

Transcript of Promigas call

Quarterly Results Presentation - 2Q 2023

Juliana Vergara: Good morning, everyone, welcome to the presentation of Promigas' quarterly results as of June 2023. My name is Juliana Vergara, Director of Investor Relations. Through this platform we have enabled the questions button so that you can send them, and they 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, financial and administrative vice-president and the entire management team of the company. I will now give the floor to Juan Manuel who will start the presentation.

Juan Manuel Rojas: Good morning, everyone, as usual every quarter we welcome those who are with us: analysts, Promigas investors, thank you for being on this call and being able to share with you a very good quarter of results.

I would like to start by telling you what we are going to see during the call. On the one hand, we have a first part in this presentation of results with relevant figures where we are going to talk specifically about how our execution in the Quarter and at a consolidated level compares with the Guidance, which we had proposed at a budgetary level for 2023, not only at a financial level but also at an operational level and how we are preparing for the Niño phenomenon, given that on that front we also have good news at a performance level.

In a second part of the presentation of results we will be emphasizing the strategies being implemented by the business group to increase competitiveness, ensure orderly growth in the future, achieve efficiencies and productivity in business and greater operational and organizational sustainability.

And finally, we are going to emphasize in detail the financial results. So, let us go first with the relevant figures and here I would like to focus on two aspects, at the consolidated level for the second quarter and at the accumulated level for the second quarter in terms of Ebitda and Profit, where clearly as a result of the strict cost and expense control policy we have implemented in the group, we have achieved an Ebitda, in the second quarter, much higher than what we had budgeted, We had budgeted an Ebitda of around \$ 500 billion pesos at consolidated level and the actual figure is \$ 600 billion pesos and a Net Profit, also, much higher than we had stipulated in the budget of \$ 300 billion pesos above the actual result and \$ 100 billion pesos above the budget, we are around 24% of what we had budgeted.

From this consolidated result, I would like to highlight two things: how we continue to maintain a very good balance between our LNG transportation operations and oil services. With gas distribution, electric energy, non-banking financing and energy solutions, we see how Ebitda is distributed very well between 55 % and 45 % and Profit between 53 % and 47 %, we love this diversification in our businesses and we find it very positive. In the accumulated results we are also doing very well in these 2 fronts, in the Ebitda we had budgeted \$ 1.1 B, we are 6% higher in the real result and in the accumulated Net Profit as of June 30 we are 13 % higher, we had budgeted around \$ 400 billion and we are in the order of \$ 500 billion, that is to say, on that side the results are favorable. You can see at the top how this is largely due to the fact that we are executing a strict cost and expense control

policy, we are meeting or over meeting our budget in how we are tightening the organization, we had budgeted that as of June the costs and expenses would be around 2.3 trillion pesos and we are at 2.1 trillion pesos and this is what we have achieved, 1 trillion and this is what has been, positively, to achieve those results and the income, as you know and as we said in the last call, has been affected mainly for 2 reasons, the main one has to do with an isolation in the time of the arrival of the El Niño phenomenon, we had foreseen more days of regasification, although we have done very well, we are going to see later that we have been regasifying in an active way, we thought that the phenomenon of the child started a little earlier in the year, so we had revenues that are below what we had initially budgeted and the other effect, as you already know, was due to the reduction of Wac of transportation that we had and waiting for the second table to be applied, but regardless of the fact that our consolidated revenues are at 96 % of the budget, to a large extent, thanks to this strict cost and expense control policy, we have achieved a higher Ebitda than budgeted and a higher Net Income than budgeted, both in the second half of the year and in the year-to-date.

Let's look now at the specific figures of Promigas, the individual figures of Promigas, and the result is very similar to what we mentioned before, individual revenues in the second quarter that are at 96 % of the budget, but Costs and Expenses that are below what we had foreseen and thanks to that an Ebitda that is 17 % above what we estimated, \$ 400 billion versus \$ 300 billion and a Net Income 24 % above what we had budgeted, \$ 300 billion in the case of individual Promigas above a budget of \$ 200 billion and at the accumulated level the same thing happens, we are at the individual level of Promigas at a Profit of \$ 5. 5 billion versus 0.4 that had been budgeted, an Ebitda of \$ 0.7 billion, \$ 100 thousand above the Ebitda that we had initially budgeted, so we are doing well, we are happy with these results and the idea is to continue emphasizing the policy that we are implementing in the organization of strict control of expenses and costs.

At the operational, discipline and operational excellence level, I would like to highlight that on the right side of the chart, as you can see, we show that we continue operating in a safe, reliable and efficient manner, we had an operational continuity index of 100%, which we are very pleased with, something that is difficult to achieve and that shows the operational safety of the organization we have. A decrease in the loss of corporate transportation as a result of strategies that we implemented in the SNT and aimed at reducing the uncertainty of measurement, thanks to that we had a better performance. A decrease in accident rates versus the second quarter of 2022 and it is a smaller number, a 35% reduction in accident rates, here with our strategic partner DSS - DuPont, we have been implementing some very interesting policies around a corporate culture to reduce accidents and to increase industrial safety in our operations and we are beginning to see the results this year. We also want to mention that, as you know, as a result of the emergency that TGI presented in May, one of the trunk gas pipelines that feed the southwest of Colombia, we had to face that contingency and GDO - Gases de Occidente took different actions in order to maintain the reliability of service to the population and minimize the impact of that incident in something that we had foreseen would last more than a week, We were able to contain it and return to safe and reliable operations in 4 days, so the impact was much less than we had initially foreseen and we had no incidents of any operational kind in the payment and commissioning of the distribution service in the southwest of Colombia, we also managed that very well.

Another element to highlight, we have been carrying out inspections in our trunk high pressure gas pipelines, you know that we have 3,290 km of gas pipelines, as of June 30 we had completed the inspection of 62% of those we had planned for the year, this year we are going to make around 1,700 km of inspection and as of August we can say with peace of mind that we are already at 95%, that also makes us very happy, compared to the operational aspect we have been carrying out this activity in a positive way. Finally, the collaboration of Promigas, Surtigas and the company IBM for the development of the first prototype for the identification of gas theft frauds that we were seeing in the distribution systems and we are already implementing it and therefore we are reducing in the distribution companies the possibilities of gas theft and non-technical losses that usually occur in the electric system and we are also minimizing them in gas, we were able to implement this in the first semester.

In terms of future growth in gas pipelines, we closed the year with 3. 290 km of gas pipelines, the contracted capacity was above what we had foreseen in the budget of 883 million cubic meters per day, MCPD, and in volume transported we were a little below what was budgeted to a great extent because the thermal plants were not dispatched at the beginning of the year as we expected, but we have recovered, we will see it later or as it is down there, the regasified volume is much higher than what we had foreseen, we have 52 days of regasification while in the budget we had 18, so we are over executing with Spec.

Very good results in terms of connected users, we have already reached the figure of \$ 6.56 million users in our gas and electricity networks, that means that we impact around \$ 22 and \$ 24 million people per day between Colombia and Peru and we are doing very well on that front. In gas sales we are also over budget by 55%, 6,051 million cubic meters accumulated, in energy sales we are a little under budget and energy demand has been a little under budget. We are very pleased with the rapid deployment we are having in our low emission projects, we are 24% over budget, as of June 30 we closed the budget at 54 megawatts of solar photovoltaic and we expect to close the year at 80 on this front.

How are we preparing for the El Niño phenomenon? And this seems to us very important to give visibility, the transportation infrastructure of Promigas, is strengthened by the regasification we have in Spec, in Mamonal - Cartagena, and the recently implemented early entry of bidirectionality where we join the systems of the Caribbean coast with the systems of the interior, between both, that bidirectionality and the infrastructure of Spec we consider that we are giving greater reliability to the entire electrical and gas system of Colombia. What is coming in the Spec system? On the one hand, we have received methane tankers this year to store 160,000 cubic meters, so that if we are required in the second half of the year we are prepared and we are already seeing it in terms of regasification and, on the other hand, in the technical volume reached during June 2023 we are 42% over budget given that we are at 168.7 MPCD, why is this? The reservoirs and the water system are storing water for the El Niño phenomenon and therefore the water plants are not being dispatched and the thermal plants are being dispatched more, I initially said that we foresaw that this would start before the year, but we are already seeing that it was activated in June in an important way. We are prepared and we feel confident that we will be able to withstand the El Niño phenomenon, at least, through our regasification infrastructure that is ready and through the bidirectional system that is working in an important way.

As I said at the beginning, I wanted to dedicate a second part of the results call to emphasize the actions that the group is taking to increase its competitiveness, we mentioned in the first part how we have been applying a strict Cost and Expense policy to maintain our competitiveness and profitability, but we are also applying actions in other fronts, in which ones specifically? We want to increase the productivity of the businesses by making the transition to world class practices, we are looking at the operational part, as I mentioned before, that will increase the productivity of the regulated Core businesses we have, and we also want to prepare the regulated businesses for scenarios of greater pressure on costs and that is why we are applying this strict cost and expense policy from now on, that is the first front. There is a second front that has to do with boosting the competitiveness of the corporate and the shared services center, and here we are promoting different actions that empower the businesses and in turn maximize the synergies captured between them, we will see examples later on, how to implement and take the shared services center to a next phase where we will be able to manage purchases by categories in a more effective way and where we can capture greater savings and then, a third front where the objective has to do with seeking to capture transversal synergies between all the business units of transportation, distribution and the energy solutions business, putting the teams to work in a much more synergic way.

We have 3 challenges, a first group, how we seek to grow in our Core businesses and in energy solutions and there we are trying to apply the initiatives I mentioned before, a second group that has to do with increasing competitiveness in times of uncertainty, it has to do a lot with the efficiency projects we have been implementing and a third group that has to do with the sustainability of the business in the long term. We have developed 54 initiatives that are deployed in these 3 areas to be able to materialize an Expense and Cost control, the capture of efficiencies and one of the greatest synergies at corporate level that will allow us, not only to grow in the future with our regulated business but also in the new business areas, to maintain the commercial competitiveness of our businesses and give them long-term sustainability.

Let's look at specific examples of what we are doing, particularly to increase competitiveness on this front, for example, at the commercial level, what have we achieved? We launched Transmetano in June for the department of Antioquia, a new commercial policy, which we are already seeing results, where we created a portfolio to provide a balance in terms of safety, sustainability and equity to our customers and we have had a positive response on this front, that is preparing us for a much more comprehensive system at the level of the transportation business. We are going to do the same in the second half of the year for the whole area of the Santanderes and the southwest of Colombia, this more comprehensive commercial policy.

The producers trust more and more in our services, in June we closed the agreement to expand the compression capacity of Hocol's Bonga & Mambey with an estimated start-up date of July 2024, which will reach a total of 6,120 horsepower in compression capacity. 120 horsepower in compression capacity, again in the Catering and Processing business the clients are calling us more and more, they trust a lot in our services, and we are contributing to a more integrated vision of them, we are going with all our teams' capturing synergies in such a way that they can also their savings in their operations and that is why they are calling us more.

I had mentioned the early bidirectionality Barranquilla - Ballena, in June, for example, we signed the first transportation contract under the early bidirectionality entry from the north coast to the interior with Termobarranquilla for 20 MPCD, in the second quarter we had seen gas flows coming to the coast from the interior of the country, now, we are seeing it in the opposite direction and that is due to this early bidirectionality project.

Here we are also making progress with the CREG so that at the transportation level they can recognize the investments that must be made in compression in order to increase the bidirectional capacity from 50 MPCD to 170 MPCD, we are waiting for the CREG to give us the signal so that we can make the investments, but at this moment we have 50 MPCD enabled and we are already using 20 MPCD which is very good news. And other very important news of which we are very proud after arduous negotiations, we managed through Spec, our regasification company, to sign the extension for 5 additional years of the TUA storage and regasification contracts for 400 MPCD and from December 2026 until November 2031, why is this important? Because it contributes to corporate growth and implies guaranteed annual revenues of more than \$100 million dollars, also making viable the decarbonization projects we have at the terminal, that is very good news, for 5 years we will have guaranteed those \$103 million dollars per Spec, which makes us very happy.

Let's talk about Brilla, our non-bank financing business, here we launched new credit offers to deepen in customers according to their ability to pay and advanced analytics, we are studying in a much more detailed way with advanced analytics and artificial intelligence systems to see the ability to pay of customers to see if we can increase the quotas that they have and make the service much more focused, to June 2023 have been qualified 700.000 customers 50% of the potential Brilla in Surtigas and GDO and the risk of crops originated with these models has decreased by 54% as a result of the advanced analytics models that we are implementing in Brilla.

I move to the issue of sustainable mobility and how we are going in the conversion of the Men truck to the Gastrack fund system, in August we expect to close the signing of the contract confirming the participation of the entire industry to start the implementation in Colombia of this, which should lead to 12,500 cargo vehicles are passed to the natural gas system nationwide, remember that each of these vehicles, regardless of size, if it is small or large represent the consumption of 300 and 2,000 homes of stratum 2 and 3, is a way to boost the consumption of natural gas.

At the end of June we inaugurated the Liquefied Natural Gas station, Alto Monche, together with a service station in Chiclayo and Lima, which will complement the green corridor, allowing the massive use of LNG and increasing consumption in mobility and decarbonizing transportation in Peru, The Peruvian government is very pleased with the performance of what we are doing around this green corridor and the idea is to continue expanding operations on this front.

Step to what we have achieved in terms of new energies and low emissions business, we continue to increase contracted capacity, we are at 80% of the goal we had set for the year, 69.2 mw signed, 42 mw of operation and maintenance, 29.2 GWh of energy sales and all this allows the reduction, through our photovoltaic systems, of 7,500 tons of CO2 in the year, we are very happy because we aspire to close the year with 87 mw, we are doing well, those 69.2 is what we have executed as of June 30, 2023, 18 % above what we had budgeted. It

is a business that has been progressing very well and we are very happy with the execution that we are advancing throughout Colombia as you can see in the map, these are projects that are not focused on the Caribbean zone but we are deploying them throughout the country, which demonstrates the geographical footprint and the operational capacity of Promigas in that front.

In the efficiency program we are also doing very well in capturing savings, we had planned this year to capture \$ 20 billion in the efficiency program, as of June 30 we are at \$ 11 billion in the program and in the long term of 2028 we have the goal of capturing \$ 378. Billion in present value savings, of those: Strategic Sourcing, Category Purchasing and other efforts we're going to do on that front, contribute the largest portion \$ 164 billion, Operational Excellence \$ 145 billion, Digital Transformation \$ 41 billion and Administrative Efficiencies \$ 18 billion. You are already beginning to see the results of the strict control of Costs and Expenses that we are implementing, this is allowing us to meet these goals, the idea is to be able to continue with them until we reach the \$ 378,000 million in present value.

From these Efficiencies, as I mentioned, there are generating Practices, for example, at the Operational Excellence level, the savings generated by the way we make inspections to our gas pipelines and we make the integrity assessments of them, we are avoiding duplications, we are making the routes in a different way without risking at any time the integrity, here it is simply the use of technology and optimizations at analytical level to define the frequencies with which these integrity assessments have to be performed, and here we expect to capture \$ 7.1 billion pesos out of the \$ 20.1 billion pesos of the \$ 20.1 billion pesos of the \$ 20.1 billion pesos of the total amount. 100 million pesos of the \$ 20,000 of this year, we are already at 95% as of August and 62% as of June 30 and this is part of what we have been executing on this front.

At the level of Administrative Efficiencies, less energy consumption, strategic sourcing and efficiency in fees, cuts in many consulting expenses, we have reached \$ 3 billion pesos and in Strategic Sourcing, particularly in the way we are negotiating our insurance and approving policies, we have saved around \$ 1 billion pesos, these are examples of how we have reached \$ 20 billion this year and are what represent the \$ 11. The idea is to accelerate this by giving greater emphasis to the initiatives of greater impact, which we call Los Mangos Bajitos, the implementation of agile methodologies with synergic groups between all the business areas and we have defined an internal team to follow up on this. Why did I want to emphasize this program as a whole? Because we really consider that we have to prepare the organization for a more competitive environment, a more complex regulatory environment and the way to maintain competitiveness and the option to continue growing in our businesses is to have a lighter structure and a much more effective cost and expense control policy, and all this at the same time ensures our long-term sustainability.

Here I want to emphasize the Social Footprint of what we have been executing, so how can we catalog our Social Footprint? How can we define Promigas' Social Footprint? We impact, not only our Natural Gas and Electric Energy users by offering them a safe, reliable and affordable service, but we also impact them by making them participate in inclusive businesses, we currently have a portfolio of more than 700,000 credits granted to those customers, to those 6.5 million customers, through which they can access Goods and Services, many times because those customers are not banked, we are banking them in a certain way, that has a tremendous and very significant social impact. Then we impact them

socially through the Strategic Social Investment that we execute with Fundación Promigas, in that sense, we expect this year to be able to accommodate resources that reach \$ 40,000 million or more in Fundación Promigas, last year we were able to accommodate \$ 36,000 million through Strategic Social Investment. This year we will try to reach \$ 40,000 million where we are leveraging, due to the good results of the foundation, important resources from third parties, this year we expect to reach \$ 10,000 million from third parties that accompany the resources that we contribute through our activity. And a fourth way in which we have a social impact is through our human team and in the Supply Chain, and there we have been implementing very active policies, not only to increase diversity and inclusion within Promigas' Human Talent, but also to support our Suppliers and the development of the Supply Chain at a local level and in the areas where we operate. This is the vision of Promigas' areas of action at a social level and how we are visualizing the impact we have with all the stakeholders we work with.

Let's look at the numbers in detail, we have brought wellbeing and quality of life to approximately 788,000 people this year, if we take into account the users that we have connected to the second quarter, those 220,000 users, represent more or less that we are transforming the lives of almost 800,000 people because they either have access to Natural Gas or Electricity service, people who did not have access before, either because they left the firewood or left the EP and have access to a more economical service. We currently serve 1,024 populations, of those 213,000 users were connected to Natural Gas and 5,000 to Electric Energy in the department of Cauca, if we understand them by the socioeconomic stratification, we see that a good part of those users in Colombia and Peru belong to strata 1, 2 and 3, in the case of Colombia 25,000 households that we connected belonged to strata 1, 2 and 3. In the case of Colombia 25,000 households that we connected belonged to stratum 1 and in Peru 33,000, if we multiply that by the average size of a household, between 3 and 4 people, only those more than 55,000 connections that we achieved in stratum 1 transformed the lives of close to 200,000 people in stratum 1, so the impact is significant, and in that sense we are very happy with the social performance of the organization.

If we look at the Brilla side, since the beginning of the program more than 15 years ago we have granted more than 5.3 million loans, currently we have 792,000 active loans and this year in the first and second quarter we have granted 240,000 loans equivalent to \$ 592 million pesos. The overdue portfolio index is below that of the financial sector and that makes us feel very proud, it is a product that people value very much. We also highlight the fact that 95% of the loans are taken by people in strata 1, 2 and 3, people who are generally unbanked. We also designed a differential educational credit policy that we have just deployed, it is a new crop and we expect positive results in this educational credit policy that is very competitive with respect to what is being implemented in the market and we expect it to be very well accepted by the users, and another very important thing is that 67% of the new credits have been granted to women. Last year in June we launched the Brilla App, currently more than 28,000 users have used it, something that makes us very happy, that is, the Digital Transformation is working and the application is being used to make purchases or to compare the different options with the network of allies, it is a business that is growing a lot to the point that it already represents 20% of the Ebitda of the Distribution, which makes us feel very proud.

If we look at Strategic Social Investment, another element that helps to maintain the long-term sustainability of our business, this year we expect to place around \$ 40,000 million pesos, this year we are already at 58% in the second quarter of the budget execution, which is \$ 22,000 million pesos invested through the Promigas Foundation, \$ 9,250 million pesos mobilized from third parties, 96% of the goal we had set for the year, we have met the second quarter of the year and that also makes us very happy and shows that the foundation, because of its experience and capacity, has every time we have the capacity to meet the goal for the year. 250 million mobilized from third parties, 96% of the goal we had set for the year, we have met it by the second quarter of the year and that also makes us very happy and shows that the foundation, due to its experience and capacity, has more and more respect, third parties give us money so that we can execute social projects.

Our chain of suppliers and collaborators, today in Colombia we have 2,167 direct collaborators where 47% are women over 30 years old, 39% of all collaborators are women and 61% are men and in Peru we have 244 direct collaborators and in workers through our suppliers we employ close to 7,000 contractors who benefit from contracts with Promigas on a daily basis.

Finally, and before going to the detail of the financial results, I would like to mention the sustainability issue and how we are progressing in the decarbonization issue, implementing all the decarbonization policies of the group and here we are also making positive progress, in the first quarter we managed to reduce 1,450 tons of CO₂, in the second quarter we achieved 3,904 tons of CO₂ and this year we have proposed to reach 10,000 tons of CO₂, we are making progress, we have to put a lot in this second part of the year to meet our goals. We have already implemented 54% of the initiatives, 12 of the 22 programs have already started, but this is an area where we will continue to pay a lot of attention and focus a lot of attention in this second quarter.

Here I give the floor to Aquiles to continue with the detail of the financial results.

Aquiles Mercado: Thank you very much, Juan Manuel. Regarding our financial statements it is worth mentioning that our initial budgetary discipline normally starts the preparation of the budget around August and September, as this year we are starting, we use the Zero Base methodology for the preparation of the budget, so we eliminate aspects inherent in previous years or previous periods that could distort the results of the year we are expecting, what we want is that the estimates we make for the budget reflect in a better way the activities of the year that is about to begin, thus justifying each expense based on the added value, eliminating some aspects that may have occurred the previous year that do not have to be repeated and based on that we are following up as we are going to see now, we have surpassed the expectations we had this year with respect to the budget.

Juan Manuel explained that based on the estimation of specialized sources that our commercial group consults to make estimates of dispatch probabilities of thermal plants, which are the ones that intensively use our transportation capacity, we expected that the El Niño phenomenon would start much earlier but it has occurred with a higher intensity, which would have generated revenues from the dispatch of these thermal plants. With respect to the variation of 2022 we can explain that last year we had a higher Wac that decreased in September from 1502 real before taxes to 1094 in development of regulatory standards, this was compensated in part by the higher income presented in Empresa Energética de

Occidente in Cauca and to the Gas Distributors as well as in Spec by the increase and income of availability due to a higher Market Representative Rate and higher regasification so far in 2023 as Juan Manuel also mentioned. Costs and Expenses, we are also very cautious in this sense and we have a strict control of them when we see that revenues are not responding as we expected so we have an execution of 88 % of what we expected and an increase with respect to last year, but as we were saying, before making a Zero Base budget, we review each expense that adds value because let's remember that we have new business units such as Energy Solutions services, which was not there last year, a new vice-presidency, employees, but at the same time income and a strong presentation, especially in the area of Solar Generation Systems.

There was an increase compared to the previous year, remembering that inflation was 1312, which was the starting point for our annual salary adjustment, an increase in the tax for the renewal of our insurance program after the update of insurable values and the hiring of new consultants, mainly in the commercial and new business areas, these two effects being partially offset by a lower cost of construction of concessions. Ebitda, one of the most important measures of our performance, is increasing by 9 % with respect to the previous year and we are executing 10 % more than what we expected from our budget, mainly due to the control of the expenses we mentioned without ever neglecting the quality and safety of our services and therefore the capture of efficiencies with respect to what was expected, additionally the recording of the indemnification of insurance companies to Promioriente for \$ 74. 354 million pesos corresponding to the successful closing of a claim we had in negotiation for the emergency we had in 2021 in the Gibraltar - Chitagá section.

The growth in Ebitda also generated by the 13 % increase in operating revenues despite a 52 % decrease in concession revenues mainly in Gases del Norte in Peru and Gases del Pacifico associated, let us remember that this is an accounting measure, to the lower investment levels in relation to the previous year's period, we refer to the NIF 15 standard, and this rather than being negative is because we have faithfully complied with the investment plans and the entry into operation of our subsidiaries in Peru even before what was expected according to what was established in the concession contracts and, as we already mentioned, Promioriente received an indemnity for the emergency that we mentioned before against what we received last year which was \$17.5 billion pesos. 500 million pesos, here there were 2 damages inherent to the emergency one for lost profits and others for material damages, so what we received this year is higher than what it was last year, which shows the variation. If we exclude the accounting effect of the income from concession contracts, Ebitda would grow by 21 %, which is important because this accounting effect does not represent cash, but it somehow marks a record in our financial statements.

Arriving to the consolidated financial statements line, final line in Net Income, in the second quarter of 2023 versus 2022 the Net Income grows 24 % or is executed in 124 % with respect to what was budgeted, the over execution of this profit stands out as a consequence of a responsible control, we call it responsible austerity, of the Costs and Expenses and the better results of our subsidiary companies in the equity method. With respect to 2022 reflects the growth of financial expenses generated by the increase in rates indexed with CPI and IBR, a cause that is not unknown to anyone in the market, as well as the precautions that were taken since November last year when debt was taken to guarantee all cash flow obligations

for Capex and to meet the bank obligations of 2023 and 2024 we took \$ 1. 58 billion pesos at the end of 2022 as part of a corporate financing strategy that has given us results in terms of liquidity availability and rates that we have been renegotiating during the year because they were loans taken without prepayment penalties.

When we go to the accumulated consolidated financial statements we see that the budget is executed in 96 %, here Promigas has a great impact on the consolidated budget, mainly due to what we have already mentioned, that the El Niño phenomenon did not occur at the time we expected it and neither did it have the intensity we expected. With respect to the 2022 variation, in March 2022, it is important to mention that we received an indemnity from Reficar, which terminated a gas transportation contract early, but it was replaced by another with flexibility that benefited both parties, Promigas and this refinery, and also with an additional term and the contract now has an expiration date of 2035, a negotiation that we can call "Win, win" for the parties involved. Additionally, as we have already mentioned, we are affected by the application of the new tariff methodology, which decreased the Wac in relation to the parameters used for its calculation, almost 500 real points before taxes, and this was compensated by the overall performance that we have had superior to our participation method in the subsidiaries that Promigas manages from the corporate office and in each of the areas of our management.

The contract revenues for construction of concessions recorded lower revenues, we have already mentioned the normal, FRS 15, less Capex due to the fact that in Gases del Norte in Peru we have already been building networks for connection of users that imply less investment, while in 2022 we deployed an intense construction activity for the most relevant investments not only in value but in criticality for the start-up of commercial operation, For example, in 2022 we remodeled, so to speak, the gas pipeline in the banana zone, which, if we were in the state, implied that we would have to change a large part of the pipeline, which is located in the area of the Pozos Colorados - Aracataca regional gas pipeline.

Regarding Costs and Expenses we are executing 92% of the budget at a consolidated level, we have deployed a strict control when we see the compliance of revenues to compensate expenses, as we already mentioned with regard to the Zero Base budget, justifying each expense based on its added value. In Promigas we have had savings in consultancies, lower fuel consumption due to the operating conditions of the transportation system, we have had lower maintenance expenses due to time optimization, always meeting the highest quality, safety and regulatory standards in distribution companies such as Gases de Occidente. In Spec, the lower Representative Market Rate has favored the inherent expenses of the floating regasification and storage unit, gas pipelines that are denominated and invoiced in dollars to this subsidiary and pending consultancies to be executed that we expect to be needed, really, as we see that they can generate some value in Promigas Perú, Gases de Occidente and Surtigas and the greater control of personnel income in Promigas and subsidiaries, we always insist on taking care of the execution of expenses.

With respect to the previous year, the increase is mainly explained by the annual salary adjustment in all subsidiaries, remembering the 13.12 inflation plus some real points granted to the companies' employees, offset by lower costs associated with the construction of concessions. Regarding the consolidated Ebitda, as Juan Manuel mentioned, a 106 % execution, this with the over execution of 6 % mainly due to the responsible execution of Costs and Expenses thus capturing the efficiencies with respect to what was expected and

the recording of the indemnification of the insurance companies that we have already mentioned to Promioriente. With respect to the previous year, we also have a higher expected growth in Costs and Expenses due to the effects of inflation compared to revenues, especially in Promigas and transporters due to the entry into force of the new Wac that we have also mentioned.

With respect to the last line of the accumulated financial statement, we are 13 % higher at the consolidated level mainly as a consequence of the control of Costs and Expenses given the lower revenues we had mainly in transportation and with respect to 2022 this item accumulates the impact of lower Ebitda and higher financial expenses generated by the increase in rates denominated in CPI and IBR as well as by the marginal debt we took as a result of a preventive strategy of corporate financing.

Moving on to the Individual Financial Statements of Promigas no longer consolidated, the explanations in essence justify much of what we have been saying, 96 % of the compliance of revenues due to the delay in the El Niño Phenomenon and the lower intensity, in 2022 the change in the Wac from 15 to 1094 and the decrease due to the revenues from NIF 15 that come to Promigas via participation method for the concessions in Peru. Costs and Expenses, control over them executing 99 % of the budget in the second quarter and we will also see it with the complete semester, so if we go to the last line of the individual we will see that the over execution in terms of the participation method and a strict control and responsible execution of Costs and Expenses lead us to an execution in the second quarter that is in analysis of 24 % above reaching a figure of \$ 257,000 million pesos against the 207,000 million that we expected in the budget activity.

Regarding the accumulated 2023 - 2022 for the whole semester, the explanations in essence justify what has happened, we can refer that the revenues have been executed at 94 %, in summary, the Costs and Expenses at 97 % which has influenced that the Ebitda is being executed at 111 %, that is to say, reaching \$ 697. 697.000 million pesos against \$629.000 million pesos we expected, the same for Net Profit, 13 % more than what we expected in our plans and programs, reaching the figure of \$503.804 million pesos against \$445.000 million pesos we expected in the budget.

That is all with respect to the explanation of the financial statements.

Juan Manuel Rojas: Thank you very much, Aquiles. Juliana, then we open for questions.

Juliana Vergara: The first question is from Florencia Mayorga from MetLife: Could you comment on how much additional income the new approved Wac implies?

Juan Manuel Rojas: Florencia, thank you very much. As you know we went from a Wac of 10.96 to 11.88, we have been applying this Wac since August 1st and it will imply additional income in the order of \$ 4,500 million pesos per month, that is to say, by the end of the year we should have accumulated income from this new Wac in the order of \$ 22,500 million additional to what was budgeted.

Juliana Vergara: We have another question from Florencia from MetLife, could you update us on how your reemployment strategy and consolidated remaining life is going?

Juan Manuel Rojas: Yes Florencia, thank you very much. As you know we have been implementing a commercial policy through which we want to provide greater flexibility and

share benefits with our customers through different structures, this has yielded very positive results because we hope that by the end of the year we can increase the term of all the contracts we have to 6.5 years and no longer have such a reduced term in time, that is, that term of 6.5 years gives us peace of mind and before the end of the year we expect to renew 96% of all the capacity that expires in November 2023, that is, 96% of the capacity that expires in November 2023, 5 years gives us peace of mind and before the end of the year we expect to renew 96% of all the capacity that expires in November 2023, that is to say, 96% of 100 million cubic feet per day which is what expires at that time, we will have 4% remaining which is a temporary contract of Reficar to solve an internal failure, but otherwise we have already solved everything, then, in sum we will renew 96% and we will increase the validity of these contracts to 6.5 years.

Juliana Vergara: The next question is from Cristian Fera de Balanz and for that I am going to ask Ricardo Fernandez our Vice President of Transportation to answer: Do you plan to request the application of CREG 175 to Promigas, when do you expect to receive the new tariff, and any retroactive impact?

Ricardo Fernández: Thank you Cristian for the question. This is the process that is in force of the new tariff methodology, the 175, we submitted our request, we submitted our tariff file since January 2022 and it is estimated that CREG will approve what we call the second stage that contemplates the rest of the variables, remember that the first stage has already been applied, which was the change from dollars to pesos and a reduction of Wac and now comes the second stage which is all the rest of the variables, AOM investments, volumes, etc. And we expect this to happen by the end of 2023.

Juliana Vergara: The next question is also from Cristian de Balanz: Could you give us more details about the project with MG Energy for the construction of a \$20 million cubic feet per day gas pipeline, what is the status of the talks?

Juan Manuel Rojas: Cristian, thank you very much for the question, here we have to be very cautious because these agreements are under strict confidentiality conditions, so what I can tell you is that we are advanced, but we cannot give the details because we would violate those agreements. There is also a question regarding whether or not we are interested in participating in the gas pipeline that will bring Gas from Offshore in the Shell and Ecopetrol project, we have expressed our interest, but we cannot provide more details because of the confidentiality agreements that exist in these projects.

Juliana Vergara: We have a question from Daniel Montiel, independent: What are your shared services?

Juan Manuel Rojas: Thank you Daniel, well, through Enlace we have different processes under scope, at the financial level we have everything that is Accounting and Taxes, at the Financial Resources level everything that is accounts payable and payments, in terms of Master Data we have everything that is suppliers, customers and financial, in Procurement we have everything that is purchase of Goods and Services, Supplier Management and in Information Technology we have application support, Infrastructure Management and Project Management, that is what covers all the subsidiaries Enlace's services.

Juliana Vergara: We have a question from Ricardo Ríos, Independent Analyst, are you contemplating acquisitions or only organic growth?

Juan Manuel Rojas: Thank you very much for the question, we have been very vocal about the need we have to grow inorganically in other geographies, we were very vocal and active in a process that took place in a distribution company in Brazil, in Espiritu Santo, in March, you have heard that we participated in that bid, we won it after 17 rounds of bidding but we are actively looking at opportunities in the Brazilian market, we have not stayed still, we cannot say in which we are looking at opportunities in Infrastructure and Distribution. We are also actively looking at opportunities in the North American market, that is what we can mention.

We have a Pipeline of projects, as you know, this Pipeline goes through different filters and as the opportunities arise we will make the corresponding offers and you will find out about it, but it is part of our inorganic follow-up plan.

Juliana Vergara: We have time for one last question, everything that is not answered will be answered by mail, it is from Ricardo Ríos, Independent Analyst, what is the impact of the sanctions recently imposed on some of the companies?

Wilson Chinchilla: I begin the answer by pointing out that the Super Intendencia de Servicios Públicos Domiciliarios, a little more than a year ago initiated a series of investigations against all the Public Utilities companies in the country, both aqueduct, gas and electricity for possible breaches of the regulation issued by the CREG at the beginning of the pandemic in 2020, the CREG indicated that we should defer the payments that users should make due to the economic condition that the country was in at the time. It was necessary to make adjustments in the billing software and these adjustments could not be made from one day to the next, even we with the distribution companies were the first ones to make these adjustments the most of the companies in the country took between 2 and 2 months and a half, and for this eventuality the sanction comes for having billed during the first month of the pandemic with an average and not with real readings. This has been discussed with the Superintendency, it has been indicated with all the unions and all the companies in the country that this is an unfair sanction, but they proceeded sanctioning, nevertheless, and all the companies at union level are going to file the respective lawsuits before the Contentious Administrative Court and that is what follows, but they do not have greater relevance for us and this is a general issue throughout the country.

Juan Manuel Rojas: Thank you Wilson, as we mentioned to you and excuse me if there was not much space left for questions, but we wanted to emphasize the different actions that we have been implementing within the group to achieve to be more competitive in an environment of greater uncertainty, of greater regulatory restrictions and we have been quite successful so far doing the Cost and Expense controls in the organization, Thanks to these cost and expense control policies of AOIM, we achieved in the first and second quarters a much higher Ebitda despite the slight decrease in revenues we had, and as a consequence our profit significantly exceeds what we expected in our budget.

This makes us very happy and we do believe that through all these actions to increase competitiveness in our Core businesses, to give greater sustainability to the organization and to achieve greater efficiencies, we are with an organization that is much better prepared for the periods to come.

Thank you very much for joining us, as usual, and for the always very relevant questions you ask us. See you next quarter. See you later, thank you.