

Transcription Promigas call

Quarterly results 4Q 2022

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Location: Virtual platform

Juliana Vergara: Good morning everyone, welcome to the presentation of Promigas' quarterly results as of December 2022, my name is Juliana Vergara, Director of Investor Relations. Through this platform we have enabled the button for questions, so 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 company's entire management team.

I now give the floor to Juan Manuel who will start the presentation.

Juan Manuel Rojas: Thank you very much, Juliana, good morning everyone, thank you for joining us in this call for results.

I would like to open with the results we presented on social issues. Last year in 2022 we connected 467,575 new users to natural gas and electricity service. This is not a small number, these 467,575 users represent approximately 1,300,000 people who had access to either natural gas or electricity service. With this number we have already reached the figure of more than twenty-one million people that we touch every day with our service. This is our geographic and social food print. And of those 467,000 users, 453,000 corresponded to natural gas in Colombia and Peru and about 14,300 to electricity.

Another aspect to highlight about the people we connected has to do with the fact that 128,000 of those connected in Colombia belonged to strata 1, 2 and 3, which means that we are connecting the most vulnerable and poorest population in the country, while in Peru nearly 260,000 of the users, if we convert the social strata, belonged to strata 1, 2 and 3.

In terms of populations, today we serve 1,017 populations; last year in Colombia alone we connected 22 new populations and in Peru we connected 5 new populations. Why is this important, why would I like to highlight it? natural gas once

again demonstrates that it is a tool to lift the population out of energy poverty. Colombia is a very important case at a global level on this front, especially in the area of gas massification; and Promigas and its subsidiaries are critical and fundamental players in this process. Each user that we connect who stops using firewood means that we are returning around 5% of their disposable income, if we consider a minimum wage, and each user that we connect to natural gas and stops using LPG, we would be saving between 2 and 5% of their monthly disposable income. Therefore, in terms of monetary poverty, the connection has a significant impact on these users, reducing monetary poverty, and in terms of the environment, which also has a very positive impact, those users who stopped cooking with firewood, which we estimate at 245,000 new connections, means that around 1,000 new connections will have a significant impact on the environment. 245,000 new connections mean that around 930,000 people stopped cooking with firewood, significantly improving their health, reducing acute respiratory diseases and also improving the environment by avoiding deforestation.

The other important advantage of our social footprint that we think is important to highlight has to do with the fact that the vehicle connections that we make or that we had last year in terms of vehicles reduce greenhouse gases by 30-50% when we replace diesel or gasoline with natural gas vehicles and the same happens in terms of particulate matter, every car that we convert to natural gas or every tractor-trailer that we convert to natural gas the articulated material that is emitted into the atmosphere decreases by 99%, this environmental footprint is also very important.

So I wanted to start our presentation with this first element in terms of connections and how these 467,000 users connected to the electricity grid or to the natural gas network have a significant impact on the reduction of energy poverty in Colombia and Peru.

A second element that I would like to highlight has to do with one of the services that we provide, which we consider a service with a significant social footprint but also a financially profitable service, in this sense I highlight Brilla, our non-bank financing service in particular because last year Promigas managed to place 1.02 billion pesos, that is, if we convert it to dollars in average for the year we are talking about 240 million dollars in credits that are 95% destined to stratum 1, 2 and 3, This means that we are not only contributing socially to reduce energy poverty by connecting users to electricity and natural gas service, but we are also providing non-bank financing to people who generally do not have formal access to financial services, taking them out of agiotism and providing them with a service that clearly allows them to grow and develop their homes; of these financial services of these

placements that reached more than one trillion pesos, we were able to do it through 775,000 active users and the placement of more than 47,000 loans. 775,000 active users and placement of more than 472,000 loans last year with a growth of 6% compared to the same period of 2021.

In terms of social investment, I would like to emphasize that not only do we connect users, not only do we provide them with a financial inclusion service, but we are also having a very positive impact on the communities where we operate. Last year, through Promigas, its group of companies and the Promigas Foundation, we made more than 36,000 million in strategic and high-impact social investment. Of those 36,000, 8,465 million were mobilized from third parties, an increase of 23% with respect to 2021. The beneficiaries of these direct social projects 184,000 beneficiaries in the communities where we operate in 212 municipalities some of the PDET and 9,600 of those beneficiaries received a significant impact through the foundation's programs of social inclusion, youth employment, sustainable territories and sustainable projects.

Let's move on then to Promigas' Core businesses and let's see how we did in the last quarter of 2022. As you know, in the transportation sector, today we have not only the Promigas gas pipelines, but also Transmetano, Transoccidente and Tecnoriente pipelines. In addition to that, we have our service company for the oil industry and in construction we have Promisol in Zonagen and the service of the only gasification plant that Colombia has, which is Spec Energy. The results on that transportation front are very positive in terms of infrastructure, we ended the year with 3,289 high pressure gas pipelines in the country, it is not a minor number and through the pipelines we mobilized 46% of the gas transported in Colombia; a volume 2% higher than in 2021 reaching 508 MPCD per day. Other aspects to highlight of the high pressure gas pipelines, on the one hand we achieved in these pipelines an operational continuity of 100% of service provision, it is a number of which we are very proud of that 100% continuity, we finished last year successfully and without accidents and incidents the gas pipeline in banana zone, we also managed to assess the integrity of a third of our pipelines, of those 3. Of those 3,289 km, almost 1,000 km were run in an intelligent way to verify the integrity of our pipelines, finding them in excellent condition, and the idea is to continue doing the same this year and in 2024 to complete the review of the integrity of our pipes, and finally the placement of 99% of the aggregate transport capacity of our transportation companies, something of which we are also very proud.

If we look at Promigas specifically, we realize that, in general terms, in 2022 we evidenced a stability in the demand for natural gas, in the last quarter of the year

there was a slight increase in the consumption of industrial and domestic sectors mainly due to petrochemical consumption of the Yara company and the non-regulated demand also by Surtigas, as shown by the economic reactivation in the region. In the thermoelectric sector, given the high hydrological contributions in the last quarter of the year, added to the entry of reinforcements in electrical interconnection with the interior of the country, there was a reduction in the dispatches of thermoelectric plants and as a consequence a reduction in the dispatches of gas consumption with a reduction of 32% with respect to the previous year. In any case, Promigas ends the year with 2,753 Km of gas pipelines and a transportation capacity of over 950 MPCD per day.

If we look at the other transportation companies or our subsidiaries, I would like to highlight the high volumes dominated by Promioriente, Transmetano and Transoccidente. In the case of Promioriente, volumes increased by 40%, in the case of Transmetano by 6% in 2022, in the case of Transoccidente by 11%.

Let's look at the case of our gasification terminal Spec Energy, I would highlight that last year we imported 4 shipments of LNG despite being a year with high hydrological contributions the electricity system demanded us on several occasions and that is why we had to bring 4 ships last year, with that we complete 36 ships that we have brought since the operation of this regasification plant began 6 years ago and we confirm once again that Spec has become the insurance that provides reliability and firmness to the power generation system in Colombia, a strategic asset for the country.

Let us move on to natural gas and electric energy distribution, you know that we have stakes in Gases del Caribe and Cálida and controlling stakes in Surtigas, in Gases de Occidente, Quavii Gases del Norte del Perú, Quavii Gases del Pacífico in Perú, Promigas Perú, in Compañía Energética de Occidente, which provides service in the department of Cauca. If we look at the performance in 2022 of these companies, we will reach the figure of 6.3 million users, that is what I meant when I said that we serve between 21 and 22 million people every day of the year. Of those 6.3 million users in these distribution companies, 5.9 million correspond to natural gas users, 70% are in Colombia, 30% in Peru and around 438,000 electric energy users. Today we have 38% of the Colombian gas distribution market and 94% considering the shares in Cálida of the Peruvian gas distribution market.

Milestones to highlight from last year in the distribution area, I would like first of all to join the increase in users by 467,000 users as I mentioned at the beginning of the

presentation, the start-up of Piura a year ahead of schedule, the boost in advanced metering. Here I would like to mention that we are starting the replacement of traditional meters with smart meters and prepaid meters, last year we completed the placement of almost 50,000 smart meters allowing us to know more about the consumption patterns of our users and 8,500 prepaid meters facilitating the relationship with many customers by allowing them to manage their consumption freely as they want. We also had 3% higher consumption in natural gas sales, 12,308 million cubic meters in total in the year, higher than the figure recorded in 2021.

One of the milestones that I would like to mention that seems very important to us has to do with the progress we made last year in terms of industrial and process safety. And here I would like to mention that in 2022 we started the project to strengthen safety in the corporate culture with a leading global partner which is Dupont Service on this front and through them we made a survey and an evaluation of the level of corporate maturity in terms of industrial and process safety, finding that we are located in a very favorable place but that we have to move forward in some projects to achieve the status of interdependent in 2028.

Currently some of our subsidiaries are in the dependent level, most of our subsidiaries are in the independent level and the idea is to be able to move to the interdependent level, which is what the industrial and process safety standard dictates; even so we have been awarded as the company in Colombia over a gigantic sample of 130 industrial organizations of greater continuous improvement, the Colombian Council of Quality and Safety awarded us 1 month ago as the company that had the best record, the best continuous improvement in industrial and process safety over a sample of 130 and that is what has allowed us to decrease the LTIFR indicator from the levels that you see in 2018 of 3.67 to levels of 1.78 last year, that shows a continuous improvement in safety and in that sense we had a year 2022 with very high performance.

Last year, in December 2022, we ended the year with a consolidated business of 48.7 megawatts, of which 57% are in operation and 43% of Promigas' total capacity is under construction, and in total service, operation and maintenance capacity with 42 megawatts through which we sell energy and provide operation and maintenance services. It is worth noting that on the solar front we reached the figure of 33.4 megawatts of which 19 are already in operation and 14.4 are under construction, thus closing the year with 30 contracts on this front and in the area of auto and cogeneration we closed with an installed capacity of 15.3 megawatts, which once again demonstrates our commitment to provide our customers with the service of energy solutions that allow them to move towards carbon neutrality.

In terms of mobility I highlight that last year we signed through other members of the industry also, in Naturgas, a union with the Gastrack fund to facilitate access to financing for cargo vehicles dedicated to NGV, this is a front in which we see a very important opportunity in Colombia in particular, because the average age of the vehicle fleet in our country, the average age of the cargo vehicle fleet is more than 17 years, so we believe there is an important possibility. Each tractor-trailer that is converted symbolizes the consumption of around 300 homes, hence the importance of being able to make progress on this front. Last year we had more than 160 new tractor-trailer units dedicated to NGV in the areas where Gases de Occidente and Surtigas operate, in total we have in our areas of influence 2,856 converted vehicles, it is still a low number, we hope to increase it and that is why we see in this front an important opportunity in which we are committed to work a lot this year.

And I would like to pause for a few minutes in the area of the progress and achievements we had in terms of innovation in Promigas and its group of subsidiaries in 2022. Last year we invested close to 100 billion pesos in research, development and innovation, a figure that makes us feel very proud, especially because of our commitment to be leading players in the energy transition. These investments are already paying off; we had accumulated revenues of 435 billion pesos from the innovation area, savings of close to 16,257 million pesos and a significant figure of 2,487 Promigas employees and their families. 487 employees of Promigas and its subsidiaries, today 180 have a full time dedication to the area of research, development and innovation; Thanks to these efforts, thanks to these investments, last year we were able to inaugurate in March the green hydrogen pilot, being pioneers in Latin America by being the first pilot to inject green hydrogen into the natural gas networks, we are pioneers in blending in the transportation and distribution pipelines, this project was awarded as the best green hydrogen project in Latin America by specialized media, which also makes us feel very proud.

We announced last year the alliance with Sumitomo Corporation to promote electric mobility in hydrogen, something that we are working on in detail and soon you will hear the progress on this front, we hope that before the end of the year we will hear the progress on this front. We signed the GreenGas alliance with first level Colombian universities, with the Universidad del Norte, with the Universidad EAFIT in Medellin, with the Universidad ICESI in Cali, the Universidad del Norte in Barranquilla, We signed this agreement to do research on renewable gases in biomethane and biogases and on this front we are also making progress and we were the first company in Latin America to become part of and be accepted as members of the Stanford Natural Gas Initiative, which makes us feel very proud because we are sharing knowledge and learning lessons with one of the main centers of thought on the planet. These are the elements I would like to highlight in terms of innovation.

Another issue for which we distinguish ourselves, you can see in 2022 the achievements on that front was that in December we came out with a commitment of Promigas towards decarbonization, a commitment that differentiates us from other energy companies because the commitment we made is that by 2028 we will reduce by 50% scope 1 and 2 and part of scope 3 and achieve or emission targets by 2040. Unlike other organizations that have committed to reduce their greenhouse gas emissions by 50% by 2030 to be carbon neutral by 2040 is our most aggressive commitment and we want to achieve 50% reductions by 2028 and a carbon neutral footprint by 2040. We have a carbon footprint in 2022 totaling 4.3 million tons of which 4.2 are scope 3, scope 1 in 159,000, scope 2 12,842 tons of CO2 equivalent, we also present important advances in the whole issue of biodiversity conservation. We also made significant progress in the whole area of biodiversity conservation, especially in the change of land use and land management, 1,054 hectares of the total of 1,814 hectares that we expected before 2029, we reduced by 40% the areas of interventions and by 47% the felling of trees during the construction of the gas pipeline in the banana zone, and we presented investments of close to 30,179 million in environmental matters.

I give the floor to Aquiles Mercado to talk to you about the financial results as of the fourth quarter of 2022, thank you very much.

Aquiles Mercado: Thank you very much Juan Manuel. Good morning to all of you who are with us at this meeting today, I will begin my speech; the results of the year are relevant, outstanding, at an individual level we obtained revenues that exceeded 3% of the budget reaching 1.1 billion pesos, EBITDA was 8% above what we expected in our budget reaching 1.4 trillion pesos, net income reached 1.1 trillion pesos, 105% execution of the budget, our CAPEX investment programs reached an execution of 80%, we had some difficulties in accessing certain areas due to winter because of social issues, etc., but we were able to invest at an individual level close to 260,000 million pesos in our Promigas infrastructure.

At the consolidated level we also had revenues that exceeded 8% of the budgeted amount reaching 6 billion pesos, EBITDA 8% also above budget 2.2 billion pesos and net income 1 billion pesos with an execution of 94%. CAPEX at the consolidated level reached Ps. 786. It is important to mention that the difference between the individual and consolidated net income, in which we did not reach the budget, is due to the impact of the deferred adjustment tax of the tax reform, which in the individual level is a special regime decreed by the Ministry of Industry and Commerce and by

the National Board of Accountants attached to this ministry, which allows the impact of the adjustment of this tax to the equity and not to the P&L to be taken to the individual level, While in the consolidated financial statements the complete international standards are used, therefore, if it is affected by the adjustment of this tax, which is not a cash disbursement.

Among some of the important elements that positively affected our budget and our compliance with it, leading to the results we have just mentioned, was that the CREG issued definitive resolutions of the regulatory useful life processes and there were other processes that affected us downwards, others upwards, but in general terms they are reflected in our financial statements.

In anticipation of what is happening in the market, in November we deployed what was internally called the financing strategy, which consisted of a program to obtain 2.1 billion pesos at the corporate level to have the reserve and thus meet our obligations in terms of debt service for the 23 and 24 and the CAPEX program for 2023 according to the budget, this strategy was completed, we have made very important efforts to place these resources in such a way that the negative arbitrage is minimized to its maximum expression.

In a difficult and volatile environment, we received the ratification of the local and international investment grade risk ratings for Promigas and the local one for the subsidiaries, we continue to be investment grade both Promigas and all the companies in which we maintain ratings and of which we are shareholders, the management was always focused on improving profitability and growth apart from all the social focus that Juan Manuel already expressed to maintain a solid financial position, liquidity with measures such as those mentioned above, achieving efficiency and legal and regulatory viability in order to have an attractive and sustainable return to our investors, and for the tenth consecutive year we renewed our recognition of our relationship with our investors for our good governance practices and attention to them.

Going a little bit more in detail with respect to our individual Promigas profit and loss statement, the fourth quarter 2022 comparing it with the fourth quarter 2021, we found that revenues grew by 13% compared to the same period last year, EBITDA decreased by 28%, we will explain now the main reasons and net income decreased by 37%. The revenues that happened, the operating revenues decreased by 13% due to the fact that the new tariff methodology came into effect in September 2022 in which the tariff is defined in Colombian pesos and there was also a decrease in the UAC, let's say in direct relation to the variables that affect the calculation of an

average cost of capital in the midst of the macroeconomic conditions in which we were at the time of that recalculation and that effect is offset by higher revenues in concession contracts mainly in Peru due to higher investments made in 2022 since in 2021 they had been postponed as a result of the sanitary and economic emergency since in that country there were certain important restrictions.

EBITDA, reaching 76% of the budget, generated a decrease mainly due to lower transportation revenues and lower income via the equity method, mainly in Peru. In the last quarter, even though we had an important construction activity during the year, in the last quarter we had already made important investments, therefore the margin of the IFRS 15 standard that we must apply in concession contracts had a lower performance. Higher costs and expenses were recorded due to specialized consultancies for the incursion of new businesses that we were analyzing and that we continue working on this year in line with our strategic plan.

As for net income, in line with what we have just mentioned, this item reflects the increase in financial expenses due to the higher debt balance, but always foreseeing the fulfillment of our obligations and the financing strategy in which, as we have already seen in advance, we contracted loans to cover the maturities that could come in 2023-2024, being very cautious with the liquidity situation.

At the accumulated level we had already mentioned, but we repeat that revenues grew 16%, EBITDA grew 4% and net income fell 3%. Operating income grew mainly due to the devaluation of 20.8%, which positively affected the tariff, which was denominated in dollars until August, when the new gas transportation methodology came into effect and income was received from the early termination of the 90 million gas transportation contract with Reficar for approximately 32.32 billion pesos, but this was replaced by a new, more flexible contract, seeking tranquility and adjustment to the commercial conditions of our customers, more flexible in terms of demand but with a longer horizon that will compensate in some way for the decrease in the contracted capacities of the important refinery.

EBITDA 108% of budget, mainly due to higher operating income and, to a lesser extent, to higher income via the equity method, partially offset or affected by higher costs and expenses due to the aforementioned consultancies that we have deployed in line with trying to comply with the strategic plan and normalization of many activities that were slowed down by the stage we went through during the Covid stage.

Net income is the final result of our financial statements and the item was affected despite the fact that we met 5% more than we expected due to the growth of financial expenses, the higher average debt balance and the higher CPI, 40% of our debt is indexed to this parameter, mainly the bonds in Colombia and at the end of 2022 we contracted the lines that we have already mentioned repeatedly in the development of the financing strategy.

As for the balance sheet, it shows a normal behavior, except possibly for the liabilities that grew 28%, but mainly due to transfers from the current portion to the long term and the contracting of the credits that we also mentioned, we did not need them at that time, but always taking into account the environment in which we were moving, we made the decision that at this moment we were thinking of having the necessary resources in cash for the CAPEX programs and the fulfillment of our obligations with all those who entrust us with their resources for the development of our activities.

Juan Manuel Rojas: Thank you very much Aquiles.

Juliana Vergara: Thank you Aquiles and Juan Manuel, let's move on to questions and answers.

The first question comes from Florencia Mayorga from MetLife, she would like to understand the impact on consolidated EBITDA of the regulatory change in Colombia and how they anticipate possible changes in the sector.

Juan Manuel Rojas: Well, thank you very much Florencia for the question, as you know last year we had regulatory changes on two fronts, one had to do with the new transportation charges with resolution 175 of 2021 and the publication as of September 2022 of the first tariff application on this front and the impact of that measure, of that first application measure is a 3% reduction in revenues from transportation charges due to the effect of the update of the UAC and TRM normative useful life investment variable and it is estimated that with the second variation that is pending to be updated by the Energy and Gas Commission and that, we expect to occur this year, there will be an increase in transportation charges that may range between 15% and 20% of revenues, so we are awaiting that change. The second important change we had last year in regulatory matters has to do with distribution tariffs, the new distribution charges we had for companies such as Surtigas and for companies such as Gases de Occidente, as of October we had the application of the new distribution charges in Gases de Occidente, which imply higher revenues

per year in the order of 35.35,000 million pesos and as of February of this year, February 2023 we had the application of the new transportation charges of Surtigas that imply higher annual revenues of 12,700 million pesos; then in terms of distribution if we add up we have that on the side of Gases de Occidente and on the side of Surtigas around 48,000 million pesos of additional revenues.

I hope that solves your question Florence.

Juliana Vergara: The second question is also from Florencia Mayorga from MetLife: Approximately how much of your EBITDA comes from Peru and Colombia and what risks do you identify in Peru right now.

Juan Manuel Rojas: Thank you Florencia, more or less 80% of our EBITDA comes from Colombia, 20% comes from Peru; we have been monitoring the political situation in Peru in detail for more than a year and a half when we saw that there were going to be very competitive elections, we started to monitor and make a very detailed evaluation of the political and regulatory risks, we believe that despite what happened in December with President Castillo and the protests that took place after the departure of President Castillo, the political climate is more stable and we believe that today the territorial and protest issues are much more manageable; Perhaps where we are seeing that there may be a greater risk is in the lack of expeditious procedures in laws that are important in the Congress of the Republic, for example, the law that seeks to implement the level tariff in Peru is still delayed and we have great expectations because we consider that the issuance of this law would give a boost to what we call an additional upside to the business that is already very profitable and that works very well in Peru, it would give an important upside because it would help natural gas to reach the northern part of Peru in a more economical way; so let's say that the issuance of the level tariff, although it is going through the congressional process due to the political volatility, let's say the congress has been delayed in attending and discussing this important regulation, but we are following the situation in Peru in detail, we are calm to a large extent because we consider that the business is developing in a very positive way and we could see it with the number of connections we made last year and we could also see it in the way we completed a year ahead of schedule the completion of the Piura gas pipeline, connecting many more users, fulfilling the promise of value that we had initially made when we started these projects in 2019.

Juliana Vergara. The next question is from Herney Ortiz, independent, I am not clear about the dividend issue for this year, has anything been defined in this regard?

Juan Manuel Rojas. Thank you Herney, regarding the dividends, it is up to us to decide the payment of dividends to the shareholders, we decreed last week in our general shareholders' meeting and in that sense what we achieved was the decision to maintain the value of the decreed dividends and adjust the payment date, largely due to the current financial context where we see a financial market of low liquidity and hardening of financing costs, taking this into account and what we recommended and what the assembly approved was to maintain the level of dividends for the year 2022 and now Aquiles is going to tell you how much they correspond to and to transfer the payments to the second semester when better market conditions are expected, that is what we decided in dividend policy and now I give the floor to Aquiles to talk about the details of how they will be paid.

Aquiles Mercado. Thank you Juan Manuel, according to what was mentioned in the recent 2022 results meeting the dividends were as follows: an ordinary dividend of 172 pesos per share to be paid on June 21, 2023, an ordinary dividend of 104 pesos per share to be paid on September 21, 2023 and an extraordinary dividend of 68 pesos per share to be paid on September 21, 2023 and an extraordinary dividend of 172 pesos per share to be paid on December 21, 2023 as Juan Manuel mentioned, the sum of all these four payments corresponds exactly to the same amount that we paid in dividends for the year 2022.

Juliana Vergara: The fourth question is from Florencia Mayorga from MetLife, how many contracts expire in 2023 in Promigas.

Juan Manuel Rojas: Thank you Florencia, in 2023 four Promigas transportation contracts expire with a capacity of 41 million cubic feet per day, representing 6% of the total contracted capacity, three of these contracts will be renewed and there is one that is currently under negotiation.

Juliana Vergara: The fifth question is from Ricardo Ríos, independent analyst, I would like to know what strategies are being implemented to increase the value of the stock, which is very punished.

Juan Manuel Rojas: Ricardo, thank you for the question, I believe that what is happening in the Colombian capital market does not have to do with the fundamentals of the companies and I simply believe that it has to do more with the structure of the capital market where there has been in the last year a significant drop in the values of the companies, but it does not have to do specifically with the

fundamentals, if you look at the fundamentals of Promigas we had a spectacular year, we had an excellent year in terms of results, in that sense it is within our objectives to diversify in investments and income, We have a strategic business and growth plan that has been ratified by our board of directors and on this front we have been making significant progress and we have also been proactively implementing our financing strategy, we were able to close the year 2022 with all the CAPEX of investments for this year already financed and quite favorable commissions, I do not know if Aquiles would like to mention anything else.

Aquiles Mercado: Well, Juan Manuel, suddenly considering also the behavior of the market in terms of the fixed income rates that have been presented, which have exceeded up to 16% for investments of this type, it makes many investors move towards this market, affecting the stock market, as you rightly said, which has nothing to do with our operating or financial variables or with our results; it is more the behavior of the investor who turns to a guaranteed fixed yield of inflation plus at least 400 basis points, and depresses the stock market in general.

Juliana Vergara: The next question is from Ricardo Rios, independent analyst, are you contemplating share buybacks as other issuers are doing to generate shareholder value?

Juan Manuel Rojas: No, at this time it is not being contemplated.

Juliana Vergara: The next question also from Ricardo Rios, what growth and profitability forecasts do you expect for the next few years?

Juan Manuel Rojas: Aquiles, thank you.

Aquiles Mercado. Thank you very much Ricardo for the question. We are a company at the moment that has a high level of regulated income, that is to say that what Juan Manuel mentioned, depending on the regulatory events that take place this year, we expect to maintain our levels of regulated profitability consuming some margins as its name says, which defines the regulated based on our plans and investment programs based on the approval of our administration, operation and maintenance costs that are efficient and in line with the profitability with the behavior of the market; At this moment we are on the verge of requesting a revision of the UAC for the weighted average capital cost, but we have to wait to see how the conversations with the regulator work. At this moment we have to wait, if things

remain stable according to what we have had in the past in our profitability levels both in transportation and distribution businesses, which can represent 80-85% of our total results.

Juliana Vergara: Question number 8 comes from Ricardo Rios, what impact can the policies being implemented by the current Colombian government have on business results.

Juan Manuel Rojas: Ricardo, thank you very much. We are being very active in the preparation of the energy transition roadmaps, in the hydrogen roadmaps and we are actively participating with the groups that are being organized in such a way that we can not only have a leading role in the execution of projects that will emerge in those roadmaps, but also be able to positively influence the regulation so that those projects materialize in time and form, We have great expectations on those fronts, and afterwards, in the case of the reforms that are going through Congress, we are following them in detail to see what the impact of the labor reform could be on our operations, there are many discussions around this and Congress and the legislature will have to give their inputs in such a way that they have the least impact on the generation of employment and on the sources of employment provided by the companies in the face of the labor reform. As for the pension reform, the draft bill has just been published, so we are studying it in detail. These are some of the comments we can make on this front, if we are concerned about what is happening in the Energy and Gas Regulatory Commission and what we are doing through the unions is encouraging the Commission to maintain its work rhythm in the active participation of the members of the government with the commissioners, It is very important to be able to move forward with many regulatory initiatives, some of which have been held up and we need the Commission to continue operating, and what the Council of State took out at the time was something very important because it establishes what corresponds to the executive and what corresponds to the regulator, and we believe that this front will continue to move forward favorably so that we have a public policy regulation that keeps pace with the industry's production needs.

Juliana Vergara: It is already 10 o'clock and we are going to answer 5 more minutes of questions, since we started a little later than 10 o'clock and what is left unanswered from the IR office will be answered in writing.

The following question is from Rodrigo Sanchez from Davivienda Corredores, could you please share with us the guidance to 2023 at the level of your EBITDA, net income and CAPEX.

Aquiles Mercado: Thank you very much for the question, taking into account that this is the budget officially approved by the board of directors, therefore we assume as a commitment for its full compliance, we mention it not at the level of expectations but at the level of a document in which we are guided to develop the activities in 23, we expect a level of income when we look at the individual income statement of Promigas of 1.8 billion pesos, an EBITDA of 1.4 billion pesos and a net profit of 1 billion pesos. If we look at a consolidated level we are expecting to reach 6.5 billion pesos in revenues, an EBITDA of 2.3 billion pesos in net income and consequently we have a consolidated of 1 trillion pesos and in CAPEX as you also ask us consolidated we expect about 877,000 million pesos in CAPEX without considering any type of extra project but everything that implies our obligations as our regulated users and some new undertakings in energy solutions.

Juliana Vergara: The next question is also from Rodrigo Sanchez from Davivienda Corredores, was the Open Season process definitely discarded?

Juan Manuel Rojas: The Open Season Rodrigo process is suspended, not discarded, we have not canceled it because Promigas sees that the country needs this asset and this source of gas, so we are evaluating the availability of information from the production source, but at this moment it is suspended, not discarded.

Juliana Vergara: The next question is from Carlos Carazas, from Seminario, what is the reason for the increase in financial debt in the consolidated balance sheet, is there any relevant CAPEX to be financed?

Aquiles Mercado: Thank you Carlos, actually the CAPEX is what we mentioned now a regulatory regulatory CAPEX of 877 billion pesos, the increase is due to the strategy of the last quarter of '22 that we completed recently in March with a disbursement for Peru to contract 2.1 billion pesos to have sufficient reserves in case the market continues to present these manifestations of volatility and possibly illiquidity to adequately meet our current obligations of 2023 and 2024 as well as the CAPEX. Now, in case we see that the market starts to return to normality this debt does not have prepayment penalties and we can proceed to deleverage the company as it is at this moment, it is important to mention that it does not affect our

indicators, as at this moment the indicator if the net debt is considered, this higher debt that we got is invested in the best options that the market presents us thus minimizing the negative arbitrage that could imply the difference between the rate of the cost of the credits and the placement rate of the surpluses.

Juliana Vergara: We have a question from Florencia Mayorga from MetLife, what is the sensitivity of EBITDA to the devaluation of the Colombian peso.

Juan Manuel Rojas: Florencia, we will send you this information later through the investor relations office.

And we have no more space for questions, everything pending will be answered directly to your e-mails.

Juan Manuel Rojas: Well, thank you all very much, thank you very much for the questions, for being on the results call and well, we hope to come next quarter with very good messages and very good news as we did now. Thank you very much.

Juliana Vergara: Thank you all.