**Promigas Call Transcript**

**Quarterly results 3Q 2023**

**Date:** Monday, November 28, 2023

**Time:** 11:00 am

**Place:** Virtual platform

**Juliana Vergara:** Good morning, everyone, welcome to the presentation of Promigas' quarterly results as of September 2023. My name is Juliana Vergara, Director of Investor Relations, through this platform we have enabled the questions button 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 entire management team of the company.

I will now give the floor to Juan Manuel.

**Juan Manuel Rojas**: Thank you very much, Juliana, good morning, everyone, as always it is a pleasure to greet you and to know that you are joining us this morning as you do every quarter. Today we have a presentation of results which we have divided into three different sections, a first part where we will present the relevant figures with the financial results, the operating results, we will emphasize the child phenomenon and then, in a second part, we will emphasize the strategy we are implementing in the organization to increase competitiveness, how we have been performing in the new businesses of low emission solutions, at the level of energy solutions and mobility, what we are doing in terms of business efficiencies and productivity, the cost and expense adjustment program we have been implementing and the synergy capture program, a brief summary of which is having a very favorable result, and the impact on sustainability and the Social Footprint we are having at Promigas.

Finally, we close with the Financial Results, and here Aquiles Mercado will make a more detailed intervention on the financial numbers.

To begin with, I would like to start with the relevant figures, and here I would like to emphasize that we continue to exceed our expectations in terms of compliance with our budget so far this year. We will see how we continue to focus on achieving operational efficiencies and the results of the Cost and Expense reduction program, which will allow us to close this year with favorable results above our expectations and continue to respond to our investors and the communities where we operate.

Here I would like to highlight three main things in this sheet, the first, that although our income in the third quarter and in the accumulated September would seem to show a slight decrease, this is due to the fact that in the third quarter of 2022 we received an exceptional payment for the indemnification of the Promioriente claim, even so, when we go into detail in the numbers, we have managed to control our Costs and Expenses effectively, this is how in the third quarter we managed to be 7% below the estimated, that is, 80 billion pesos. We have managed to control our Costs and Expenses effectively, and thus in the third quarter we were 7% below our estimates, that is, 80 billion pesos below what we had planned to spend, and as of September 30 we had accumulated a total of 290 billion pesos. This 8% undoubtedly leads me to the second message of this sheet, it is reflected in a better Ebitda, the positive effects of this strict control of Expenses and Costs have allowed us to over-execute Ebitda in the third quarter by 5%, we see 30.580,000,000,000 against 550,000,000,000,000 and as of September the accumulated Ebitda is 90,000,000,000,000,000 above the budget we had, thus translating into a profit of 50 billion above the budget so far this year, that is, 750 billion to the third quarter accumulated, representing an over execution of 7%, which makes us very satisfied.

I would not like to close this slide without a third message that seems relevant to me and it is that we have mentioned during several earnings calls, how one of the competitive advantages of Promigas and its group of companies lies in the balanced distribution in which we produce that Ebitda and that Profit and we see that again in the third quarter in the accumulated of the year, it is thus that in the consolidated we achieve that gas transportation, regasification and services to producers generate 52% of Ebitda while in Distribution and Low Emissions Businesses represent 48%, while in the profit something similar happens but in reverse, gas transportation, regasification and services to producers represent 48% of the profit, while gas distribution, electric energy, energy solutions businesses and non-bank financing represent 52% of the profit, which contributes to a very balanced diversification of risk in the corporation, which is also very satisfying for us.

On an individual basis we put Promigas, we realize that in the third quarter of the year we had a result that is 30 billion above in terms of income and in the accumulated we are also meeting the budget for Promigas for the year. If we look at Costs and Expenses in Promigas in the accumulated also the strict control policy of Costs and Expenses that is being complied with, in the year we are between 170 billion compared to a budget of 380 billion, that is to say we are allowing us to comply with an Ebitda thanks to this policy above what was budgeted, This is reflected in a Net Profit of Promigas that is 7% above what we had budgeted at 760 billion pesos compared to the 710 billion pesos we had in our budget, once again exceeding our expectations.

If we go to the Operational results, we also see very favorable results and here I want to stop on the left side of the graph to highlight that by the third semester of 2023 Promigas and its portfolio of transportation companies in Colombia achieved a volume of natural gas transported of 493 MPCD through a network of pipelines totaling 3,290 km and with a total transportation capacity of 1,153 MPCD.

Why were we below the 505 million we had budgeted in the volumes transported? Mainly because we had higher transports in Promioriente, one of the largest transports in Transmetano and Transoccidente, while Promigas volumes were very satisfactory. Now, we can clearly say that during the last quarter of the year and because of the El Niño phenomenon, we have been transporting important volumes much higher than expected, which is what we have been evidencing in our system.

Having said that, we had 12 MPCD average transported at the third quarter of the year accumulated over budget. Transportation revenues did have a 10% increase if you compare to the same period July - September 2022 compared to July - September 2023, it's not on the slide, but in that quarter if we compare one against the other we went from 428 billion last year from the July - September period to 472 billion in the July - September period of this year and in the accumulated between January to September the increase was 4 % going from 1 Bn 259 billion in January - September 2022 to 1 Bn 305 billion in January - September 2023, also an important increase in our transportation revenues.

It is worth highlighting a strong increase in thermal consumption during the third quarter due to the impact of the El Niño Phenomenon, which is the greater thermal support to the energy demand, caused, for example, that in September an average of 300 MPCD was transported to the thermal sector, which is 66% higher than the budgeted volume and 122% higher than the volume that had been fulfilled in 2022.

As a consequence of the El Niño Phenomenon, we are now going to go into detail, during the third semester, as we have shown here during 67 non-continuous days, a variation of 205% with respect to the 22 days that were regasified in 2022, that in the third quarter of the year and during the first 9 months of the year, during 119 days, 231% more was regasified with respect to the same period of 2022, representing an over execution of 441% with respect to our budget.

In terms of Gas and Electric Energy Distribution, we had a total of 6,600,000 customers as of September, that is, this year we have connected more than 318 thousand new homes and users to our Gas and Electric Energy Distribution system, something that gives us great satisfaction due to the Social Footprint that this implies. And of those 6,600,000 customers, 6,220,000 correspond to gas users in Colombia and Peru and 445. As for the revenues of the Distribution business, although they are not specified here, they had an important variation of 10% between the third quarter of 2022 and the third quarter of 2023, going from 996 billion to 1 Bn 96 billion, 100 billion additional revenues in the Distribution business, which makes us very happy in the accumulated of the first nine months of this year compared to the period 2022.

In the accumulated variation reaches a growth of 16%, going from 2.7 Bn in 2022 to 3 Bn 230 billion in the first 9 months of 2023, which also makes us very satisfied. Emphasizing the low emissions portfolio, we highlight that in the third quarter we accumulated a contracted capacity of 79.5 MW of which 64.3 MW correspond to photovoltaic solar energy and 15.3 MW Auto and Co generation, it is worth mentioning that we also attend 42 MW of third parties to whom we provide the Operation and Maintenance service, this makes us very happy, the growth that this business is presenting. As for details of things that we highlight, which were milestones in the third quarter, we received a ratification of our national long- and short-term ratings of AAA in Colombia and F1+ in Colombia by Fitch Ratings, as well as the international rating BBB- with stable outlook.

In terms of Discipline and Operational Experience, I would like to highlight that Promigas Peru managed to increase the allocation of resources through the "Con Punche Peru" program, adding 33.6 million dollars for a total of 80.6 million dollars for the year, with which we are building networks of 850 kilometers in addition to those we had planned to benefit 66,000 new customers; we are the organization in Peru that is receiving these contributions most from the Government because they trust in our management capacity and rapid execution to connect the needy population in Peru. I would also like to highlight that Surtigas is managing public resources for a value of more than 17 billion to finance new connections in the departments of Bolivar, Córdoba, and Sucre; we have signed agreements with the government of Sucre and the Special Development Quota Fund to benefit more than 14,200 new customers in the department of Sucre. And I highlight as an important point that on September 6 we started the transfer of gas from Promigas' pipeline to TGI's pipeline in the connection of the Caribbean system with the inland system, associated to the early bidirectionality of Promigas' national transportation system. What is the difference between this fact and what we had already announced in April with the start of the early bidirectionality? Mainly in April we had reported the connection of both systems, but the flows were coming from the inland system to the Atlantic coast system. With the operational problems that Canacol presented in August, we were able to bring gas flows from the Caribbean coast system to the interior, and this seems very important to us because bidirectionality is working and operating in a safe and effective manner.

I also highlight as a relevant milestone the advances in our Project + Safety that we have been advancing with DuPont and that have resulted in a reduction of the corporate LTIFR and accidents, later we will see it in detail, with respect to the third quarter of 2022, at the end of September there was a 26% reduction and a 40% total reduction of accidents. As events and recognitions during this past quarter, last September 5 we were able to carry out the presentation of the 24th edition of the Report of the Natural Gas Sector in Colombia, which addresses the challenges of the energy trilemma in the country, we made a presentation where we warned of the problems that are taking place around the availability of gas in some areas of the country and we also emphasized what could happen if in Colombia we make a rapid abandonment of what is Natural Gas, which was very well received by the industry and public opinion. It is also worth mentioning that we are part of the Top 30 of the ANDI's National Innovation ranking, being one of the most innovative companies in the country, occupying number 12 in a sample of 250 companies, additionally, in the department of Atlántico we are positioned as the most innovative company of the ANDI, for which we were awarded, and we are very proud of it.

I had mentioned at the beginning about the El Niño Phenomenon and here I would like, as I mentioned before, to highlight that the transportation infrastructure we have in SPEC has behaved as we expected, becoming and ratifying that we are the country's energy insurance, currently that infrastructure has been complemented with bidirectionality and therefore the volumes of SPEC that are regasified are being able to be taken to the center of the country, which makes us very happy because we continue ratifying that this infrastructure is fundamental for Colombia. What are the figures for this infrastructure up to September 30? 12 methane tankers with 618,000 m3 of LNG received at the end of the third quarter, a number much higher than what we had received last year. 300 MPCD of thermal volume transported during the month of September, 66% above what we had budgeted. On September 21 we presented the historical record of volume regasified by SPEC 305 MPCD when we provide the information of the fourth year-end result, we will see that we have surpassed this in the last quarter, I am not going to mention it here, but as of September 21 we had achieved 25 MPCD, let us remember that the regasification plant has a capacity to regasify 400 MPCD.

The transported volume of 339 MPCD on September 24 also implied a peak in the highest volume of the year of what we transport in Promigas and in September SPEC would have represented 40% of gas deliveries on the coast and 20% of gas deliveries nationwide, ratifying that, not only the regasification plant is critical for the country, but also that it becomes essential to provide reliability to the Colombian electricity system in the event of a child phenomenon. From September to date, about 23 MPCD have been transported to the interior through the bidirectionality, as I had mentioned that on September 5 the flows from the Caribbean coast to the interior had started, part of that gas is also received by SPEC.

So that slide is to emphasize how we have been supporting the country's electricity generation through our regasification plant, which has also had an outstanding performance in terms of availability.

Now I want to emphasize the results of the + Safety Project that we have been implementing for more than a year with SPEC because this is fundamental for the reliability and safety of our operations, so in terms of reliability of our operation we have maintained a level of transportation losses below the 1% allowed by the regulation. This year the indicator has been at 0.14% in the third quarter, what the regulation allows us is 1%, we are at 0.14 much lower and we have presented a service continuity index of 100% throughout the year, it is a figure that makes us envious, And if we look at the LTI FR at the end of September we had a 26% reduction with respect to the same period in 2022 and a 40% reduction in total accidents with respect to the same period last year, we had 116 incidents against 192, the truth is that none of these with severe incapacitating effects as shown on the left side with the LTI FR, in that sense the vice-president of operation of the organization has been doing a magnificent job.

Let us then move on to those businesses that allow us to increase our competitiveness in terms of growth for the future, and here I am going to emphasize the Energy Solutions business and then Mobility. In Energy Solutions the results are also very favorable, as of September 30 we were meeting 91% of the goal set for the year, reaching 79.5 MW when we had proposed 80 MW for the year, the estimate for the end of the year 2023 is going to be higher, we are going to exceed it and that makes us feel very happy. In addition to those 79.5 MW, there are 42 MW that we provide services to third parties, particularly 42 MW of Operation and Maintenance. In energy sales we reached 45.1 GWh, these solar projects that we have been implementing and some are still under construction and some others are in closed contracts, we have 37.6 operational and 41.9 under construction, these solar projects will imply a reduction of 12,100 tons of Co2 equivalents per year. And in the Auto and Cogeneration projects, I mentioned at the beginning of this conversation that we had 15.3 MW, we are using 7.4 million m3 so far this year. We have executed 47% of the Capex foreseen for these projects and we have to execute 53% before the end of the year and we hope to achieve this goal as we have proposed, it is a business that has been growing effectively, as a result of an important commercial management that the Energy Solutions team has been doing and where we seek to bring to our customers a proposal that allows them to decarbonize their operations.

In terms of Mobility the results are also very positive, in our areas of influence of Surtigas and GDO we have an increase of 27% in conversions compared to the same previous quarter, in this sense 541 conversions of light vehicles to NGV in the north of Peru, 943 conversions in the Surtigas and GDO areas and 24 new units of dedicated NGV vehicles during the third quarter. Let us remember that each one of these dedicated vehicles or tractor-trailers as we call them represent between 300 and 400 connected homes, that is, each of these trucks has a significant impact on gas consumption. On this front we are also moving as you can see with commercial depth achieving important results.

I want to show what we have been advancing in terms of the cost and operational excellence program, here I will go into detail because it is thanks to this program and to this strict compliance with our policy of capturing synergies and controlling expenses and costs that we have managed to be above what we have budgeted this year in our Ebitda and in our Profit. At the end of the first 9 months, we had captured 20,290 million pesos as a result of this program, an execution of 101% over what we had proposed for the year, that is to say, by September 30 we were already above what we had proposed. In terms of operational excellence, half of those 20,290 million pesos were achieved, a little more than half, 10,335 million, and what is this? Tours in high incidence areas, maintenance reconditioning, optimization of integrity assessment frequencies, auditing and internalization of activities and commercial management, these 10,335 million pesos come specifically from that.

The second most important component of the program has to do with strategic sourcing which represents 25% of the synergy captures with 5,193 million and there we achieved a better insurance renewal in negotiations and savings in the way we optimize the negotiation of software and negotiation of better rates for them, a fifth part with 4. 170 million comes from Administrative Efficiencies that were mainly achieved through better energy consumption, a decrease in travel expenses, optimization in the hiring of personnel, efficiencies in fees and savings in taxes and contributions, then I highlight these programs because at that level of detail of Cost and Expense control we are achieving important results that have allowed us to be above our budget in addition to the achievements we have obtained in terms of negotiation of financial expenses.

In terms of the KPIs as of September 2023, the initiatives we had planned to implement this year are 95% On-Track with a benefit realization in these initiatives of 175%, we have an acceleration plan, particularly, with a focus on asset management initiatives, digitalization of maintenance processes and change management through cultural evolution, this because by September we had already met the goal for the year, that is, we continue working on this front in a positive way.

Let's move on to the second chapter of this results report where I want to emphasize our Social Footprint, here I would like to start with the Natural Gas and Electric Energy business, we bring wellbeing and quality of life to approximately 22.5 million people, 6.66 million customers that represent families between 3 and 4 people that every day we touch the lives of around 22.5 million people and as this serves 1,030 populations in Colombia and Peru. I had mentioned earlier that this year we have managed to connect more than 318,000 new residential, industrial, and commercial users, mainly residential, if we look at the detail 41,096 of those 318,000 were stratum 1 users in Colombia, 43,133 in Peru, 30,331 in stratum 2 in Colombia, 53,828 in Peru, 24,788 in stratum 3 in Colombia and 55,240 in Peru. In Colombia we increased access to 25 new towns compared to the same period last year and in Peru we increased it with 5 new towns we are very good at laying networks and connecting homes in different latitudes, we do it very well, this is an expert area of Promigas.

As for our inclusive business Brilla, although the financial sector in Colombia has faced a challenging macroeconomic environment, particularly with respect to the quality of the loan portfolio, we continue to present a very favorable performance in Brilla, we managed to place 367,000 new loans equivalent to 915,307 million pesos as of September 30, last year we had closed at one trillion pesos in placements, we were already at 915,307 million pesos as of September. We have not presented a deterioration in the portfolio as the financial sector has presented, our average portfolio is higher than ninety days, it is at this moment at 4.3% which although compared to last year we were at 3.7%, it presents a slight deterioration, it is being controlled and it is not the same as the one presented by the financial sector.

Today the Brilla business represents 20% of the Ebitda in our distributors, it is worth highlighting that of those 367,000 credits 95% are taken by families of stratum 1, 2 and 3, benefiting 1.7 million people with our Brilla insurance and assistance policies and 67% of those credits are taken by women, also very interesting, our App that we inaugurated in July last year we already have 46. 000 users using our app, of those 367,000 credits, 46,000 came through our app which is a multichannel and that is an advantage of this tool.

From the Social Footprint it is also important to highlight what we are doing in Strategic Social Investment and here in particular I want to mention that by the third quarter of 2023 we had already achieved a strategic social investment that was above what we had achieved in 2022, we had invested 40,921 million pesos, 106% above our budget which was 38,000 million and of that budget an important component is from third party resources, that is, we are mobilizing resources from other organizations that trust in the execution capacity of Promigas and its foundations, we estimate to close this year with 45. 173 million of Strategic Social Investment, which will be much higher than the budget we had foreseen of 38,000 million, which makes us feel very happy for the impact that this generates in the communities with these programs that are distinguished in 4 fronts; More Youth Employment, More Entrepreneurship, More Productive Communities and More Sustainable Territories, we have benefited more than 41,000 people and 7,065 people, a high impact benefit. We have presence with our foundation and those programs in 46 municipalities in Colombia, 11 departments of the country and in Peru in 10 districts, when we look at our Social Footprint we must also recognize that we have a favorable impact on our Chain of Suppliers and Human Talent, we have 2,142 direct collaborators, 8. We have 2,142 direct employees, 8,949 through our service providers and 234 direct employees in Peru, 38% are women and 62% are men, 47% of the women in the population are under 30 years old, we have invested 3,509 million in direct training processes and 2,008 million in scholarships for the families of our employees, this makes us feel very satisfied.

One of the most relevant milestones of the third quarter, which we consider as a contribution or a public good that we provide to the country, was the launching of the IMPE, Multidimensional Energy Poverty Index, this index has been very well received by analysts, the academic community, the industry and public policy makers, This index allows us to identify people who simultaneously lack access and quality to energy, gas and electricity and who, in the possession of devices, can make use or not of electric and gas devices that allow them to free up time or take advantage of energy to its maximum potential, as Amartya Sen, Nobel Prize winner in economics, would say.

The index that was launched in September gives as a result that in Colombia we have 9.6 million people who are energy poor while 42,100,000 people are not energy poor, i.e. 81.5% of the Colombian population is not energy poor, while 18.5% is people are not energy poor, that is 81.5% of the Colombian population is not energy poor, while 18.5% is and when we look at the intensity of energy poverty of those 9.6 million poor people have an intensity of about 47% of accumulated deprivations in different areas both in having a functional and safe housing liberating time because they have energy devices to take advantage of it or because they do not have how to communicate with the world because they do not have internet or access to television or smartphones that allow them to communicate with the world or because they are not in a suitable environment in their home, they do not have a single space for cooking food, sometimes with firewood or because they live in a territory equipped for welfare, so the energy intensity of that 18.5% of the energy poor in Colombia, that 47% is a very important indicator index for public policy makers.

Why does this index contribute and differentiate itself from other poverty indices? It shows us that 3.5 million people, but they are not income poor as shown by some quality of life surveys or the index shows us that 6.2 million people are energy poor, but they are not multidimensional poor as shown by the DANE survey on monetary multidimensional poverty, so we believe and highlight this contribution made by Promigas together with the Fundación y de Inclusión S. A and that has been very well received by the multilateral community who want to support us in taking this index not only to the departments and municipalities in Colombia and outside Colombia to Peru.

I close this second chapter with the achievements we have been reaching in terms of decarbonization, we are meeting the goals we set in our path towards decarbonization and by September 30, 2023 we had already surpassed the goal we had set for the year, we had set a goal of 10,000 tons avoided by the end of the year and by September 30 we had already avoided 11,317 tons of CO2 of scope 1 and 2. 54% of the decarbonization initiatives started in 2023, 12 of the 22 program initiatives, particularly in Energy Efficiency, Asset Integrity and Energy Contract Management. As of the third quarter, the abatement goal was exceeded, achieving an accumulated 11,317 TonCO2e, and we have a partial closing as of September related to Leak detection and control, Energy supply management, Vent management and improvement of response time in the event of ruptures by third parties, on which we are emphasizing on these 4 fronts towards the end of the year.

I close this second section and now I give the floor to our CFO Aquiles to continue with the detail of the financial numbers. Thank you.

**Aquiles Mercado:** Thank you very much, Juan Manuel, a special greeting to everyone listening to this report today. As our president mentioned at the beginning of the talk, we have a Zero Base budget, so our intention is always to exceed expectations in terms of compliance with the budget so far this year, and we are over-executing, as you mentioned, we continue to focus, especially in such a complex year not only for the sector but for the economy in general, on achieving operational efficiencies and cost reductions in order to close the year with positive results and continue generating value for our investors, thus, before starting the financial results, we emphasize that they show a responsible execution of Costs and Expenses and the capture of Efficiencies, we have isolated non-recurring impacts such as the margin of construction in indemnities received and when one takes that out, for example in the 3Q 2022 period there is extraordinary income of 14 billion pesos, part of the insurance indemnity that we are receiving and that we finished receiving this year for the Promioriente incident and 31,800 million pesos that we received from a Reficar indemnity, when one abstracts those elements, the Ebitda reflects a 7% growth.

Next, we are going to explain the behavior of our financial statements having made that relevant mention according to our perception. The Profit and Loss Statement in terms of income, as we have been saying, presents a growth of 99% of the budget, an increase of 8% and if we do not consider the extraordinary income but only what is recurrent it would be an increase of 12% in income reaching 1 Bn 647,963 million pesos against 1 Bn 530,000 million pesos of the previous year. Costs and Expenses, according to what we mentioned now, 93% of budget execution given the control we have had, was an increase of 9% as budgeted and an increase of 11% without considering non-recurring elements, we presented a slight under-execution in revenues caused mainly by lower revenues in Gases del Pacífico and Promigas Perú as a consequence of the delay in the fishing season, an element that is related to the El Niño and La Niña Phenomenon in Peru and that generates important revenue peaks in our operations in that country.

We presented an under-execution in the construction line of Promisol due to adjustments in the execution schedules of activities, with respect to the variation of 2022 the revenues from ordinary activities presented an increase of 12%, the operating revenues increased, impacted mainly by Gases de Occidente, since in the third quarter there was an increase in consumption by the cement companies and in thermal generation related to the El Niño phenomenon, which had a positive effect on Promigas' quarterly revenues, while our electric energy distribution operation in Cauca CEO recorded higher revenues due to the increase in the energy tariff as a result of seasonal weather conditions.

In Costs and Expenses, despite the 9% increase, we are within 93% of what was budgeted, that is, our reading of what was going to happen this year in Costs and Expenses was correct; however, we also intervened to generate savings and this budget under-execution is mainly due to the strict control of the item at the corporate level, an increase was recorded versus the previous year, mainly impacted by CEO due to the greater exposure in the stock market in its electric energy supply, and additionally, an increase was recorded in Promigas due to the planned annual salary adjustment and the hiring of new consultants mainly for the development of new businesses, this effect has been partially offset by a lower cost of construction of concessions.

Regarding Ebitda, we are at 105% of the budget, we insist on putting our concentration on meeting our budget, which is our promise to the market and if we extract, as we had mentioned, the non-recurring items that were presented in 2022 for comparative purposes, Ebitda would present an increase of 7%, reaching 576,318 million pesos. At a budgetary level this over execution of 5% mainly due to the responsible execution of Costs and Expenses and, therefore of the efficiency capture with respect to the expected execution of 93%, additionally, a significant over execution was recorded in the Ebitda of SPEC, our port society El Cayao the regasification plant due to the longer days of this activity to meet the requirements of the thermal sector, highly dispatched given the impact of the El Niño Phenomenon which reflects the strategic role of the plant for the robustness of the country's energy matrix.

With respect to the variation against 2022 there is a decrease in Ebitda due to an extraordinary income from indemnification for lost profits received by Promioriente during the third quarter in 2022 in the amount of 14,000 million pesos, that is, 2022 has an income of 14,000 million pesos totally extraordinary as an insurance indemnification that we did not find in 2023, however, it means something important, which is the recognition by the insurance companies of one of the most relevant claims that Promigas has had in its history or in one of its subsidiaries. Without taking into account this income we would observe an increase of 7% in Ebitda, that is, when we compare from the exceptional point of view the pure operation of the company in its transactions, likewise, the effect of the increase in Costs and Expenses at a slightly higher rate than revenues is evidenced as a result of the deployment of the strategy in the Energy Solutions business, our incursion mainly in solar energies and the strengthening in aspects related to cyber security, the variation without increases due to concession construction contracts or indemnification to Promioriente is 7%.

When we look at the consolidated statement of loss of earnings also in the third quarter of 2023 versus the third quarter of 2022 we find that the Net Income we have met 96%, a decrease of 15% only 4% if we consider the non-recurring items and insisting that we are focused on the third quarter, as a final line of our financial statements there is evidence of a slight under-execution impacted mainly by the indemnification of 50 billion from Promioriente, in this case, corresponding to the damage by the insurer which was budgeted for August and was received in June. With respect to 2022 this item reflects a decrease mainly impacted by the growth of financial expenses, we are all witnesses of the higher average rate presented by the market and the higher debt taken by Promigas and its related companies at the end of 2022 1.58 billion as a result of a comparative financing strategy to offset possible liquidity in the banking market and thus responsibly meet both financial obligations and the investment program outlined, the variation without revenues from concession construction contracts and the indemnification to Promioriente would be 4% instead of 15%.

When we look at the summary of the consolidated financial statement as of the third quarter of 2023 versus the third quarter of 2022, if we start with the revenues we see that we met 99% of the budget in that accumulated third quarter with an 8% increase and 12% without the extraordinary items that were in 2022, the Costs and Expenses were met at 93% with a 9% increase, the Ebitda 105% of what we budgeted in our plans and programs, a 7% increase excluding extraordinary items and the Net Income we already mentioned 96% of the budget reaching in this specific quarter 250. 579 million.

Let's move on to the consolidated figures for the full semester 2023 vs. 2022, we met 97% of the budget with an increase of 7% and without considering extraordinary items an increase of 15% reaching 4.7 billion pesos vs. 4.4 billion pesos of last year's semester. At the budgetary level, there is an under-execution mainly by the distributors of Gases del Pacífico and Promigas Perú due to lower revenues as a result of lower volumes due to the delay of the fishing season, likewise, there is an under-execution in Promisol's revenues due to delays in the execution of construction lines, with respect to the variation of 2022, revenues from ordinary activities show a relevant increase of 14% and there are higher revenues mainly in the distributors of Promigas and Gases de Occidente due to the increase in consumption of industries and the non-bank financing business, In addition, there were higher revenues in SPEC due to an increase in availability revenues and higher regasification, volumes delivered due to the requirements of the thermal sector, highly dispatched due to the impact of the El Niño Phenomenon, which reflects the strategic role of the plant for the good of the country's energy matrix. Likewise, there was an increase in CEO's operating income due to the increase in the price of energy in the stock market, income from concession contracts decreased by 39% due to lower construction of gas pipelines given the early fulfillment of the obligations of expansions in the gas distribution infrastructure contracted with the Peruvian state through a conception contract.

Regarding Costs and Expenses we have complied with 92% of the budget and an increase of 13% and mainly the under-execution is due to the fact that we have had, in the case of Promigas, savings in consultancies, a start of the integral consultancy contract in cyber security in April versus January versus the budget, pending contracting in budgeted consultancies for non-bank financing, lower fuel consumption in the compressor stations due to the delay in the Niño Phenomenon presented in the first half of the year with greater emphasis. Lower maintenance expenses at Gases del Pacífico due to the displacement of network maintenance without affecting the safety of operations at all. In SPEC we have had lower expenses due to lower real market representative rate versus the budget, which has a positive impact on the expenses of the floating storage and regasification unit billed in dollars. There are consultancies pending to be executed in Promigas Peru, Gases de Occidente and Surtigas, and pending the entry of personnel in Promigas and legal heads within the corporate control program of Costs and Expenses that we have undertaken to have a protection of the financial statements and the results of the year. With respect to the previous year, the increase is mainly due to the annual salary adjustment in all subsidiaries, the increase in insurance due to the increase in the renewal of policies, partially offset by the lower costs associated with the construction of concessions.

In terms of Ebitda, 105% of the budget, which is very positive, 4% if we exclude extraordinary items. At the budgetary level, a 5% over-execution of Ebitda stands out, mainly due to the responsible execution of Costs and Expenses and therefore of the capture of efficiencies with respect to what was expected, an execution of 92%, With respect to the previous year, there was a decrease in Ebitda impacted by the effect of higher expected growth in Costs and Expenses due to the effects of inflation compared to revenues, especially in Promigas and Transportadoras due to the entry into effect of the first stage of the new gas transportation methodology as of September 2022, in which due to regulatory effects, the WAC in the expected rate of return in our transportation revenues decreased from 15.02% to 10.94% in September 2022, and the WAC in the expected rate of return in our transportation revenues decreased from 15.02% to 10.94% in September 2022. 02% to 10.94% in real terms before taxes and the tariff was changed to Colombian pesos for the first time in the history of the gas transportation sector. The variation without revenues from concession construction contracts and the indemnification of Reficar and Promioriente would be 4% reaching 1.7 billion pesos of Ebitda at the consolidated level.

As for the Net Profit we are executing at the end of the semester of 2023 a 107% reaching 753,000 million pesos and this is mainly due to the over execution as a consequence of the responsible execution of the Costs and Expenses and the recording of an insurance indemnity to Promioriente for 25,000 million pesos above what was budgeted for that period, in addition to a higher Net Profit of SPEC over executed due to the longer days of regasification that we have already mentioned.

Finally, higher financial income was recorded due to the increase in rates as part of the strategy we also deployed to minimize the negative arbitrage of the debt contracted in advance to meet financial obligations and Capex. 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 the new debt taken by Promigas and its related companies in the strategy we have already mentioned to minimize liquidity risks in the banking market and also the increase in rates during the year 2023 which was not expected to be as relevant as it has been, somehow with this strategy we have had the resources to responsibly assume both the financial obligations and the investment programs currently underway.

In the summary you can see what we have just explained an increase of 7% in revenues with 97% compliance, an increase of 13% in Costs and Expenses, but 92% of what was budgeted thanks to the strict control of the same, in Ebitda 105% which represents our compliance with what we established in the plans and programs and an increase of 4% against the previous year if we do not take into account the extraordinary revenues, the Net Income is running at 107% by reaching 753,000 million pesos of profit at the end of the semester under analysis.

When we go to the individual financial statements, i.e. Promigas without consolidating all the portfolio companies, revenues represent a 9% increase over the previous year, which is reflected in a 112% budget execution of 298,563 million pesos in revenues versus 273,461 million pesos the previous year, this over execution is mainly as a result of the increase in consumption by the thermal sector, in the last quarter as a result of the impact of the El Niño Phenomenon generating revenues from higher dispatches from the thermal plants on the Atlantic coast. Juan Manuel, our president, explained that although we expected this phenomenon to occur a little earlier, it was delayed a little, which had an impact on our financial statements, but up to the date of this report we are presenting the highest volumes transported historically in the life of Promigas. With respect to the previous year, operating income increased by 13% since as of August there was an increase in the consumption of the thermal sector due to the impact of the El Niño phenomenon compared to the previous year, which was a year with a higher rainfall regime; the impact is not greater because we already mentioned that the tariff methodology decreased the WAC from 15.02 to 10.94 and the tariff in a specific year.

Without income from concession construction contracts would be 13% increase instead of 9% the equity method has an increase of 17%, negative in this case, mainly due to the fact that Promioriente budgeted for August the recording of the insurance indemnity for the Gibraltar emergency for 50,000 million pesos and we received them in advance in the second quarter for 75,700 million pesos, that is to say, it is a matter of timing or opportunity at the moment of recording the income since it was recorded earlier, in advance, but for a higher value than we expected. CEO lower gross profit in the energy business associated with higher costs due to the change in stock market exposure and increase in the price of this and higher financial expenses, these effects are offset by the over execution of SPEC as we have 67 days of regasification in the quarter of 2023 versus only 9 days that we had budgeted to meet the requirements of the highly dispatched thermal sector due to the El Niño Phenomenon.

In Costs and Expenses we have executed 104% of the budget, an increase of 11%, mainly due to the recording of consultancies for the development of new businesses, offset by lower labor expenses for positions budgeted in January 2023 and pending contracting, as well as lower fuel consumption at the compressor stations and strict control of this item to capture efficiencies. Regarding 2022, the increase is mainly explained by an annual salary adjustment of 14.72%, taking into account the Consumer Price Index (CPI) of 13.12%, plus an additional 1.6% agreed upon in the collective agreement that includes our employees at Promigas. We also had consulting services contracted for new business ventures in other regions, the signing of the implementation of a cybersecurity contract to provide enhanced protection for our Cyber operations, the scope of the adjustment in August 2022 for the Back Office contract with Enlace, our shared services center. Additionally, there was an increase in property damage policies due to market fluctuations and the rise in the insured value of assets, higher VAT due to increased expenses. This effect is partially offset by a lower construction cost for concessions.

Regarding the EBITDA, we observe an increase of 101% compared to the budget, indicating that we are executing well. Many of the explanations for this have been mentioned earlier.

To summarize, the Net Income is at 96% of the budget, and looking at the individual financial statements accumulated to 2023 against 2022, we are meeting 100% of the budget. The explanations for these figures have been covered in essence in the previous slides. If we turn to the last slide of the summary, we can see that Costs and Expenses are at 98% of the budget, showing a 10% increase as expected. The EBITDA is decreasing by 12%, 5% without considering extraordinary items, and we are executing at 106% of the budget in Net Income, reaching 755,000 million pesos at the end of the semester. The notes on the balance sheet indicate no significant changes that you can observe if you have read our report, concluding the financial chapter.

**Juliana Vergara:** We begin the question session. The first question is from Florencia Mayorga from MetLife. Short-term debt continues to increase. Could you provide insight into how you expect to refinance it?

**Aquiles Mercado:** Thank you, Florencia, for the question. There isn't actually an increase in short-term debt; what happens is that with the reclassification of long-term debt to short-term, the increase becomes apparent. Now, we have taken a pause this year, waiting to see the behavior of interest rates. Therefore, contrary to our usual practice, we have not issued bonds this year. We are now considering the possibility, with rates having stabilized at a level we believe could reflect the market reality, to consult with our board of directors and review the possibility of issuing bonds in the first quarter of the coming year to extend the duration of the debt and reclassify it back to long-term.

**Juliana Vergara:** The next question is from José Rojas of Compass Group. Given the non-execution of the contract between EPM and Canacol, have you seen the opportunity to supply gas volumes to EPM?

**Juan Manuel Rojas:** Thank you, José, for the question. We maintain the interest in continuing to connect markets and remain interested in linking the new gas supply from the Caribbean coast to the interior, including Antioquia. We are exploring various options to achieve this in the lower Magdalena Valley with fields located in that area, using the gas we import from SPEC and the gas that is yet to be developed offshore. All are good prospects for the medium and long term. In this sense, Promigas is always interested in continuing to invest in Colombia and connecting the supply with areas of demand.

**Juliana Vergara:** The next question is from Florencia of MetLife. What is the company's exposure to Canacol?

**Juan Manuel Rojas:** Thank you, Florencia. The exposure is 5% of our revenues; that is our exposure to Canacol.

**Juliana Vergara:** Another question from Florencia of MetLife. Can you provide an update on efforts to renew the capacity that expires in 2023?

**Juan Manuel Rojas:** Yes, Florencia, this year only 6% of the contracted capacity expires, which is 46 MPCD, and it is expected that more than 92% of these expirations in the current contracting process will be renewed, with some already renewed. Only non-recurring contracts for addressing temporary situations from the petrochemical sector remain to be renewed. It's important to highlight that the remaining life of the contracts will increase from 4.6 years to 6.5 years, largely due to the commercial strategy we are implementing.

**Juliana Vergara:** The next question is from Juan Carlos Soler from FiduBogotá. What impacts on prices for residential customers have resulted from the increased delivery of gas to thermal generators? I'll now pass the floor to Wilson Chinchilla, our VP of Distribution.

**Wilson Chinchilla:** Thank you, Juliana. Good morning, Juan Carlos. I'll start by saying that the high thermal dispatches we've seen so far this year haven't had an impact on the prices we serve in our areas of influence, in our distribution networks. This is mainly because these contracts cover 100% of the demand from our customers, whether they are residential, industrial, or commercial. These contracts were negotiated a few years ago, so the prices are agreed upon, and therefore, there is no tariff impact this year from that perspective.

**Juliana Vergara:** Thank you very much, Wilson. The next question comes from Ricardo Ríos, an independent analyst. I would like to know, what impact could a potential decision to import gas from Venezuela have on the company?

**Juan Manuel Rojas:** Thank you, Ricardo, for the question. I believe that, for the country in general, having all available means to meet gas demand is positive. Not only is the importation through SPEC beneficial, but also the possibility of importing from other markets. As we know, there is a projected gas deficit in Colombia from around 2026-2027. Therefore, having multiple sources is positive. If gas were to come from Venezuela, we could transport it through our existing transportation systems, particularly the one from Ballena to Cartagena, which would also see benefits. It would be a positive impact, as it could provide the country with an additional source of gas at a different price. Currently, the imported gas purchased by the thermal group, mainly through spot contracts, comes at a predetermined price, approximately around 16 dollars per million BTU. If Venezuelan gas enters at a more competitive price, it would be beneficial for all Colombians. In the end, it not only has a positive impact on our infrastructure but also for our distributors and the entire country to have gas that competes with the existing sources.

**Juliana Vergara:** The next question is from Ricardo Ríos, an independent analyst. I would like to, please, know if you can provide us with guidance for the fiscal year 2023 regarding revenues and EBITDA?

**Aquiles Mercado:** Our expectation regarding the guidance you are requesting is a fulfillment of 101% in revenues, reaching around 6.7 trillion pesos, EBITDA also at 101% compliance with 2.3 trillion pesos, and Net Profit of 1 trillion pesos with a 100% budget execution. In other words, our commitment and expectation, based on the information available up to the moment we make this report, is a 100% budget compliance in the categories you mentioned.

**Juliana Vergara:** The next question is from Lucas Howard of Red Vial. How much does SPEC represent in the EBITDA of the transportation segment?

The EBITDA of SPEC represents 14% in the EBITDA of Transportation.

The following question is from Cristian Fera of Balanz. Are you considering hedging operations for dollar-denominated debt?

**Aquiles Mercado:** Thank you. We have a hedging strategy for dollar-denominated debt, covering a significant portion with financial assets in dollars that we have in Peru and SPEC, both of which have functional currencies in dollars. Another part is covered with net investment hedge abroad. We have hedge accounting; therefore, we are not hedging with derivatives. For any additional debt, we still have capacity, with this strategy, to align the financial statements with the debt contracted in dollars. At this moment, we don't have exposure; we are fully hedged, covering 100% of the dollar-denominated debt.

**Juliana Vergara:** The following question is from Jairo Zarate, a private individual. Can you indicate the future impact on the company's business of the hydrogen project?

**Juan Manuel Rojas:** Thank you very much, Jairo. In hydrogen, we are focusing on four market segments. The first is Blending, whose pilot we inaugurated last year in March 2022, and it has been in operation for over a year with interesting results from which we have learned a lot. The second market we are exploring is electric mobility, the third is decentralized production and integration into distributed generation, and the fourth is the latter. We are closely monitoring the progress of Bill 275, which proposes a requirement of a 2% hydrogen blend in natural gas from 2030 onwards. This is especially significant because it would greatly boost the Blending business, in which we are already learning and conducting our pilot. In both the Blending and Hydrogen Mobility scenarios, our current project is the one we have in Cartagena. It establishes a platform on which we can grow quickly and efficiently if the regulatory and legal frameworks of pending laws materialize. So, we are awaiting positive signals to expand in this field.

**Juliana Vergara:** The last question is from Cristian Fera of Balanz. Regarding the new $200 million bond for Brilla, do you have an estimated interest rate?

**Juan Manuel Rojas:** Thank you, Cristian. We have signed a letter of instruction with the IFC to explore the possibility of issuing a bond associated with Brilla, which has a significant social impact as a non-financial inclusion model, for up to $200 million. Now, we are waiting to see if market conditions are favorable and at what time. However, that level of detail is not yet defined; we are working to materialize it. Hopefully, as soon as the window of opportunity arises next year, but it's very good news, especially considering the interest expressed by the IFC in such an important project and interesting business like Brilla, particularly for its social impact and having the support of a multilateral institution of that caliber. The interest rate is not determined yet; we are studying it and will look for the most suitable opportunity to issue such a bond.

Aquiles, feel free to add anything if you'd like.

**Aquiles Mercado:** No, as you mentioned, Juan, that's correct. We have a lot of uncertainty now. We are in the early stages of negotiation with the IFC, and we want to see how all the processes evolve. This is a matter that could take 3 to 4 months, and when it comes to issuing, we need to assess market conditions to ensure they are the most favorable.

**Juan Manuel Rojas:** Exactly, thank you very much. We went a little over the scheduled time. We greatly appreciate you being with us for this hour and a half, especially for the questions, which are always interesting to see how we are perceived.

We remain committed to delivering our best results to our investors and the communities in which we operate, continuing to benefit these communities and investors through our businesses. Again, thank you very much, and we hope to see or hear from you again in the fourth-quarter report next year. Have a great afternoon.

**END**