known as Social Security Institute) and pension funds, based on defined contribution plans where the Companies and employees contribute monthly values defined by the law to have access to the employee retirement pension; However, some employees who meet the requirements of age and years of service are subject to the previous legislation, Act 50/1990, in which pensions are assumed directly by the Company and its subsidiaries.

- The Company and its subsidiaries award extra-legally or by collective agreements an additional bonus to employees who, upon reaching the required age and years of service, retire to enjoy the pension granted by the pension funds.

- Certain employees hired by Promigas before 1990 are entitled to a compensation at the date of their retirement, at the Company's or employee's will, equal to the last month's salary multiplied by the number of years worked for the Company.

<u>Long-term benefits</u>

The Company and its subordinates grant their employees an extra-legal seniority premium, which constitutes a long-term obligation during the employee's working life, depending on the number of years of service. A single payment is made every five, ten, fifteen and twenty years, etc., calculated as days of salary (between 30 and 90 days) each payment.

<u>Actuarial Hypotheses</u>

The Company and its subsidiaries use other key premises to value actuarial liabilities, which are calculated based on the specific experience of the Company combined with published statistics and market indicators.

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

The variables used to calculate the projected obligation of the different retirement and long-term benefits of the employees are shown below:

	December 31, 2021		December 31,2020	
	Pension Liabilities	Long-term benefits	Pension Liabilities	Long-term benefits
Discount rate	7,25%	7,00%	5.26%	4.75%
Rate of inflation	3,00%	3,00%	3.00%	3.00%
Salary increase rate	3,00%	3,00%	4.00%	4.00%
Pension increase rate	3,00%	0,00%	3.00%	0.00%
Average duration of the plan (in years)	6,18	3,82	7,25	4,74

The expected life of employees is calculated based on mortality tables published by the Financial Superintendence of Colombia, which have been constructed based on the mortality experiences provided by the different insurance companies operating in Colombia.

24. 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 a possible breaches to such rules, thus producing a significant impact on the financial statements.

		December 2021	December 2020
Short term	$	42,672,697	11,187,692
Long term		309,718,878	270,818,359
	$	352,391,575	282,006,051

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

The following table presents the nature and amount of the loss contingencies recorded:

	Administrative	Labor	Civil	Provision for abandonment costs	Provision for inspection of gas pipelines	Provision for environmental offsets	Provision for contingencies	Provision for asset replacement	Social management commitments	Provision for constructive obligations	Total provisions
December 31, 2019	$ 6,899,735	2,107,078	3,055,911	23,849,737	18,358,955	37,194,777	1,805,220	202,327,927	-	824,337	296,423,676
New provisions charged to expense	673,001	100,000	931,077	-	-	-	-	-	-	-	1,704,078
Addition of existing provisions charged to expense	2,203,025	81,470	-	-	-	-	-	-	-	(370,328)	1,914,167
Addition of capitalized provisions	-	-	-	1,082,212	-	2,374,506	-	15,333,353	-	-	18,790,071
Addition of existing provisions charged to cost	141	-	-	-	3,090,924	-	-	25,921,806	-	-	29,012,871
Readjustment of existing provisions through profit or loss	-	-	-	353,397	-	507,674	-	-	-	-	861,071
Use of provisions	(2,006,356)	-	-	(83,686)	(1,922)	(3,014,560)	-	(35,765,459)	-	-	(40,871,983)
Reprovisioning	(843,818)	(1,679,567)	-	(10,359)	(507,094)	-	-	(1,127,253)	-	-	(4,168,091)
Reprovisioning charged to cost	-	-	-	-	(2,305,690)	-	-	(9,066,697)	-	-	(11,372,387)
Transfer of investment plan commitment	-	-	-	-	-	-	-	(13,374,642)	-	-	(13,374,642)
Adjustments due to translation of transactions in foreign subsidiaries	3,506	-	-	-	-	80,233	-	3,003,481	-	-	3,087,220
Reclassifications	3,523,027	275,279	(1,993,086)	-	-	-	(1,805,220)		-	-	-
December 31, 2020	10,452,261	884,260	1,993,902	25,191,301	18,635,173	37,142,630	-	187,252,516	-	454,009	282,006,051
Addition of existing provisions charged to expense	3,197,931	1,367,877	-	6,863,214	-	-	-	-	-	(140,958)	11,288,064
Addition of capitalized provisions	-	-	-	601,839	-	13,693,312	-	10,731,468	3,509,232	-	28,535,851
Addition of existing provisions charged to cost	-	-	-	-	16,258,594	-	-	24,112,585	-	-	40,371,179
Readjustment of existing provisions through profit or loss	-	-	-	1,327,659	-	2,101,987	-	5,682,820	-	-	9,112,466
Use of provisions	(438,892)	-	-	-	(1,886,320)	(6,569,719)	-	(1,652,411)	-	-	(10,547,342)
Reprovisioning	(1,528,150)	(265,010)	(344,727)	-	-	-	-	(2,153,587)	-	-	(4,291,474)
Reprovisioning charged to cost	-	-	-	-	-	-	-	(498,828)	-	-	(498,828)
Transfer of investment plan commitment	-	-	-	-	-	-	-	(11,301,665)	-	-	(11,301,665)
Adjustments due to translation of transactions in foreign subsidiaries	2,337	-	-	-	-	179,460	-	7,390,243	145,233	-	7,717,273
December 31, 2021	11,685,487	1,987,127	1,649,175	33,984,013	33,007,447	46,547,670	-	219,563,141	3,654,465	313,051	352,391,575

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

25. OTHER LIABILITIES

Below is the detail of other liabilities:

		December 2021	December 2020
Collection for third parties	$	22,844,667	22,005,103
Withholding tax and self-withholding tax		24,459,750	21,067,420
Industry and trade withholding tax payable		2,330,078	1,614,856
Other taxes and contributions payable		23,137,015	27,461,394
Value added tax payable		3,118,842	4,367,927
Deposits received from third parties		49,581,583	27,837,133
Revenues received in advance		40,706,537	43,893,552
	$	166,178,472	148,247,385

26. EQUITY ATTRIBUTABLE TO COMPANY SHAREHOLDERS

Share Capital **–** As of December 31, 2021 and 2020, 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:

		December 2021	June 2020
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 (1)		70,567	70,567
Paid-in and subscribed capital	$	113,491,861	113,491,861

Reserves – The balance of reserves is detailed as follows:

		December 2021	December 2020
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		971,430,342	786,837,645
Total	$	1,104,531,324	919,938,627

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.

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

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

Profit Allocation – Dividends are ordered and paid to shareholders based on non-consolidated net profits for the immediately previous year half. The dividends ordered were the following:

		December 31, 2021	December 31, 2020
Date of Meeting		16.Mar.2021	24.Mar.2020
Unconsolidated earnings from the immediately preceding period		1,137,490,096	811,152,629
Dividends paid in cash			
Ordinary dividends per share	$	21	20
Payment date		21. Apr. 2021 to 21 Mar. 2022	21. Apr. 2020 to 21 21.Mar.2021
Extraordinary dividends per share	$	105	74
Payment date		21. Apr. 2021 and 21.Oct. 2021	21. Apr. 2020 and 21.Oct. 2020
Total outstanding shares		1,134,848,043	1,134,848,043
Total dividends declared	$	524,299,796	440,321,041
Available for future allocations	$	428,597,603	164,383,363
Transfer of earnings from previous years to reserves due to IFRS effect		184,592,697	206,448,225

27. NON-CONTROLLING INTEREST

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

	December 2021			December 2020		
Company	**%**	**Interest in Equity**	**Interest in Earnings**	**%**	**Interest in Equity**	**Interest in Earnings**
Surtigas S.A. E.S.P.		$ 81,093	11,585	0.01%	$ 73,096	10,752
Transoccidente S.A. E.S.P.		2,662,401	744,175	21.00%	2,590,192	665,271
Promioriente S.A. E.S.P.		101,128,923	13,687,606	26.73%	114,531,484	21,649,519
Transmetano E.S.P. S.A.		701,882	124,765	0.33%	680,990	131,990
Gases de Occidente S.A. E.S.P.		22,464,957	7,329,269	5.57%	19,030,839	5,830,441
Zonagen S.A.S.		(84)	(582)	0.05%	498	(573)
Sociedad Portuaria El Cayao S.A. E.S.P.		53,117,084	13,257,815	49.00%	122,149,627	20,647,296
		280,156,256	35,14,633		259,056,726	48,934,696

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

28. REVENUE

Below is the detail of revenue:

		December 2021	December 2020
Transport and distribution of natural gas	$	3,019,658,641	2,859,574,237
Generation and distribution of power		524,775,389	494,792,728
Installations and technical services		230,150,594	202,237,652
Income from non-banking financing		118,172,207	93,015,840
Construction of concessions (see note 15)		939,843,911	829,374,632
Other services		367,158,521	318,946,090
Income hedging results		(18,022,602)	(32.486.183)
	$	5,181,736,661	4,797,941,179

29. COST OF SALES

Below is the detail of costs of goods sold:

		December 2021	December 2020
Employee benefits	$	172,359,097	155,661,763
Maintenance and materials		207,637,668	197,871,593
Fees and consultancies		33,684,051	26,852,831
General costs		2,124,290,091	1,946,532,727
Impairments		6,038,772	-
Cost hedging results		(4,259,418)	-
Construction of concessions (See note 15)		548,484,732	400,215,446
Taxes		27,227,372	22,568,192
Depreciation and amortization		269,811,865	230,393,791
	$	3,385,274,230	2,980,096,343

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

30. ADMINISTRATIVE AND SALES EXPENSES

Below is the detail of operating expenses:

		December 2021	December 2020
Employee benefits	$	129,023,194	119,331,894
Fees		62,799,582	57,851,478
Maintenance and materials		17,590,821	14,161,861
General administrative expenses		81,369,844	61,149,221
Impairment		53,985	-
Provisions		6,996,591	(549,847)
Administrative taxes		58,700,738	53,525,851
Depreciation and amortization		28,199,297	22,870,337
	$	384,734,052	328,340,795

31. OTHERS, NET

Below is the detail of other income for the half-years ended:

		December 2021	December 2020
Leases	$	802,136	775,904
Fees		1,740,520	971,475
Profit on sale of assets		419,659	1,425,272
Compensation		36,493,239	25,636,339
Exploitation		15,043,598	17,660,925
	$	54,499,152	46,469,915

Below is the detail of other expenses for the years ended:

		December 2021	December 2020
Donations	$	16,161,873	35,488,946
Loss on asset derecognition		11,538,029	17,537,392
Other expenses		1,061,991	1,503,894
	$	28,761,893	54,530,232
Others net		25,737,259	(8,060,317)

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

32. FINANCE INCOME

Below is the detail of finance income:

		December 2021	December 2020
Interest and yield	$	16,058,787	29,876,093
Revenues from financial assets concession		270,094,684	252,355,160
Other financial revenues		9,989,983	7,003,397
	$	296,143,454	289,234,650

33. FINANCE COSTS

Below is the detail of finance costs:

		December 2021	December 2020
Interests issued bonds and securities	$	244,085,818	190,064,829
Interests financial obligations		44,852,885	101,823,670
Interest lease agreements		75,727,012	84,789,851
Other finance costs		22,722,316	8,218,738
	$	387,388,031	384,897,088

34. EXCHANGE DIFFERENCE

Below is a breakdown of the exchange difference for the years ended:

	December 2021	December 2020
Exchange difference caused	22,613,964	(5,694,266)
Exchange difference realized	(16,778,289)	(9,625,921)
Exchange rate hedging result	11,527,942	(97,296)
Exchange rate hedging valuation	(20,570,368)	18,857,036
	(3,206,751)	3,439,553

35. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

According to the *"IAS 24 - Related Party Disclosures"*, a related party is a person or entity that is related to the entity that is preparing its financial statements and has control or joint control over the reporting entity; has significant influence over the reporting entity; or is a member of the key management personnel of the reporting entity or of a parent of the reporting entity. The definition of a related party includes: a) persons and/or close members of that person's family related to the reporting entity, entities that are members of the same group (parent and subsidiaries), associates or joint ventures of the entity, post-employment benefit plans for the benefit of employees of either the reporting entity or an entity related to the reporting entity.

Related parties are:

- An economic affiliate is a person or entity that is related to any group entity through transactions such as transfers of resources, services and obligations, regardless of whether or not it is charged. For the Company, transactions between economic affiliates are any economic operations held with shareholders and entities of the parent company.

- Shareholders who individually own more than 10% of the Company's share capital.

- Key management personnel: persons with authority and responsibility for planning, directing and controlling the activities of the entity, either directly or indirectly, including any director or manager (whether executives or otherwise) of the entity, including the CEO, Senior Executives and Board Members.

- Subordinated Entities: Companies where control is exercised according to the definition of control in the code of commerce and "*IFRS 10 - Consolidated Financial Statements*".

- Affiliated Entities: companies where significant influence is exercised, which is generally considered as a participating interest of between 20% and 50% of its share capital.

Operations with related parties:
During the periods ended December 31, 2021 and 2020, 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.

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

Below is the summary of assets and liabilities as of December 31, 2021 and 2020, with shareholders, board members, managers, affiliated companies and other related entities:

		Shareholders	Associates	Other related parties	Total
December 2021					
Assets					
Cash	$	837,561	-	108,564,661	109,402,222
Investments		-	878,395,620	-	878,395,620
Debtors		37,208	18,909,917	70,024	19,017,149
	$	874,769	897,305,537	108,634,685	1,006,814,991
Liabilities					
Accounts payable		52,385,175	-	-	-
Issued bonds and securities		81,179,306	-	-	-
	$	133,564,481	-	-	-
Revenue					
Sale of Goods	$	-	-	47,371	47,371
Sale of Services		1,389,219	59,045,351	1,918,203	62,352,773
Finance		3,070,570	457,607	337,964	3,866,141
Share of profit of equity-accounted investees, net of tax		-	252,886,744	-	252,886,744
Other income		-	48,659	-	48,659
	$	4,459,789	312,438,361	2,303,538	319,201,688
Expenses					
Costs	$	8,501,696	6,134,084	686,645	15,322,425
General		-	21,425	259,542	280,967
Interest		2,913,786	-	-	2,913,786
	$	11,415,482	6,155,509	946,187	18,517,178
December 2020					
Assets					
Cash	$	82,833	-	76,213,414	76,296,247
Investments		-	759,989,369	-	759,989,369
Debtors		205,854	8,793,015	2,566,249	11,565,118
	$	288,687	768,782,384	78,779,663	847,850,734
Liabilities					
Financial obligations	$	69,842	-	-	69,842
Accounts payable		29,577,513	1,604,316	385,126	31,566,955
Issued bonds and securities		47,622,820	-	-	47,622,820
	$	77,270,175	1,604,316	385,126	79,259,617
Revenue					
Sale of Goods	$	-	198,720	-	198,720
Sale of Services		2,278,265	50,371,983	2,278,908	54,929,156
Finance		9,329	-	890,291	899,620
Share of profit of equity-accounted		-	213,581,303	-	213,581,303

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

		Shareholders	Associates	Other related parties	Total
investees, net of tax					
Other income		-	87,808	1,082	88,890
	$	2,287,594	264,239,814	3,170,281	269,697,689
Expenses					
Costs	$	835,546	2,861,263	698,500	4,395,309
General		1,181,532	43,136	1,073,167	2,297,835
Interest		812,534	-	39,562	852,096
	$	2,829,612	2,904,399	1,811,229	7,545,240

Below is the compensation for key management personnel on the years ended:

		December 2021	December 2020
Salaries	$	29,323,295	12,809,562
Employee Benefits		5,957,712	2,337,744
Total	$	35,281,007	15,147,306

Structure of key management personnel for the years ended:

	No. of executives	
	December 2021	December 2020
CEO	1	1
Senior Executives	5	5
Other executives	64	53
Total	70	59

36. 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 of Barranquilla and Cartagena, for an 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 Pacifico 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, as well as a letter of guarantee with SHELL GNL PERU S.A.C for US$6,601,523 in compliance with the contract for the supply of 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 am 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 Bolivar, 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.

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. (now Prime Termoflores S.A.S.S 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 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 shall pay the customer a penalty for unavailability. The Company will be exempted from the payment of this item to the extent that the event is due to an exempt event, in the terms defined by the TUA Contract. On the other hand, in the event that the Company fails to comply with its obligation to unload a load or the actual unloading time exceeds the allotted unloading time, the Company incurs a penalty to be paid to the customer. The Company shall be exempted from payment of this fine to the extent that the event is an exempt 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 USD $40,809,000 and allows a purchase option in year 10. In order to guarantee compliance with the obligations of this contract, a bank guarantee in favor of HOEGH LNG FSRU IV LTD was constituted in the amount of USD $7,986,000 with Banco Santander. 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 20 year term from the date of acceptance of the FSRU (03/12/2016).

Contingencies - In the course of its operations the Company is subject to various legal regulations inherent to public utilities, port companies and related to the protection of the environment. The Company's management consideres, in accordance with legal opinions, that no situations have been identified that could indicate possible non-compliance with these regulations that could have a material impact on these financial statements.

***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.S. E.S.P. undertook, among others, to execute a plan for the expansion, replacement and improvement of infrastructure for the development of sales and distribution services in the market of CEDELCA S.A. E.S.P. tending to maintain and/or rehabilitate the existing networks so that they operate optimally.

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.

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

Contingencies

As of December 31, 2021 and 2020, 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:

	December 2020			December 2019		
	Number of Claims		Value	Number of Claims		Value
Litigations and Lawsuits Against						
Easement claims						
Between $1 and $1,000,000	19		5,366,066	21		5,971,214
From $1,000,001 onward	2		5,138,039	2		5,138,039
Easement	21		10,504,105	23		11,109,253
Ordinary processes						
Between $1 and $1,000,000	46		8,422,079	25		7,976,717
Between $1,000,001 and $3,000,000	7		10,617,890	8		12,768,013
From $3,000,001 onward	6		45,432,319	4		80,218,573
Ordinary	59		64,472,288	37		100,963,303
Labor	21		3,328,619	148		11,387,937
Other litigation and lawsuits	111		4,571,433	4		302,939
Total processes	212		82,876,445	212		123,763,432
Contingency rights						
Contingency rights	5		1,835,429	83		77,538
Litigations and lawsuits	59		132,118,916	28		3,338,538
Total	64	$	133,954,345	111	$	3,416,076

In the course of its operations, Promigas and its subsidiaries are subject to several legal regulations pertaining to public utilities and environmental protection companies. The Management of these Companies considers, based on legal opinions, that there have been no situations that may indicate possible breaches to those standards and leading to significant impacts on the financial statements.

37. OPERATIONS BY SEGMENT

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 Transportation	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	

Distribution of Natural Gas	Distribution of Electricity	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.		Surtigas S.A. E.S.P.
Efigas S.A. E.S.P.		Gascaribe S.A. E.S.P.
Gases de la Guajira S.A. E.S.P.		Gases de la Guajira S.A. E.S.P.
Gas Natural de Lima y Callao S.A.C.		Efigas S.A. E.S.P.
Gases del Pacífico S.A.C.		
Orion Contac Center S.A.S.		
Enlace Servicios Compartidos S.A.S.		
Promigas Perú S.A.		

Below are the assets, liabilities and income statement by segment:

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

		Gas Transportation	Gas Distribution			Distribution and sale of energy	Integrated solutions for the industry	Non-bank financing	Total
			National	Abroad	Total				
December 2021									
Total assets	$	7,876,005,451	2,350,272,465	3,333,381,312	5,683,653,777	690,814,272	127,380,389	544,517,628	14,922,371,517
Total liabilities	$	5,730,465,961	1,409,819,860	1,886,212,052	3,296,031,912	567,956,851	49,185,342	13,494,948	9,657,135,014
December 2020									
Total assets	$	7,581,858,520	2,276,725,402	2,161,193,399	4,437,918,801	635,191,594	152,892,337	362,042,622	13,169,903,874
Total liabilities	$	5,419,334,963	1,265,233,687	1,341,555,972	2,606,789,659	517,708,190	57,367,626	1,966,369	8,603,166,807
December 2021									
Revenue	$	1,187,037,854	2,103,553,431	238,423,723	2,341,977,154	527,024,275	67,681,041	118,172,426	4,241,892,750
Revenue from concession contracts		160,530,716	6,065,471	773,247,724	779,313,195	-	-	-	939,843,911
Cost of sales		(440,136,219)	(1,713,931,209)	(165,419,301)	(1,879,350,510)	(386,979,262)	(88,468,387)	(41,855,120)	(2,836,789,498)
Concession contract costs		(112,128,247)	(6,065,471)	(430,291,014)	(436,356,485)	-	-	-	(548,484,732)
Gross profit		795,304,104	389,622,222	415,961,132	805,583,354	140,045,013	(20,787,346)	76,317,306	1,796,462,431
Share of profit of equity-accounted investees, net of tax		(4,162,721)	116,655,256	140,394,209	257,049,465	-	-	-	252,886,744
Administrative and selling expenses		(160,389,394)	(109,130,163)	(71,221,553)	(180,351,716)	(35,815,167)	(8,154,878)	(22,897)	(384,734,052)
Dividends received		-	456,146	-	456,146	-	-	-	456,146
Impairment for expected credit losses		(611,209)	(24,552,094)	(13,434,482)	(37,986,576)	(7,519,937)	379,196	(8,447,171)	(54,185,697)
Others, net		14,024,656	287,514,906	(205,961,275)	81,553,631	(28,081,340)	8,558,494	(50,318,182)	25,737,259
Income from operating activities		644,165,436	660,566,273	265,738,031	926,304,304	68,628,569	(20,004,534)	17,529,056	1,636,622,831
Finance income		234,930,112	36,368,889	19,163,853	55,532,742	3,182,365	721,354	1,776,881	296,143,454
Financial expenses		(275,149,643)	(43,300,523)	(48,984,425)	(92,284,948)	(19,325,741)	(627,239)	(460)	(387,388,031)
Exchange difference		(18,731,861)	278,987	(3,351,935)	(3,072,948)	(446,572)	25,458,132	-	3,206,751
Income before income tax		585,214,044	653,913,626	232,565,524	886,479,150	52,038,621	5,547,713	19,305,477	1,548,585,005
Income tax		(212,956,255)	(72,678,848)	(89,542,160)	(162,221,008)	(24,879,540)	(5,611,494)	(8,629,472)	(414,297,769)
Net income	$	372,257,789	581,234,778	143,023,364	724,258,142	27,159,081	(63,781)	10,676,005	1,134,287,236
December 2020									
Revenue	$	1,159,458,412	1,954,918,840	189,667,845	2,144,586,685	496,704,462	72,112,971	95,704,017	3,968,566,547
Revenue from concession contracts		232,811,853	6,180,475	590,382,304	596,562,779	-	-	-	829,374,632
Cost of sales		(374,484,336)	(1,621,202,585)	(134,203,569)	(1,755,406,154)	(356,763,845)	(65,987,021)	(27,239,541)	(2,579,880,897)
Concession contract costs		(198,212,856)	(6,180,475)	(195,822,115)	(202,002,590)	-	-	-	(400,215,446)
Gross profit		819,573,073	333,716,255	450,024,465	783,740,720	139,940,617	6,125,950	68,464,476	1,817,844,836
Share of profit of equity-accounted investees, net of tax		(163,142)	111,295,273	102,449,172	213,744,445	-	-	-	213,581,303
Administrative and selling expenses		(139,930,734)	(91,530,413)	(58,810,155)	(150,340,568)	(30,140,288)	(7,862,329)	(66,876)	(328,340,795)
Dividends received		-	879,728	-	879,728	-	-	-	879,728
Impairment for expected credit losses		1,118,148	(20,706,317)	(5,958,954)	(26,665,271)	(13,878,394)	(257,218)	(10,936,778)	(50,619,513)
Others, net		820,562	286,103,982	(223,799,962)	62,304,020	(27,008,528)	(2,468,028)	(41,708,343)	(8,060,317)
Income from operating activities		681,417,907	619,758,508	263,904,566	883,663,074	68,913,407	(4,461,625)	15,752,479	1,645,285,242
Finance income		231,984,530	36,921,424	13,780,349	50,701,773	3,404,855	1,352,790	1,790,702	289,234,650
Financial expenses		(260,190,107)	(60,908,852)	(41,761,770)	(102,670,622)	(20,634,261)	(1,375,563)	(26,535)	(384,897,088)
Exchange difference		(3,633,162)	(1,342,721)	(6,613,477)	(7,956,198)	194,232	7,955,575	-	(3,439,553)

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

		Gas Transportation	Gas Distribution			Distribution and sale of energy	Integrated solutions for the industry	Non-bank financing	Total
Income before income tax		649,579,168	594,428,359	229,309,668	823,738,027	51,878,233	3,471,177	17,516,646	1,546,183,251
Income tax		(152,848,492)	(62,746,009)	(107,885,880)	(170,631,889)	(26,525,679)	(3,419,070)	(6,378,873)	(359,804,003)
Net income	$	496,730,676	531,682,350	121,423,788	653,106,138	25,352,554	52,107	11,137,773	1,186,379,248

38. NEW STANDARDS AND INTERPRETATIONS

a) Standards and interpretations with subsequent application issued by the Ministry of Finance and Public Credit and the Ministry of Trade, Industry and Tourism

IAS 1 - Presentation of financial statements - Classification of liabilities as current or non-current

Main changes:

1. It modifies the requirement to classify a liability as current, by establishing that a liability is classified as current when *"the entity does not have a right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period."*

2. It clarifies in paragraph 72A that "the right of an entity to defer the settlement of a liability for at least twelve months after the reporting period must have substance and, as paragraphs 73 to 75 illustrate, it must exist at the end of the reporting period."

Impact assessment

According to Decree 938 of 2021, the amendment in Colombia applies from January 1, 2023; however, the IASBI allowed its early application from the year 2021. As of December 31, 2021, Promigas and its subsidiaries did not present any non-compliance with specific conditions in contracts that may generate the settlement of long-term liabilities within the twelve months following the reporting period.

IFRS 3 - Business combinations - Reference to the conceptual framework

1. References are modified to align them with the conceptual framework issued by the IASB in 2018 and incorporated into our legislation, in that sense the identifiable assets acquired and the liabilities assumed in a business combination, on the transaction date, will correspond to those that meet the definition of assets and liabilities described in the conceptual framework.

2. Paragraphs 21A, 21B and 21C are incorporated with respect to the exceptions to the recognition principle for liabilities and contingent liabilities within the scope of IAS 37 and IFRIC 21.

3. Paragraph 23A is incorporated to define a contingent asset, and clarify that the acquirer in a business combination will not recognize a contingent asset on the acquisition date.

Impact assessment

According to decree 938 of 2021, the amendment in Colombia applies from January 1, 2023 and any effect on its application will be made prospectively.

IAS 16 - Property, Plant and Equipment - Proceeds before Intended Use

Main changes:

1. As of the entry into force of the amendment, the net amounts of proceeds that arise when testing the asset should not be subtracted from the costs of checking the operation of the asset, the recognition of which must be through profit or loss for the period. The cost of these items should be measured by applying the requirements of IAS 2 - Inventories.

2. The requirement to disclose in the financial statements, if not presented separately, the amount of compensation from third parties recognized through profit or loss for PPE elements with impaired, lost or delivered value that was previously requested in paragraph 74 item d) is transferred to paragraph 74A, which adds the requirement to disclose the amount, including cost and items of the income statement where the elements produced in the activities to verify the functioning of the asset were recognized.

Impact assessment

According to Decree 938 of 2021, the amendment in Colombia applies from January 1, 2023; however, the IASBI allowed its early application from fiscal year 2021. As of December 31, Promigas and its subsidiaries had no impact on the financial statements.

IFRS 4 - Insurance contracts - Extension of the Temporary Exemption from Applying IFRS 9

Promigas does not belong to the insurance sector and does not have investments in subsidiaries or associates directly or indirectly in this sector; therefore, there is no evidence of possible impacts on the Financial Statements with the approval of this amendment in Colombia. To the extent that this changes, the standards in force at that date will be adopted.

IAS 37 - Provisions, Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfillment of a Contract

Main changes:

1. Paragraph 68A is added to clarify the cost of fulfillment of a contract, in order to clarify the provisions of paragraph 68.

2. It modifies paragraph 69, which provides that, when establishing the provision for an onerous contract, the impairment losses of the assets used in the fulfillment of the contract must be considered, previously it indicated assets dedicated to fulfilling the obligations derived from the contract. This in order to align it with the concept of contract fulfillment costs introduced in paragraph 68A.

Impact assessment

The amendment in Colombia applies from January 1, 2023, and early application is permitted. According to paragraph 94A, its application must be made prospectively, therefore the entity will not restate comparative information and instead will recognize the cumulative effect of the initial application as an adjustment to the opening balance of retained earnings or another component of equity. As of December 31, Promigas and its subsidiaries had no impact on the financial statements.

Annual Improvements to IFRS 2018 - 2020

Main changes:

1. Amendment to IFRS 1. Subsidiary as a first-time adopter: Paragraph D13A of IFRS 1 is added, incorporating an exemption on subsidiaries that adopt IFRS for the first time and take as balances in the opening statement of financial position the carrying amounts included in the financial statements of the parent company (item a of paragraph D16 of IFRS 1) so that it can measure the exchange differences for translation accumulated by the book amount of said item in the consolidated financial statements of the parent company (also applies to associates and joint ventures).

2. Amendment to IFRS 9. Fees in the “10% test” for derecognition of financial liabilities. A text is added to paragraph B3.3.6 and B3.3.6A is created. It particularly clarifies the recognition of commissions paid (in profit or loss if it is a cancellation of the liability, or as a lower value of the liability if it is not a cancellation). This amendment was issued in response to a request to clarify what fees an entity includes in the 10 percent.

3. Amendment to IAS 41. Taxation in fair value measurements. The phrase “nor tax flows” is eliminated from paragraph 22 of IAS 41, because “before Annual Improvements to IFRS Standards 2018-2020, IAS 41 had required an entity to use cash flows before taxes when measuring fair value, but did not require the use of a discount rate before taxes to discount those cash flows.” Therefore, the requirements of IAS 41 are now in line with those of IFRS 13.

4. Paragraphs 20A, 20J and 200 of IFRS 4 are amended to allow the temporary exemption that permits, but does not require, an insurer to apply IAS 39 Financial Instruments: Recognition and Measurement instead of IFRS 9 for annual periods beginning before January 1, 2023 (due to a new international requirement contained in IFRS 17 as of that date).

Impact assessment

- The amendment to IFRS - 1 first-time adoption applies as of January 1, 2023. Since Promigas and its subsidiaries are not in the process of adoption, this amendment does not apply to their financial statements and disclosures as of December 31, 2021.
- The amendment to IAS 41 - Agriculture and IFRS 4 - Insurance Contracts do not generate possible impacts for Promigas and its subsidiaries since they do not participate in this sector.

- The amendment to IFRS 9 - Financial Instruments will apply to financial liabilities that are modified or exchanged from the beginning of the annual reporting period in which the entity applies the amendment for the first time. During 2021, although the company and its subsidiaries restructured their debt, the initial debts did not have recognized costs attributed to commissions; therefore, their application at the aforementioned closing does not generate impacts.

IFRS 17 - Insurance Contracts - Amendments

This standard applies to a specific sector in which Promigas and its Subsidiaries do not participate, its application is defined from January 1, 2023.

Amendments to IFRS 9, IFRS 7 and IAS 39 - Interest Rate Benchmark Reform

1. Highly probable requirement for cash flow hedges (IFRS 9 and IAS 39): If the hedged item is a forecast transaction, an entity shall determine whether the forecast transaction is highly probable assuming that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of the interest rate benchmark reform.
2. Reclassification of the amount in the cash flow hedge reserve to profit or loss (IFRS 9 and IAS 39): To determine whether the hedged cash flows are expected to occur, an entity shall assume that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of the interest rate benchmark reform.
3. Assessment of the economic relationship between the hedged item and the hedging instrument (IFRS 9): An entity shall assume that the interest rate benchmark on which the hedged cash flows and/or the hedged risk are based, or the interest rate benchmark on which the cash flows of the hedging instrument are based, are not altered as a result of the interest rate benchmark reform.
4. Designation of a component of an item as a hedged item (IFRS 9 and IAS 39): For a hedge of a benchmark component of interest rate risk that is affected by the interest rate benchmark reform, an entity shall apply the specific requirement in IFRS 9 or IAS 39, to determine whether the risk component is separately identifiable, only at the inception of the hedging relationship.
5. End of application of the relief (IFRS 9 and IAS 39): The amendments state the circumstances in which an entity shall prospectively cease applying each of the requirements set out in 1 to 4 above.

Impact assessment

In Colombia, this second phase may be applied from the first day of fiscal year 2021. Its application is retrospective for elements that existed at the beginning of the period in which it is applied for the first time. The company is in the process of reviewing the impacts and will not apply this amendment in the year ended December 31, 2021.

IFRS 9; IAS 39; IFRS 7; IFRS 4 AND IFRS 16 - Interest Rate Benchmark Reform - Phase 2

Main changes:

1. Modification to financial assets and liabilities: Considers the modification as a change in the basis for determining contractual cash flows that occur after initial recognition. This may include cases

where the financial instrument is not currently amended, but the basis for calculating the interest rate benchmark changes.

2. Modifications to lease liabilities: IASB assimilates the financial liabilities of IFRS 9 with the financial liabilities for leases of IFRS 16, for which it proposes a similar practical expedient for IFRS 16. This would apply when the reference interest rate on which the lease payments are based is changed as a direct consequence of the IBOR reform and the change is made on an economically different basis.
3. Hedge accounting: Proposes amendment to IFRS 9 and IAS 39 that introduce an exception to the existing requirements of hedge documentation. This amendment contemplates that the changes in the hedge documentation necessary to reflect the modifications to the hedged element, the hedging instruments or the hedged risk that are required as a direct result of the IBOR reform and are made on a economically equivalent basis, should not result in the discontinuation of hedge accounting or the designation of a new hedging relationship.
4. Disclosures: The entity must provide disclosures that allow the user to understand the nature and extent of the risks arising from the IBOR reform, how the entity manages the risks of the transition from interest rate benchmarks to alternative benchmark rates, progress and risks of that transition.
5. IFRS 4 is modified to require that insurers that apply the temporary exemption of IFRS 9 apply the amendments proposed in that same standard for the modifications directly required by the IBOR reform.

Impact assessment

See note 5 (f)

b) New Accounting Statements Issued by the International Accounting Standards Board (IASB):

IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates.

Main changes:

Paragraphs 5, 32, 34, 34, 38 and 48, and the heading above paragraph 32 are amended.Paragraphs 32A, 32B, 34A and 54I and the headings above paragraphs 34 and 36 are added.The heading above paragraph 39 is amended to be a sub-heading of the heading added above paragraph 34.

Impact assessment

The amendment applies from January 1, 2023, and early application is permitted. According to paragraph 54I, its application should be prospective, so the entity shall apply the amendments to changes in accounting estimates and changes in accounting policies that take place from the beginning of the first annual period in which the amendments are used.

IAS 1 - Presentation of Financial Statements - Disclosures about Accounting Policies.

Main changes:

Paragraphs 7, 10, 114, 117 and 122 are amended. Paragraphs 117A to 117E and 139V are added. Paragraphs 118, 119 and 121 are deleted.
The word "significant" is changed to "material".

Impact assessment

The amendment applies from January 1, 2023, and its early application is permitted. Its application is prospective.

IFRS 16 - Leases - Covid-19-Related Rent Concessions beyond June 30, 2021 (amendment to IFRS 16), published by IASB in March 2021.

Main changes:

Paragraph 46B is amended with the objective of extending the practical expedient to Covid-19 pandemic-related economic relief received until June 2022 on leases recognized under IFRS - 16 Leases. Paragraphs C1C and C20BA to C20BC are added.

Impact assessment

Although the extension of the amendment to IFRS 16 has not been adopted in Colombia, Promigas and its subsidiaries will continue to apply the practical expedient of paragraph 46A for those reliefs received after June 30, 2021, and until June 30, 2022.

IAS 12 - Income Taxes - Deferred Taxes related to assets and liabilities arising from a single transaction.

Paragraphs 15, 22 and 24 are amended. Paragraphs 22A and 98J to 98L are added.

The amendment to paragraph 15 is made in order to add within the exceptions to recognize a deferred tax liability when the same has arisen from a transaction that does not give rise to temporary differences that are neither taxable nor deductible for the same amount. Paragraph 22 includes the addition in paragraph 15b(iii), paragraph 22(b) and (c) Initial recognition of an asset or liability.

Impact assessment

The impact would be given mainly to the extent that Promigas and Companies have in their financial statements assets and liabilities for lease contracts and liabilities for provisions originated in retirement obligations, rehabilitation of the land where the asset is located, or restoration obligation.

c) Other amendments to standards with an impact on the Financial Statements

On October 20, 2021, the Ministry of Commerce, Industry and Tourism issued Decree 1311, which indicates that entities may recognize and present the deferred tax caused by the change in the income tax rate, generated by the modification of Article 240 of the Tax Code introduced by Article 7 of Act 2155 of 2021, which must be reflected in the result of the 2021 period, may be recognized within the entity's equity in the accumulated results of previous years. The deferred tax effect recognized in the Company as a result of the application amounts to 32,787,655 for Promigas and 17,137,815 for the restatement of the equity method.

39. TARIFF RESOLUTION

In 2021 the Colombian Government issued CREG Resolution 175 of October 8, 2021, which establishes the general criteria for the remuneration of the natural gas transportation service and the general scheme of charges of the National Transportation System. Among the general aspects of this resolution we find:

1. Presentation of tariff files in February 2022.
2. Change of remuneration of investments from dollars to pesos.
3. Changes in the configuration of the sections may be requested: Aggregation or sectioning.
4. Methodology of applications (stages)
5. Tariff revisions every two years to include new investments.
6. Remuneration of IPAT projects and the sections where these projects exist.

As of the reporting date, management is evaluating the impacts that the entry into force of this resolution will generate as of 2022; therefore, as of the aforementioned cut-off date, the effects of this resolution are not reflected in the Financial Statements.

40. EVENTS OCCURRED AFTER THE REPORTING PERIOD

As of the date of the opinion on the consolidated financial statements for the year ended December 31, 2021, there are no subsequent events that require adjustments or disclosures to said financial statements.

41. APPROVAL OF FINANCIAL STATEMENTS

The financial statements and notes thereto were approved for issue according to Board Meeting Minutes No. 537 of February 22, 2022. These financial statements and notes thereto will be presented at the Shareholders' Meeting of March 22, 2022. Shareholders have the power to approve or modify the Company's financial statements.