**Promigas Call Transcript**

**Q2 2024 Quarterly Results**

**Date:** Monday, August 26, 2024 **Time:** 11:00 AM **Location:** Virtual platform

**Juliana Vergara:** These are the quarterly results of Promigas as of June 2024. My name is Juliana Vergara, Director of Investor Relations. Through this platform, we have enabled a question button so you can submit your inquiries, which will be answered at the end of the presentation. Please note that this session is being recorded.

Today, we are joined by Juan Manuel Rojas, President of Promigas, Aquiles Mercado, Vice President of Finance and Administration, and the entire management team of the company.

Now, I will turn the floor over to Juan Manuel Rojas, President of Promigas.

**Juan Manuel Rojas:** Good morning, everyone. As always, thank you very much for joining us on our earnings call, this time presenting the results for the second quarter of 2024. Fortunately, we have good news to share. As we’ve mentioned before, we are having an excellent year. As we’ll see later with the figures for Promigas and the key topics we will present, this has been an outstanding year in terms of results.

I’d like to start with the key numbers, mainly highlighting that, on an individual level, we have reached 100% of our revenue target halfway through the year, with 630 billion pesos in individual revenue. We have also achieved 100% execution on a consolidated level, reaching 3.46 trillion pesos in cumulative revenue, which is above expectations and demonstrates the effort we’ve put in. In terms of EBITDA, on an individual level, we reached 810 billion pesos, 17% above what we had budgeted and 17% higher than in 2023. On a consolidated level, our EBITDA is 12% above budget and 17% higher than in 2023, reaching 1.32 trillion pesos, which reflects significant growth and results.

In terms of profit, this is also reflected both on an individual and consolidated level. Our profit reached 610 billion pesos, 21% above budget, both for individual Promigas and consolidated. As I always highlight, take note of the significant advantage our company has in balancing this EBITDA, where 50% of it is generated from gas transportation, regasification, and services to the oil and gas industry, while the other 50% comes from what we call downstream and new energy services, including gas distribution, electricity distribution, non-banking financing, and energy solutions. This appropriate balance and business diversification are something we believe is worth highlighting about Promigas and its companies, as it allows us to maintain a strong balance in how we diversify our risk.

Let’s move on to the next slide to see how this looks from a strategic perspective. You are already familiar with this slide, where we place the customer at the center of our activities. We serve this customer through our business units, starting with our historical core businesses, which are resilient and competitive. These are associated with natural gas transportation, natural gas distribution, the services provided by Promisol in the construction, operation, and maintenance of networks, and services to the oil industry, as well as our regasification plant, SPEC.

There is another business unit where we primarily focus on Low Emissions businesses to advance in the energy transition. These businesses are in a faster growth stage and are less mature than those in the core segment. Here we have the Energy Solutions group, which, as we’ll see later, is exceeding its targets and growing rapidly. Sustainable mobility is also performing very well, as is the electricity distribution business we have with CEO in Cauca, and Non-Banking Financing, which is also growing and meeting the goals we set for ourselves.

Then, we have the aspirational part, which, as we’ve mentioned before, seeks growth and diversification opportunities in other geographies because the markets we currently operate in are becoming too small for us. At the bottom are the enablers. We see all our efforts in Environmental, Social, and Governance (ESG) as key enablers, along with Innovation and New Energies, which, together with digital transformation and synergy programs, can enable the development and growth of the business areas mentioned above.

So, the results we saw earlier, those figures, if we look at them from the perspective of our strategic focus, we’ll realize that out of the 1.13 trillion pesos in EBITDA, this is generated within the core segment—where our mature businesses operate. About half of this EBITDA is generated in the transportation and regasification segment, while the other half comes from natural gas distribution and value-added services. Within the core businesses, the distribution is quite balanced: 36% of the EBITDA comes from transportation, and 36% from natural gas distribution. That’s 72% of Promigas’ core historical businesses.

In regasification, we’re seeing excellent performance, mainly due to the El Niño phenomenon, as we are regasifying more liquefied natural gas. If we move to the new low-emissions businesses, 14% of the EBITDA is being generated there. Currently, Brilla generates 3% of the EBITDA, but it contributes a larger percentage to the profit. In mobility, 1% of the EBITDA is being generated. In energy solutions, for the first time, we’re seeing positive EBITDA, which is very important because these are investments we’ve been making for the past two years, and they are growing significantly. We’re starting to see the upward curve of the distributed solar generation business, primarily in this area, and the financing of connections, which also plays an important role, contributing 1% to EBITDA. Finally, electricity is contributing 9%.

Regarding the enablers that support both the performance of our core business and our low-emissions businesses, we have positive news on how we are executing on time and exceeding our emission reduction targets. By mid-year, we’ve achieved 15,048 tons of CO2 equivalent reductions.

In terms of innovation and digital transformation, we have 16 new initiatives in our country. We’ve significantly expanded the portfolio of commercial prospects in new energy sectors, now with over 57 projects, and our research and development team is working actively on that front.

The synergies and efficiency program has generated savings of 13 billion pesos by mid-year, and more than 60,000 personnel hours have been saved through the implementation of 61 efficiency initiatives. Additionally, we’ve leveraged national resources worth 13 billion pesos for research and development projects in collaboration with universities and national research centers. This is all part of our innovation and digital transformation efforts.

In terms of synergies and efficiency, the cumulative efficiency program target for 2024 is 44 billion pesos, and we are very likely to meet it, as we are currently executing at 98%.

We have 1,927 direct employees in Colombia and 224 in Peru. It's important to note that we’ve made significant optimizations; this number was 2,537 in 2022, and now we have a more streamlined workforce due to many efficiencies achieved in this area.

The news is positive: we have significant EBITDA growth compared to 2023, exceeding this year’s budget by a relevant 12% on a consolidated level and 17% on an individual level. This strong performance is largely due to the excellent results from our various business areas, with core businesses performing well and low-emissions businesses growing as expected.

Key highlights for this year include our credit ratings. Fitch reaffirmed the ratings for Surtigas, granting it one of the highest ratings for both long-term and short-term, which are AAA and F1+, respectively. These ratings represent the highest level on the national scale and indicate Surtigas' exceptional ability to meet its financial commitments compared to other issuers in the same country. We are very pleased with this achievement.

Other important news is that Promigas Peru achieved a historical record in the volume served, reaching 59.9 million cubic feet per day. Promigas Peru started operations in the north in 2019, and we have been growing very positively with our distributors in that region. This achievement is primarily supported by our growth plan, which includes increasing both storage and transportation capacity, as well as the supply of natural gas, compressed natural gas, and liquefied natural gas to our customers.

This has allowed us to penetrate high-demand markets, such as the fishing sector, providing greater reliability to that industry. It’s worth noting that our anchor client in Peru was primarily the Talara refinery in the northern region, and we have successfully developed demand with our service offerings that enhance reliability, supported by the natural gas transported through our networks, along with compressed and liquefied natural gas. This is a geographical area we are betting on, and we are seeing very positive results

In Promigas Colombia, during the first half of the year, we recorded the highest daily volume transported at 650 million cubic feet per day. This is a record for our systems, with an average transported volume of 603 million cubic feet as of June, which exceeds the average transported over the last five years by 27%. This is also very positive news.

Meanwhile, SPEC was able to enable an additional regasification capacity of 50 million cubic feet per day, increasing from 400 to 450 million cubic feet when the country needed it most during the peak of the El Niño phenomenon. We reached the capacity of 450 million cubic feet on April 13. Since then, we have been operating at full capacity. Following the declaration of the end of the El Niño phenomenon at the end of April, during May and to date, we have been regasifying every day at averages ranging from 40 to 50 million cubic feet per day. The good news is that in the last week, we have again increased to levels of 200 million cubic feet per day, meaning that the regasification plant is operating at full capacity, and we have been able to maintain this level during the times when the country needs it the most.

Another historic milestone for us was reaching 7 million users connected to the natural gas service as of June 30, achieved through a Surtigas user in La Boquilla, near Cartagena. This means that together, we serve 7 million users, including natural gas and electricity, with electricity comprising 453,000 of those connections. In total, between Colombia and Peru, we touch the lives of around 25 million people every day, which makes us incredibly proud.

We also have other emblematic projects that have been highlighted in the press, such as the new compressor at Bonga and Mamey, which increases our compression capacity to 5,910 horsepower. Additionally, we inaugurated a 1 MW plant at Harinera del Valle in Valle del Cauca, which will allow us to reduce 571 tons of CO2 annually. This important plant adds to the nearly 193 MW we already have signed in this area.

In terms of recognition, we ranked 52nd in the Merco Talent ranking, moving up nine positions compared to last year. Promisol received the Andesco award in the energy services category for its trigeneration project for Unibol. This project has attracted visits from many companies, as it represents an innovation we brought to the country that is yielding very positive results by optimizing energy efficiency and reducing emissions. Additionally, we ranked fourth among Colombian companies in the Sustainable Leaders Agency ranking, which is another achievement we are very proud of.

Let’s dive into the details of our core business in natural gas transportation. We have accumulated 3,284 kilometers of pipelines out of approximately 7,200 kilometers in Colombia, with a capacity of 1,165 million cubic feet per day. As I mentioned earlier, we achieved a record usage of this capacity at 650 million cubic feet in the first semester, with an average utilization of 605 million cubic feet. However, we have contracted more than 900 million cubic feet per day of that capacity, specifically 885 million cubic feet contracted, with an average transported volume of 603 million cubic feet, as previously noted.

I would also like to highlight the reliability of our systems. This year, we plan to invest 959 billion pesos, with nearly half of that amount allocated to enhancing the reliability of our distribution and transportation systems. This investment allows us to maintain reliability indices of 99.9%, ensuring that we are contributing to the energy security of our customers and the country.

Focusing on liquefied natural gas, SPEC has had spectacular performance this year, not only due to the El Niño phenomenon but also because we have expanded its capacity. Since SPEC began operations, we have received 93 LNG carrier shipments up until June 30. Of those, 29 ships arrived between January 1 and June 30 this year, accounting for one-third of our total, specifically to address the El Niño situation. This confirms that during the first six months, SPEC, with its historical regasification levels, became the country’s energy insurance.

The minimum regasification capacity used this year has been 11 million cubic feet per day, while the maximum reached 451 million cubic feet, which was achieved on April 13. On average, we have regasified 213 million cubic feet per day, totaling 100.452 billion cubic feet of gasified LNG to date. As a result, SPEC contributes 13% to our EBITDA.

In natural gas distribution, we also have good news: we positively impact the quality of life for over 22 million people in this sector, serving 1,023 communities across Colombia and Peru. Between January and June 30, we connected 208,310 households to the natural gas service, bringing our total to 6.5 million customers connected solely to natural gas—4.34 million in Colombia and 2.21 million in Peru, including our stake in Cálidda. Today, we hold 38% of the Colombian distribution market and 96% of the Peruvian market when including our non-controlling interest in Cálidda.

In gas sales, we reached 6.092 billion cubic meters, which is 3% above our budget. In terms of distribution networks, we now have 75,090 kilometers of distribution lines across our systems in Colombia and Peru, marking a 5% increase compared to the kilometers we had in 2023. This means that this business continues to grow, and we are actively building networks, primarily in northern Peru, through Quavii, Gases del Norte del Perú, and Gases del Pacífico.

In terms of low-emission businesses, we currently have a project portfolio with a total capacity of 91.7 MW in signed contracts for distributed solar generation and auto-cogeneration. Out of this, 76.4 MW are operational, with 38 MW currently in operation, 21 MW under construction, and around 17 MW nearing commercial closure. For auto-cogeneration, we have 15.3 MW. You can expect to hear from us soon about growth in auto-cogeneration capacity; we anticipate sharing good news in our November call regarding Q3 results.

We are active in all five regions of the country and in over 20 departments with our offerings in distributed solar generation, auto-cogeneration, and we are also starting to deploy these services in Peru, with positive updates coming your way soon.

In terms of low-emission businesses in electricity distribution, between January and June 30, we connected 4,383 households to the electricity service in Cauca, an area that is quite challenging to manage and serve. We now have 452,000 customers, positively impacting the lives of 1.4 million people across 38 communities in the department. Our energy sales met our budget with 295 GWh, while demand fell slightly short of the budget execution at 98%, reaching 512 GWh.

In sustainable mobility, we are making significant investments and exceeded our budget by June 30, achieving 544 million cubic meters in heavy trucks, with EBITDA from this business at 17.82 billion pesos, 25% above our target. Most of this growth is occurring in Peru; for instance, we have 1,604 dedicated cargo vehicles there, compared to 938 in Colombia. For passenger vehicles, we have 540 in Colombia and 5,856 in Peru, and for light vehicles, 61,200 in Colombia and 306,600 in Peru. This is an area we are committed to, as we've highlighted in various calls, because each dedicated cargo vehicle is equivalent to connecting 300 households in terms of consumption. Therefore, we are placing special emphasis on this sector and believe there is room for further growth in both geographies.

Brilla is a business that, as you know, is playing an increasingly prominent role within Promigas's service portfolio. It is an important complement to the energy services we provide, as it helps our customers improve their quality of life, whether by purchasing or financing building materials, household items, mobility products like motorcycles, or education.

As of June 30, we had 802,000 customers in our portfolio, serving over 400 municipalities in Colombia and Peru. We have been present in Peru since 2021, expanding our business there. How did we close the first half for Brilla? We placed 664.958 billion pesos, and remember that last year we reached 1.2 trillion pesos in placements. This year, we are optimistic about surpassing that number. The 664 billion pesos in placements represented 258,000 credits granted this year, showcasing the incredible sales capacity of the Brilla team in the various municipalities where we operate. To date, we have accumulated 5.7 million credits granted.

What are we doing to materialize these placements? We have started implementing specific commercial strategies, many of which are driven by artificial intelligence, data, and analytics. As I mentioned earlier, we achieved a consolidated portfolio of 2.3 trillion pesos, representing a 21% growth compared to the same period last year. We initiated the Brilla 2.0 strategy with pilots aimed at expanding our customer base in what we call B2C, and we are making our first steps into B2B, providing loans to bakeries, stores, and businesses in the neighborhoods where we operate. We expect to see the results of these pilots so we can scale these projects next year, and we are actively working on this, with a launch anticipated before the end of the year.

In terms of enablers and social impact, it is important to highlight that in natural gas and electricity, during the second quarter of 2024, we impacted 764,189 people. As mentioned at the beginning, we reached 7 million customers in both services, with 69% in Colombia and 31% in Peru. We added 212,000 new electricity customers across residential, industrial, and commercial sectors, 208,000 in natural gas in Colombia and Peru, and 4,383 in electricity, totaling 212,000 across both services.

In terms of inclusive business, Brilla benefited 207,000 families. 26.7% of customers who accessed credit did not have other financial products, demonstrating the social impact Brilla has on these customers. Of the 664 billion we placed, 43% went to intermediate and small municipalities, where financial services are often lacking, and 67% were taken by women, primarily heads of households, which greatly supports this population group. Additionally, we have had over one million beneficiaries of our voluntary insurance lines, with 400,000 policies launched in the market this year. This is an area of Brilla that is also growing and represents a new service that generates a positive social impact for our customers.

Let’s look at the enablers, specifically how we’re doing with the efficiency program and where those efficiencies are being achieved. The cumulative target for this year, based on what we’ve been doing, is to reach 105.106 billion, and for 2024, it is 27.635 billion. So far, we are at 11.739 billion, which we believe will allow us to meet this year’s target.

Where are these savings generated? We expect the efficiency practices to yield 18.300 billion from operational excellence, 7.163 billion from administrative efficiencies, 17.142 billion from strategic sourcing, 511 million from IT/OT platform excellence, and 615 million from digital transformation. We are on track, and this is an area we want to continue to focus on moving forward.

Our Capex: We are going to close the year with 959 billion, which is something we are frequently asked about. Of that, 746 billion will be in the Core businesses of transportation, distribution, and regasification, while 213 billion will be in businesses related to the energy transition and low emissions, mainly in energy solutions and electricity distribution.

I will give the floor to Aquiles to go into detail on the financial results.

**Aquiles Mercado:** Thank you, Juan Manuel. Looking at the summary of the financial statements, in the individual case, we see that for the accumulated figures of 2024 compared to 2023, the revenues met 100% of the budget. We included in our budgets from last year, in October-November, the presentation of the El Niño case and the impacts this could have on our revenues, primarily from transportation and regasification.

If we look at the graph, the budget was 624,949 million pesos, and we achieved 627,114 million, with the 30% increase due to the fact that in 2023, these same revenues amounted to 473,512 million pesos.

Regarding costs and expenses, reflecting on what Juan Manuel mentioned earlier about efficiencies and our constant effort to maintain responsible austerity without compromising safety or quality levels, these have been executed at 99%, increasing by 24% as we expected in the budget, and 5% compared to last year, reaching 292,013 million, while the budget had 321,257 million. This contributed to our EBITDA reaching 117% of the budget, amounting to 813,397 million pesos, above the 695,006 million we anticipated and also exceeding the 697,713 million from the previous year.

Finally, we are at 121% execution of our net income, with 614,626 million compared to the 508,319 million we expected, mainly due to the higher transportation revenues we received from the El Niño phenomenon, the variable regasification revenues, and the equity method participation in the portfolio of some companies that performed over 20% better than the previous year's earnings.

Entrando en detalle del balance general vemos que llegamos a 11.7 billones de pesos un incremento del 6% con respecto al inicio del año actual con una ejecución del 102%, básicamente estamos representados en otros activos a largo plazo, tenemos activos concesionados, activos financieros, no vemos unos cambios bruscos en nuestra estructura de activos, en cuanto a pasivos estamos en este momento con un pasivo a largo plazo del 83% y un pasivo corriente del 17% siempre tratando de no estar muy concentrados en el en el corto plazo, en lo que a pasivos se refiere.

En cuanto a estado financieros consolidados observamos los ingresos también al 100% de presupuesto, el cumplimiento un incremento del 13% con respecto al año inmediatamente anterior, un cumplimiento del 11% por encima del año pasado llegando a 3.4 billones de pesos cuando el presupuesto era 4.7, eso realmente un 100% de presupuesto.

Here's the translation:

In costs and expenses, we are at 89% of the budget for the entire corporation. Remember, we are talking about the consolidated figures. This is primarily due to the strict control of costs and expenses we have implemented, as well as lower gas consumption at the Filadelfia and Paiva stations due to reduced usage, resulting from changes aligned with the gas flow dynamics in transportation programs from the sources of Canacol, Hovos, and Spec, along with changes in the schedules of various IT services and consultancies for entering new businesses, mainly at Promigas.

At Spec, something very important not only for the environmental front but also for costs is that we are recovering the provision for the Boil of Gas from the gas that evaporates for replenishment to the thermal group, with an average cost of 6.9 million dollars per million BTU versus a provision of 9.5, always taking advantage of market windows that allow us to recover these incurred costs.

In EBITDA, we are at 112% of the budget, with execution reaching 1.315 trillion pesos against a budget of 1.17 trillion, which is also 13% above the previous year.

The net profit is, of course, accompanied by the compliance we have achieved in financial expenses, even improving some of these expenses based on the renegotiation of existing loans, reaching 121% of the budget, an increase of 22% in execution compared to the previous year, totaling 614 billion pesos against the 506 billion we expected in the budget and 502 billion from the previous year.

With this, we conclude the financial statements, and I’ll hand it back to Juan Manuel.

**Juan Manuel Rojas:** Very well, I would like to emphasize and take a few minutes to discuss the outcome of the arbitration that was decided last week related to a dispute initiated by Canacol. I know there may be questions regarding this topic, and I want to mention the following. After this, if any questions arise, we can delve into more detail, but I think it’s important to address it.

So, what were the reasons that led to Promigas being ordered to pay 58.3 billion pesos to Canacol? Here, we need to provide a bit of background. The initiating party, Canacol Energy, primarily sought the reimbursement of an amount close to 58 million dollars, which is equivalent to 233 billion pesos when converted at a rate of 4,000, claiming this as part of the contract price we have with them, plus interest on arrears.

This claim they filed was disputed by us at Promigas, as we considered it related to what was agreed upon in the contract and part of the transportation service we provide as part of that contract and its infrastructure. The arbitration ruling partially recognized Canacol's claims, ordering us to pay them 36 billion pesos in principal, which corresponds to 16% of their claims—again, only 16% of their claims. Additionally, we are required to pay interest of 21 billion pesos, which results in the total amount of 58.3 billion pesos we must pay them.

We have to pay this in the next two months, and regarding the question that may arise about whether this affects other contracts, the answer is no; it does not set any precedent. As for whether this will impact our profit projections and results for the year, the answer is also no. We have actually been having a spectacular year, and given the margin provided by our overperformance this year, we will remain on budget, possibly even exceeding it once we apply this payment.

We are currently evaluating with our lawyers whether to file any appeal against the ruling issued against us. This document is 300 pages long, and we are considering whether it is worth proceeding with any appeal. We have not made that decision yet, but I wanted to mention it because I know there have been several questions regarding the arbitration ruling. To clarify, we need to pay in the next two months the 16% of the claims made by Canacol, which amounts to 58.3 billion, of which 36 billion is principal and the remainder is in interest.

Juliana, please let's look at what other questions there are, and if necessary, we can give the floor to María Paula regarding the Canacol case if there are more questions related to that topic.

Juliana Vergara: I believe that all the questions that came in have been addressed.

We have a question from Florencia Mayorga from MetLife about our plans to refinance short-term debt. I will ask Aquiles Mercado, our CFO, to answer Florencia's question.

**Aquiles Mercado:** Thank you very much, Florencia. Within our financing strategy premises for this year, we have several fronts approved by the presidency and the board of directors, and we will mention four to answer this question.

First, our preference for local and international capital markets to maximize available credit lines in Colombia, allowing for flexibility and rapid action. We prioritize the term over the financing rate; we match our long-term receivables to minimize market liquidity risk and diversify funding sources.

Within this, we have three basic initiatives: First, we are refinancing all the debt we had in Peru. We secured a syndicated loan of 405 million dollars, and we are currently deciding how to allocate it, as we received offers for approximately 550 million, more than 1.35 times the demand for this credit. Thus, we will extend the debt for nearly 5 years, with a two-year grace period, covering 100% of our operations' debt in Peru.

Next, we are turning to the issuance of bonds in the secondary market in Colombia. We have three transactions in process; we cannot yet mention with whom we are working, as we are negotiating the terms. This ensures first a 100% placement of the issuance because it is a single investor making the purchase, one of which is international. With this, we would refinance a large part of our debt and extend it to an average of 10 years, approximately between 8 and 10 years, which will completely deconcentrate our short-term obligations.

We have an approved bond quota for the local market of one trillion pesos that we could place in 6 to 8 weeks, but we have been waiting for optimal conditions to avoid locking ourselves into long-term rates at some of the highest levels we’ve seen in recent years. We are awaiting the market window to close these transactions, but basically, we are aware of what is happening, and we will proceed with the refinancing.

**Juliana Vergara:** Thank you, Aquiles. We have another question from Florencia Mayorga at MetLife regarding our perspective on gas demand and the possibility of a moderate La Niña.

**Juan Manuel Rojas:** Yes, thank you, Florencia. I think this is a very relevant question for the following reasons: at one point, authorities announced that the El Niño phenomenon had ended on April 30 and that from that moment a La Niña phenomenon would begin, possibly expected to be intense. The truth is that the rains to date have been much more moderate than expected, which has not allowed for the recovery of reservoirs in the country as planned. So, if in October and November, which is the other rainy season, we do not have an intense La Niña, we will reach the drier period from December to March with the reservoirs not fully recovered. What does this mean for us? Greater regasification activity and higher thermal consumption, which means our pipelines and infrastructure will be busier.

We anticipate that starting in the third quarter, we will have higher regasification volumes, but we will have to see how the rainfall behaves. However, in that sense, we benefit whether our pipelines are used for internal consumption or for regasification, and the regasification facility should be active in case the reservoirs do not recover sufficiently. I hope that answers your question, Florencia.

Here’s another question regarding the recent announcement by Ecopetrol that it will use Spec to bring gas from the Permian. We do not know the details about Ecopetrol's plans and we hope that, considering the expansion of Spec's capacity, we are putting 50 million cubic feet per day into operation this year, and next year we will add another 25 million cubic feet per day. By 2027, we will reach 533 million cubic feet per day, adding the remainder. Well, when we have that expansion available, we hope that Ecopetrol and other market players can access that additional capacity, but at this moment, the truth is that we do not know Ecopetrol's plans.

There’s another question from Elain Sosa Giraldo asking whether Colombia is on the verge of importing gas and no longer being a producer, and if this situation would affect the price per cubic meter for users.

Well, we have been importing gas since 2016 for thermal uses. The situation we believe will start from next year, 2025, and could last until 2029, is that with the expected production from the Offshore Uchuva field, we will need to import gas not only for thermal consumption but also for regulated demand and essential demand. In that sense, we will be importing, and it’s important to see how this gas is imported and under what conditions.

The important thing is to advance in marketing mechanisms that prevent demand from being solely exposed to the volatile conditions of the spot market, allowing for long-term contracts. If that demand can enter into long-term agreements with LNG companies, it doesn’t necessarily mean that higher prices will occur in the internal market, especially considering that international LNG market prices are currently quite favorable and, in some cases, even below the internal prices we have in the fields in Colombia.

So, to the question, "Are we going to import gas?" Yes, and not only for thermal uses but also for other types of demand. We will need to import it for a period of four years until the fields expected to be developed offshore come online. The conditions and prices will depend on how the marketing rules are flexibilized, and work is being done with the government, the Ministry of Mines and Energy, and CREG to allow that gas to enter under more favorable conditions with long-term contracts.

**Juliana Vergara:** We have two additional questions regarding the Canacol case. The first is whether Promigas breached the contract, and the second is whether the outcome of the arbitration award is provisioned.

**María Paula Camacho:** Good morning everyone. First, I want to state that Promigas fulfilled the contract and provided the transportation service. The parties had a disagreement about how to apply the price, and as Juan Manuel mentioned a moment ago, the tribunal ordered a partial recognition of Canacol's claims.

The amount is not provisioned because we apply accounting policies, and it was not necessary to make a provision.

**Juan Manuel Rojas:** There’s a question about whether we see possible revisions in the efficiency capture profile. We are doing this, but it’s to maintain the excess utility that we were presenting this year. We were doing very well and continue to do well. As you saw in the first slide of the presentation, we are growing utility above the budget, with a 21% increase over the budget on an individual basis and 21% on a consolidated basis. This has given us a cushion to absorb the payment of the 58 billion that the Canacol ruling entails. What we are doing is adjusting our internal projections so that we can maintain a utility above the budgeted amount. We will definitely meet it; we have the margin, and we will fulfill our budget. The idea is to exceed it, as we have been doing, and in that sense, we are working on it.

**Juliana Vergara:** This is from Florencia Mayorga at Metlife: Do you see any possibility of changing the indexers for your subsidiaries in Colombia linked to the electric and gas sectors again?

**Juan Manuel Rojas:** Florencia, at the regulatory level, there is an ongoing discussion about this issue. Right now, I think it will be difficult for the following reasons: when this discussion was raised back in October 2022, it was the only moment in a 10 to 15-year period when the IPP was above the IPC. If we do the math, the IPP is again growing below the IPC. Therefore, it would not be advisable to change the indexers at the public policy level regarding tariffs. I don’t think that should happen. I know there are studies being conducted and revisions happening on that front, but it doesn’t seem reasonable because we have returned to the scenario we had before October 2022, which was a very particular post-pandemic period where the IPP had grown more than the IPC. Now, we are seeing a situation that historically characterized the last 15 years.

Well, I think that concludes the questions and the presentation of the results.

If you have any additional questions, you can reach out to our investor relations team, and we will respond individually with great pleasure.

Again, it is a pleasure to address you with good news. We have been performing outstandingly this year, regardless of the Canacol ruling, as I knew it would raise concerns. We have an excellent cushion from the results we achieved in the first half of the year to cover that ruling without any issues. Our goal is to implement adjustments that will allow us to continue exceeding our budget and maintain profits well above what was projected, as we have been doing.

Thank you very much, and we will see you in November with the 3rd quarter results.