CELSIA S.A.

Consolidated Financial Statementsas at December 31, 2023 and 2022

Index

Statutory Auditor’s Report (8 pages)

Certification of the Registered Agent of Celsia S.A.

February 23, 2024

To the shareholders of
Celsia S.A.

As the Registered Agent, I hereby certify that the consolidated financial statements at December 31, 2023, which have been made public, do not contain material flaws, inaccuracies or material misstatements that obscure the true nature of the assets, liabilities or operations of Celsia S.A. during the applicable period.

Ricardo Sierra Fernández
Registered Agent

Certification of the Registered Agent and Accountant of Celsia S.A.

February 23, 2024

To the shareholders of
Celsia S.A.

We, the undersigned Registered Agent and Accountant of Celsia S.A., hereby certify that the following was verified in the Company's consolidated financial statements at December 31, 2023 and 2022, before being made available to you and to third parties:

1. All assets and liabilities included in the Company's consolidated financial statements are present and all transactions included in these statements were made during the years that ended on the aforementioned dates.

2. Assets represent probable future economic benefits (rights) and liabilities represent probable future economic losses (obligations) acquired or assumed by the Company.

3. All of the Company's economic activities have been recorded in these consolidated financial statements.

4. All the elements have been included with their proper securities in accordance with the Accounting and Financial Reporting Standards accepted in Colombia (NCIF in Spanish).

5. All economic activities that affect the Company have been properly classified, described and disclosed in the consolidated financial statements.

6. The consolidated financial statements and the management report do not contain flaws, inaccuracies or errors that obscure the true nature of the Company's assets, liabilities or operations.

7. The consolidated financial statements at December 31, 2023 and 2022, were prepared using figures faithfully taken from the books of the companies included in the consolidation process.

8. The financial statements have been authorized for their disclosure by the Board of Directors pursuant to the meeting held on February 20, 2024.

Ricardo Sierra Fernández
Registered Agent

Luceny Acevedo Pérez
Accountant
Professional License No. 41632-T

Celsia S.A.

Consolidated Statement of Financial Position

At December 31, 2023 and 2022

(Values expressed in millions of Colombian pesos)

	Notes	2023	2022
Assets			
Non-current assets			
Property, Plant and Equipment, Net	6	9,701,896	9,025,094
Right-of-use assets	7	67,629	68,907
Intangible Assets, Net	8	120,612	131,840
Goodwill	9	248,108	303,814
Investments in associates and joint ventures	10	362,737	300,056
Other financial investments	11	216,048	268,044
Other non-financial assets	14	81,704	138,603
Trade and other accounts receivable, net	12	326,350	128,089
Total non-current assets		**11,125,084**	**10,364,447**
Current assets			
Cash and cash equivalents	13	556,498	211,739
Derivative financial instruments	32	13,691	-
Trade and other accounts receivable, net	12	1,690,173	1,161,166
Inventories, Net	15	128,679	142,036
Other non-financial assets	14	56,023	46,752
Current tax assets	29	118,336	81,625
Non-current assets held for sale	16	66,321	2,926,205
Total current assets		**2,629,721**	**4,569,523**
Total assets		**13,754,805**	**14,933,970**
Liabilities and Equity			
Equity	17		
Issued capital		267	267
Share issue premium		1,818,633	1,822,196
Reserves		2,269,407	2,319,608
Net earnings of the period		193,481	276,445
Other comprehensive income		(202,218)	947,435
Retained earnings		260,224	236,896
Retained earnings in opening balance sheet		20,585	20,585
Other equity interest		(545,202)	(545,172)
Equity attributed to the parent company		**3.815.177**	**5,078,260**
Non-controlling interest		1,701,555	1,619,144
Total equity, net		**5,516,732**	**6,697,404**
Liabilities			
Non-current liabilities			
Borrowings and Bonds	18	3,991,482	4,284,639
Lease liabilities	7	39,113	40,539
Trade and other accounts payable	21	23,654	122,640
Deferred tax liabilities	29	419,929	428,151
Employee benefits	19	119,636	98,475
Total non-current liabilities		**4,593,814**	**4,974,444**

	Notes	2023	2022
Current liabilities			
Borrowings and Bonds	18	997,576	495,008
Derivative financial instruments	32	-	106
Lease liabilities	7	19,911	15,753
Trade and other accounts payable	21	2,320,962	1,375,461
Provisions	20	25,734	22,470
Current tax liabilities	29	47,316	125,137
Employee benefits	19	79,981	70,124
Other liabilities	22	152,151	145,456
Liabilities associated with non-current assets held for sale	16	628	1,012,607
Total current liabilities		**3,644,259**	**3,262,122**
Total liabilities		**8,238,073**	**8,236,566**
Total liabilities and equity		**13,754,805**	**14,933,970**

The accompanying notes are an integral part of these consolidated financial statements.

Ricardo Sierra Fernández
Registered Agent
(See attached certificate)

Luceny Acevedo Pérez
Accountant
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(See attached certificate)

Gonzalo Alonso Ochoa Ruiz
Statutory Auditor
Professional License no. 43668-T
Member of KPMG S.A.S.
(See my report dated February 23, 2024)

Celsia S.A.

Statement of Income and Other Comprehensive Income

Years ending on December 31, 2023 and 2022

(Values expressed in millions of Colombian pesos)

	Notes	2023	2022
Operating revenue			
Revenue	23	6,229,922	5,584,546
Cost of sales	24	(4,418,469)	(3,872,590)
Gross profit		**1,811,453**	**1,711,956**
Other income	25	140,926	60,314
Administrative Expenses	26	(344,536)	(359,619)
Other expenses	25	(239,946)	(94,301)
Equity method, net	27	42,221	2,843
Earnings before financial costs		**1,410,118**	**1,321,193**
Financial income	28	44,089	48,307
Financial costs	28	(873,311)	(628,144)
Exchange difference, net	28	(43,398)	16,272
Earnings before taxes		**537,498**	**757,628**
Income tax	29	(188,611)	(314,846)
Net earnings of the period		**348,887**	**442,782**
Earnings attributable to:			
Controlling shareholders		193,481	276,445
Non-controlling interest		155,406	166,337
		348,887	**442,782**
Earnings per share from continuing operations (in COP)	30		
Basic earnings from continuing operations		326.07	413.83
Diluted profits from continuing operations		326.07	413.83
Other comprehensive income:	17		
Items that will not be re-classified in the report			
Investment valuation in equity instruments		(5,195)	(2,332)
Measurements of defined benefit plans		(21,074)	20,867
Items that will be re-classified after the report			
Exchange difference in foreign subsidiaries' conversions		(1,166,684)	346,600
Participation in the other comprehensive income of joint ventures		46,230	4,634
Total other comprehensive income		**(1,146,723)**	**369,769**
Other comprehensive income attributable to:			
Controlling shareholders		(1,149,653)	290,735
Non-controlling interest		2,930	79,034
Total other comprehensive income		**(1,146,723)**	**369,769**
Comprehensive income attributable to:			
Controlling shareholders		(956,172)	567,180
Non-controlling interest		158,336	245,371
Total comprehensive income of the period		**(797,836)**	**812,551**

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Celsia S.A.

Consolidated Statement of Changes in Shareholders' Equity

Years ending on December 31, 2023 and 2022

(Values expressed in millions of Colombian pesos)

	Note	Issued capital	Share issue premium	Reserves	Other comprehensive income	Retained income of the period	Other equity interests	Equity attributable to controlling shareholders	Non-controlling interests	Total
Balances at January 1, 2022	**17**	**267**	**1,822,196**	**2,308,379**	**656,700**	**601,804**	**(542,983)**	**4,846,363**	**1,475,558**	**6,321,921**
Net earnings of the period		-	-	-	-	276,445	-	276,445	166,337	442,782
Appropriation of reserves		-	-	11,229	-	(11,229)	-	-	-	-
Distribution of dividends		-	-	-	-	(330,623)	-	(330,623)	(100,522)	(431,145)
Annual other comprehensive income		-	-	-	290,735	-	-	290,735	79,034	369,769
Effect of change in income tax rate in Colombia		-	-	-	-	(2,471)	-	(2,471)	(1,263)	(3,734)
Equity method income, other changes in equity		-	-	-	-	-	(2,189)	(2,189)	-	(2,189)
Balances at December 31, 2022		**267**	**1,822,196**	**2,319,608**	**947,435**	**533,926**	**(545,172)**	**5,078,260**	**1,619,144**	**6,697,404**
Balances at January 1, 2023	**17**	**267**	**1,822,196**	**2,319,608**	**947,435**	**533,926**	**(545,172)**	**5,078,260**	**1,619,144**	**6,697,404**
Earnings of the period, net		-	-	-	-	193,481	-	193,481	155,406	348,887
Appropriation of reserves		-	-	(49,679)	-	49,679	-	-	-	-
Distribution of dividends		-	-	-	-	(302,801)	-	(302,801)	(83,287)	(386,088)
Costs repurchase of shares		-	(3,563)	-	-	-	-	(3,563)	-	(3,563)
Reacquired own shares		-	-	(522)	-	-	-	(522)	-	(522)
Other comprehensive income		-	-	-	(1,149,653)	-	-	(1,149,653)	2,930	(1,146,723)
Capitalizations		-	-	-	-	-	-	-	7,362	7,362
Other variations		-	-	-	-	5	(30)	(25)	-	(25)
Balances at December 31, 2023		**267**	**1,818,633**	**2,269,407**	**(202,218)**	**474,290**	**(545,202)**	**3,815,177**	**1,701,555**	**5,516,732**

The accompanying notes are an integral part of these consolidated financial statements.

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Celsia S.A.

Consolidated Statement of Cash Flow

Years ending on December 31, 2023 and 2022

(Values expressed in millions of Colombian pesos)

	NOTES	2023	2022
Cash flows from operating activities			
Earnings of the period, net	17	348,887	442,782
Adjustments to reconcile the earnings of the period:			
Income tax	29	188,611	314,846
Depreciation of property, plant and equipment, and rights of use	6 and 7	348,685	363,505
Net loss (gain) on sale and disposal of property, plant and equipment	25	1,659	(1,099)
Loss from impairment of property, plant and equipment	25	23,819	271
Amortization of intangible assets	8	32,700	64,947
Impairment of goodwill	25	55,706	31,061
Financial costs recognized in statement of income for the period	28	820,623	514,338
Revenue from interest recognized in statement of income for the period	28	(32,266)	(11,662)
Pension liability interest	28	12,218	9,701
Profit on sale of economic rights energy supply contracts	25	(3,156)	(21,436)
Losses from sale of investments	25	56,054	-
Losses from contingencies, net	20	8,337	6,911
Losses (gains) on transactions in foreign currency	28	43,504	(17,819)
Impairment (recoveries) losses of trade and other accounts receivable, net	26	(12,268)	37,192
Equity method for investments in associates and joint ventures	27	(42,221)	(2,843)
Earnings (loss) in hedging instruments valuation		(9,115)	1,547
Income from dividends declared	25	(522)	(471)
Impairment loss of inventories	26	2,016	2,320
Losses from impairment of non-current assets held for sale	25	3,463	21,200
Changes in assets and liabilities			
Trade debtors and other accounts receivable	12	(742,547)	(203,998)
Inventories	15	164,647	(21,437)
Other non-financial assets	14	55,156	(43,413)
Trade and other accounts payable	21	787,427	100,072
Employee benefits and provisions	20	(8,781)	(146,238)
Other liabilities	22	6,695	113,211
Cash generated from operations		**2,109,331**	**1,553,488**
Taxes paid		(324,835)	(320,037)
Dividends received		7,849	3,792
Cash flow generated by operating activities, net		**1,792,345**	**1,237,243**
Cash flows in investment activities:			
Interest received	28	32,266	11,662
Sale of property, plant and equipment	6	2,517	357,280
Sale of intangible assets	8	-	653
Sale of subsidiaries with loss of control	13	525,149	-
Acquisition of other financial investments	11	-	(31)
Acquisition of property, plant and equipment	6	(1,219,398)	(2,061,644)
Acquisition of shares in associates and joint ventures	10	(21,317)	(44,555)
Acquisition of intangible assets	8	-	(22,152)
Prepayments received for non-current assets transactions		84,101	188,842
Cash used in investment activities, net		**(596,682)**	**(1,569,945)**

	NOTES	2023	2022
Cash flows from financing activities:			
Reacquisition of common shares	17.2	(522)	-
Capitalizations	17.5	7,362	-
Bond issuance	18	242,500	-
Loans and other financial liabilities	18	460,221	1,950,682
Capital and interest payment from financial leases	18	(17,814)	(13,319)
Payments of loans and other financial liabilities	18	(469,692)	(277,670)
Bond payment	18	(34,000)	(409,746)
Dividends paid to shareholders	17.3	(372,271)	(400,087)
Interest paid	18	(751,638)	(449,934)
(Payments) charges from financial derivatives contracts	18	(4,682)	151
Cash flows (used) generated in financing activities		**(940,536)**	**400,077**
Increase in cash and cash equivalents, net		**255,127**	**67,375**
Effect of variations in exchange difference on cash		(23,615)	5,126
Balances at start of period (*)	13	326,975	254,474
Cash and cash equivalents at end of the term	13	**558,487**	**326,975**
Less cash and cash equivalents included in a group of non-current assets held for sale	16	(1,989)	(115,236)
Cash and cash equivalents at end of the term	13	**556,498**	**211,739**

(*) Has cash and cash equivalents included in a group of non-current assets held for sale at the start of the term.

The accompanying notes are an integral part of these consolidated financial statements.

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NOTE 1. GENERAL INFORMATION

Celsia S.A. (Hereinafter Celsia or the Company) is a Colombian company constituted through Public Deed No. 2912 / October 4, 2001, issued by Notary 20 of Medellín, Department of Antioquia, registered in the Medellín Chamber of Commerce on October 8, in Book 9, page 1360, Number 9519, and created on account of the split of Compañía Colombiana de Tabaco S.A. The Company's registered business address is in Medellín. Its legal term expires on April 4, 2069. The Company is controlled by Grupo Argos S.A.

By Public Deed no. 1126, dated April 17, 2012, issued by Notary 20 of Medellín, Compañía Colombiana de Inversiones S.A. E.S.P. changed its business name to Celsia S.A. E.S.P. At an ordinary session of Celsia's General Meeting of Shareholders held on March 27, 2019, a bylaw amendment was approved, which included the change of business name to Celsia Colombia S.A. E.S.P. By virtue of which, Celsia stopped being a residential public utility company and the corporate purpose was amended as a result of the business restructuring carried out through the sale of some electricity generation assets, and the commercial representation and sale of capacity and electricity of a thermal power asset. Said bylaw amendment was formalized by means of Public Deed no. 2795, dated September 11, 2019, of Notary 7 of the Medellín Circle, registered in the Medellín Chamber of Commerce on September 13, 2019. The above taking into consideration that the record of the bylaw amendment was under the condition that the Company was effectively withdrawn as a market agent, which occurred at the beginning of September.

As a result of the above, Celsia's main purpose is now the management, protection or increase of its equity through the encouragement and promotion of industrial or commercial activity, especially by means of investment in companies or other legal entities, or shareholdings in another kind of corporate structure related to the industry of energy, public utilities and their ancillary or additional activities, or through bodies, organizations, funds or any other legal structure, whether participating as a founding associate in their formation, by making subsequent capital contributions, or by acquiring capital shares. Additionally, it may invest in any kind of immovable and movable property, fixed income or equity securities or documents, or any kind of security, whether it is listed on the public securities exchange or not. It may also provide advice on economic, administrative and financial issues to any kind of company.

The Meriléctrica thermal power plant, with a capacity of 164 MW, is owned by Celsia S.A. and it is located in Barrancabermeja. Celsia Colombia S.A. E.S.P. has the commercial representation of this power plant.

These Consolidated Financial Statements present the financial information of Celsia S.A. and its subsidiaries and have been prepared by uniformly applying the basis of presentation and accounting policies described in Note 3 Principal Accounting Policies.

Following is a list of Celsia S.A. and subsidiaries:

Generation

To carry out electric power generation, the group operates 16 hydroelectric power plants with a capacity of 1,127.34 MW in Colombia: Alto Anchicayá, Bajo Anchicayá, Salvajina, Calima, Cucuana, Hidroprado, Prado 4, Amaime, Alto Tuluá, Bajo Tuluá, Nima, Río Cali, San Andrés de Cuerquía, Río Piedras, Hidromontañitas, Rumor, Riofrío 1 and Riofrío 2. In the Central America region, the group has two thermal electricity power plants. Termogases with 67 MW and Cativá with 87 MW.
The group also has two solar farms with an installed capacity of 310.5 MW. Celsia Solar Yumbo, Celsia Solar Bolívar, Celsia Solar Espinal, Celsia Solar Carmelo, Celsia Solar La Paila, Sincé, Tuluá, San Felipe, Melgar-Lanceros, Yuma, Flandes, Dulima, Palmira 1 and 3, Buga 1, Victoria 1 and 2, and Comayagua; it also has 29.8 MW of solar power generation capacity in Central America for floors and roofs smaller than 8 MW.

The group represents two thermal generation plants: Meriléctrica with a capacity of 164 MW, owned by Celsia S.A. and located in Barrancabermeja, and Tesorito with a capacity of 200 MW owned by Termoelectrica El Tesorito S.A. E.S.P. located in Sahagún.

Additionally, the group has three self-generators owned by Argos: Cartagena, Yumbo and Toluviejo, with 29.6 MW capacity. Three co-generators owned by Ingenios: Mayagüez, San Carlos and Manuelita, with 33.9 MW capacity. And seven solar power plants that are represented without shareholding. Parque Solar Tucanes, Parque Solar Los Caballeros, Parque Solar La Medina, Parque Solar Cerritos, Pétalo del Magdalena, Solar Planeta Rica and Parque Solar Montelibano with a 79.3 MW capacity.

Distribution and sales

To carry out distribution and sales activities, the group has 291.3 km of transmission lines (greater than or equal to 220kV - 274.0 km from Valle 274 km, 0.3 km from the Caribbean region and 17 km from Central America), 47,319.3 km of distribution networks (22,073.2 km from Valle; 25,127.5 km from Tolima; 76.6 km from Caribe; 27.3 km from Antioquia and 14.7 km from Central America), 186 distribution substations (91 from Valle, 79 from Tolima, 14 from Caribe and 2 from Antioquia) and 16 transmission substations (7 from Valle, 4 from the Caribbean region and 5 from Central America).

The business currently covers more than 1.3 million clients (579,144 Tolima, 750,286 Valle) including those from the 47 municipalities of the Tolima Department, 41 municipalities of the Valle del Cauca Department, 3 municipalities of the Cundinamarca Department, and 2 municipalities of the Chocó Department.

Internet

In 2019, the Company started to operate a new telecommunications business, offering fiber-optic Internet plans to homes in the municipalities of Palmira, Jamundí and Candelaria, Valle del Cauca. In 2021, it extended its coverage to the municipalities of Buga, Tuluá, Cerrito, Pradera, Roldanillo, Yumbo and Zarzal. Later on, the telecommunications business continued to consolidate in Valle del Cauca and Tolima, expanding its coverage in the municipalities of Palmira, Jamundí, Candelaria, Cerrito, Buga, Tuluá, Pradera, Zarzal, Roldanillo, La Unión, La Victoria, Sevilla, Ginebra, Guacarí, San Pedro, Buenaventura, Bolivar, Riofrio, Cartago, Yumbo, Melgar, Ibagué and Espinal. Currently, 72,500 customers are connected to the Internet service, which has 3,641 km of fiber optics and an Internet consumption capacity of 97 Gb every second.

Due to the growth of this business segment, Celsia Colombia S.A. E.S.P. decided to enlist a corporate vehicle that: (i) Will incorporate all the assets of such business; (ii) Allow it to operate independently; and (iii) Facilitate the funding of capital needs through third party investors to continue its growth. Consequently, according to the minutes No. 3 of December 30, 2023 of the Sole Shareholder of Celsia Internet, Celsia Colombia contributed a group of net assets which are related to the provision of internet service and are valued at COP 284,857, boosting the business strategy of both companies, focused on improving and maintaining a market with high value-added service. In December 2023, Celsia Colombia S.A.E S.P. began consolidating Celsia Internet S.A.S. with 100 % of its shareholding.

The companies that comprise the group, its corporate purpose and the respective direct and indirect shareholding are described below:

Controlled Companies in Colombia:

Porvenir II S.A.S. E.S.P.

Porvenir II S.A.S. E.S.P. is a simplified joint-stock company and public utility company with the main corporate purpose of energy generation and sales pursuant to Laws 142 and 143 of 1994. Its registered business address is in Medellín and it is established for an indefinite period of time. Celsia S.A. has a 100 % shareholding.

The company has an environmental license to develop the Porvenir II hydroelectric power plant project, granted through Resolution 0168 / February 13, 2015, and confirmed with Resolution 0726 / June 19, 2015.

In the simple annulment proceeding with registration no. 2016-0149 against the environmental license of the Porvenir II power plant project, the Council of State notified a court order on May 24, 2019, through which it provisionally suspended said license, considering that the development of the project in the conditions endorsed by the National Authority of Environmental Licenses (ANLA in Spanish) could fail to acknowledge some precepts of Law 1448/2011. The company and the ANLA (the issuing authority for the environmental licenses) filed an appeal against said court order, unless the Council of State revokes the provisional suspension or definitively rules the process denying the nullity.

Currently, the environmental license is still suspended by the Council of State and the company keeps executing all the existing legal mechanisms with the aim to activate the license.

Colener S.A.S.

Colener S.A.S., a simplified joint-stock company, 100 % owned by Celsia S.A., was incorporated by private document on October 7, 2009, registered in the Medellín Chamber of Commerce in Book 9, under number 14267. Its registered business address is in Medellín and it is established for an indefinite period of time. Its main corporate purpose is to execute any permitted commercial activity, including managing, protecting and increasing its equity by strengthening and promoting industrial and commercial activity, particularly through investment in companies or other legal entities.

Colener S.A.S. has a 46.57 % shareholding in Celsia Colombia S.A. E.S.P., which, in turn, is the owner of 97.05 % of Compañía de Electricidad de Tuluá S.A. E.S.P. Additionally, Colener S.A.S. has a direct 0.97 % shareholding in Compañía de Electricidad de Tuluá S.A. E.S.P.

Celsia Colombia S.A. E.S.P.

It was incorporated by Public Deed no. 0914, dated December 12, 1994, issued by the Sole Notary of the Candelaria Circle. Its registered business address is in the municipality of Yumbo (Valle del Cauca) and it is established for an indefinite period of time.

Its main corporate purpose is the provision of residential energy public utilities. To fulfill its corporate purpose, it executes policies, plans, programs and projects related to the generation, transmission, distribution and sale of energy; as well as its administration, management and use pursuant to regulations and guidelines issued by the Ministry of Mines and Energy. The actions of Celsia Colombia S.A. E.S.P. also comply with Law 142/1994 and Law 143/1994, and others that amend and/or add to them, such as the provision of ancillary and additional services, and services related to the same public utilities' activities pursuant to the legal regulatory framework.

At the close of these financial statements, Celsia S.A. has a direct share in Celsia Colombia S.A. E.S.P. of 18.54 %, and together with the 46.57 % share of Colener S.A.S, Celsia S.A. has a share equivalent to 65.11 % in said company's capital.

This company, in turn, consolidates with Compañía de Electricidad de Tuluá S.A. E.S.P., – CETSA, Celsia Colombia Inversiones S.A.S., Enerbit S.A.S. E.S.P. and Celsia Internet S.A.S.

Compañía de Electricidad de Tuluá S.A. E.S.P. – CETSA E.S.P.

CETSA E.S.P. was incorporated by Public Deed no. 376, dated September 21, 1920, issued by Notary 1 of Tuluá. The company's registered business address is in the municipality of Tuluá (Valle del Cauca) and it is established for an indefinite period.

Its main corporate purpose is to execute policies, plans, programs and projects for the generation, distribution and sale of energy; and the administration, management and use thereof, in accordance with the regulations and guidelines issued by the Ministry of Mines and Energy. The Company's actions also comply with Law 142/1994 and Law 143/1994.

Celsia Colombia S.A. E.S.P. has direct share capital in Cetsa E.S.P. of 97.05 % and Colener S.A.S has a direct share of 0.97 %, with which Celsia has an effective share in Cetsa of 64.16 %.

Celsia Colombia Inversiones S.A.S.

Celsia Colombia Inversiones S.A.S. is a simplified joint-stock company with the main activity of business and management consultancy. The company's registered business address is in the municipality of Yumbo (Valle del Cauca) and it is established for an indefinite term.

Celsia Colombia S.A. E.S.P. is the owner of 100 % of Celsia Colombia Inversiones S.A.S., which gives Celsia S.A.an effective share in Celsia Colombia S.A. E.S.P. Of 65.11 %.

Enerbit S.A.S. E.S.P.

Enerbit S.A.S. E.S.P. is a Colombian company incorporated by private document dated November 22, 2021, registered in the Medellín Chamber of Commerce on November 24, 2021 under No. 36392 of Book IX. Its main business address is located in the city of Medellín, and the term of duration is indefinite.

Its main corporate purpose is to engage in any commercial activity permitted by law, including, but not limited to, the administration, safeguard and increase of its assets through the development and promotion of industrial and commercial activities, especially through investments in companies or other legal entities; the provision of energy and electricity public utility services in accordance with the provisions of Laws 142 and 143 of 1994 and any provisions that amend, supplement and/or regulate them; as well as the provision of services that supplement, complement or relate to the aforementioned activities.

Celsia Colombia S.A. E.S.P. is the owner of 100 % of Enerbit S.A.S. E.S.P., giving Celsia S.A. an effective share in Celsia Colombia Inversiones of 65.11 %.

Celsia Internet S.A.S.

Celsia Internet E.S.P. is a Colombian company incorporated by private document dated May 16, 2023, registered in the Medellín Chamber of Commerce on May 23, 2023 under No. 19583 of Book IX. Its main domicile is in the city of Medellín, and it is established for an indefinite period.

Its corporate purpose is the provision, sale, supply, installation, operation, maintenance and exploitation, directly or indirectly for itself or of any type of activity related to networks, equipment and/or the provision of telecommunications and/or information and communications technology (ICT) services, and other services qualified or classified in this genre, as well as the performance of any activity complementary and/or related to such activities.

Celsia Colombia S.A. E.S.P. is the owner of 100 % of Celsia Internet S.A.S., which gives Celsia S.A.an effective share in Celsia Internet S.A.S of 65.11 %.

Controlled Companies Abroad:

In Panama:

Bahía Las Minas Corp.

Bahía Las Minas Corp. is a Panamanian company incorporated by Public Deed No. 141 of January 19, 1998, as a corporation Empresa de Generación Eléctrica Bahía las Minas S.A. (EGEMINSA). The company was created as a result of the restructuring of the IRHE by Resolution No. 266 / November 27, 1997. In August 2000, by Public Deed No. 7088, EGEMINSA changed its name to Bahía Las Minas Corp., also known by the acronym BLM.

The company's main objectives and tasks include establishing, managing and generally, carrying out the thermal electricity generation business; acquiring, building, installing, operating, exploiting, leasing, subletting and maintaining electric power plants with their respective connection lines to the transmission networks and transformer equipment, and facilities; and fuel management, with the aim to produce and sell electricity on the national and international electric grids.

In 2014 Celsia S.A., acquired 51.24 % of the company's shares; the transfer of the shares became effective on December 2, 2014.

Due to the financial and operating impracticality worsened by the pandemic and its effects on the Panamanian electricity market, at the end of 2020, the Panamanian company Bahía Las Minas Corp. started a negotiation process with creditors, suppliers and employees for the disposal of its assets and liabilities, and to subsequently, dispose of this operation. The decision resulted from an analysis of strategic options with the aim to affect the Panamanian electric system as little as possible. In line with the above, the activities defined in the plan for the disposal of assets and repayment of claims defined by the shareholders have been executed since 2021; as of January 15, 2023, administrative feasibility was obtained by the National Dispatch Center (CND) for the Assignment and Amendment of energy and power sales contracts (PPA's) of Bahía Las Minas Corp. to Celsia Centroamérica S.A., At December 31, 2023, there are still balances in some working capital accounts which will be closed as the closing of the company is completed; currently the company is inactive and is in the process of liquidation.

Celsia Centroamérica S.A.

Incorporated in accordance with the laws of Panama with the name Suez Energía Centroamérica S.A., according to Public Deed No. 5066 / May 8, 2007. By means of Public Deed 35610 of December 2, 2014 it changed its name to Celsia Centroamérica S.A. Through a spin-off process the Cativá plant changed from Alternegy to Celsia Centroamérica.

Its main economic activity is to develop electricity generation projects inside and outside of Panama and to provide administrative services to the Group's companies in this region.

Celsia S.A. has a 100 % shareholding in Celsia Centroamérica S.A.

In the last quarter of 2023 Celsia Centroamérica S.A. completed the sale of Alternegy S.A., Bontex S.A., Celsolar S.A., Divisa Solar 10MW, S. A. and Planta Eólica Guanacaste S.A. (PEG), the latter through Enerwinds de Costa Rica S.A., Fontus Spain S.L.U, a company of EnfraGen LLC, which operates renewable energy and grid stability assets in Latin America (see Note 16). Assets and liabilities associated with non-current assets held for sale).

At December 31, 2023, Celsia Centroamérica, S. A. consolidated: Celsia Honduras S.A. de C.V., Celsia Costa Rica S.A., Enerwinds de Costa Rica S.A. (the latter in turn consolidates Landco La Gloria S.A., which is the direct controller of Proyecto Eólico Buena Vista S.A., Proyecto Eólico Limonal S.A., Proyecto Eólico La Gloria S.A., companies that were created to take advantage of opportunities related to potential public bids for the purchase of energy by ICE in Costa Rica) and, CJ Energy S.A., a company in which Celsia Centroamérica has a 60 % interest, was incorporated to provide backup power services in Panama through the purchase, sale and rental of power plants, as well as to provide services related to their operation, repair and maintenance. To date, CJ Energy S.A., Proyecto Eólico Buena Vista S.A., Proyecto Eólico Limonal S.A. and Proyecto Eólico La Gloria S.A. have not started commercial operations.

CJ Energy S.A.

Service company in which Celsia Centroamérica has a 60 % interest; this company was incorporated to provide backup energy services in Panama through the purchase, sale and lease of power plants, as well as to provide services related to their operation, repair and maintenance. To date, CJ Energy has not started commercial operations.

In Costa Rica:

Celsia Costa Rica S.A.

Company incorporated by Public Deed No. 61843 / April 24, 2008. Its main corporate purpose is to implement trade, industry and in general, any remunerative activity, being able to receive payment, buy, sell, levy and by any means, dispose of all kinds of goods, and grant deposits and collateral for partners and third parties, when by virtue of them, it perceives economic remuneration, which shall be assumed from the simple granting of the collateral or deposit. Generally, it shall be authorized to sign any kind of certificate, contract or civil and trade transaction with any individual or legal entity, including the State and its institutions.

To the date of presentation of these financial statements, Celsia Centroamérica owns 100 % of the company's shares.

Enerwinds de Costa Rica S.A.

Company incorporated through Public Deed No. 155 / August 18, 2004. Its corporate purpose is to develop and invest in electricity generation projects.

Celsia Centroamérica S.A. has direct share capital in Enerwinds of 65 % with which Celsia S.A. has an effective share in Enerwinds of 65 %. 35 % of Enerwinds is owned by Vientos la Gloria del Mogote, however Celsia Centroamérica S.A. is the beneficiary of 100 % of the economic rights over Enerwinds.

As of the date of these financial statements, Enerwinds has a direct participation in Landco La Gloria S.A. of 100 %.

Landco La Gloria S.A.

Landco La Gloria S.A. owns some land for the possible expansion of a wind farm.

At the close of these financial statements, Landco La Gloria S.A. has 100 % participation in Proyecto Eólico Buena Vista S.A., Proyecto Eólico Limonal S.A., Proyecto Eólico La Gloria S.A., companies created in Costa Rica to take advantage of opportunities related to potential public bids for the purchase of energy. To date, it has not started commercial operations.

In Honduras:

Celsia Honduras S.A.

Public limited company incorporated in 2018 under the laws of Honduras. Domiciled in the city of Tegucigalpa, Municipality of the Central District, department of Francisco Morazán.

The company carries out commercial, industrial and services activities, especially the generation, transmission, distribution and sale of electricity, and related activities. To the date of presentation of these financial statements, Celsia Centroamérica owns 60 % of the company's shares.

NOTE 2. STATUS OF COMPLIANCE AND BASIS OF PRESENTATION

2.1. Status of Compliance and Applicable Accounting Standards

The consolidated financial statements at December 31, 2023 and 2022, have been prepared in accordance with the Accounting and Financial Reporting Standards Accepted in Colombia (NCIF, for the Spanish original), which are based on the International Financial Reporting Standards (IFRS), together with their interpretations, translated into Spanish and issued by the International Accounting Standards Board (IASB); The NICIF were established by Law 1314/2009, regulated by decree 2420/2015 modified by decrees 2496/2015, 2131/2016, 2170/2017, 2483/2018, 2270/2019, 1432/2020, 938/2021 and 1611/2022.

A summary of the relevant accounting policies is included in Note 3 of these financial statements.

In addition, in compliance with laws, decrees and other regulations in force, the Company applies the following accounting criteria issued specifically for Colombia by regulatory entities:

- Public Notice 36/2014 of the Financial Superintendence of Colombia, which stipulates the accounting treatment of net positive differences generated in the initial adoption of the NCIF (Colombian Financial Information Standards), which cannot be distributed to offset losses, carry out capitalization processes, distribute profits and/or dividends, or be recognized as reserves. Additionally, they can only be disposed of when they have been effectively realized through third parties other than related parties according to the NCIF principles. Negative net differences will not be calculated for the legal controls applicable to financial information preparers issuing securities subject to control.
- Decree 2496 / December 23, 2015, whereby it is determined that the parameters for establishing post-employment benefits in accordance with IAS 19 Employee Benefits, should correspond to Decree 2783/2001 as the best market approximation; for 2016, Decree 2131 / December 22, 2016, eliminated the obligation to apply these assumptions for measuring post-employment benefits, it only remains applicable for financial reporting disclosure purposes. Decree 1625/2016 establishes disclosure of the calculation of pension liabilities in accordance with the parameters established in said regulation, and in the case of partial pension transfers, pursuant to Decree 1833/2016, and the differences in the calculation made in accordance with IAS 19 – Employee Benefits.
- For tax year 2022, the company adopted the alternative that allowed Decree 2617 of December 29, 2022 to recognize for accounting purposes against the accumulated results of previous years in equity the variation in the deferred income tax, derived from the change in the income tax rate and occasional income tax, as established in Law 2277 of December 13, 2022, through which the tax reform for equality and social justice was adopted and other provisions were enacted).

For legal purposes in Colombia, the separate financial statements are the main financial statements and are the basis for the distribution of dividends and other appropriations.

2.2. Going Concern Basis

The consolidated financial statements have been prepared on the basis of going concern and there are no material uncertainties at December 31, 2023 related to events or conditions that cast significant doubt about the ability of any Group company to continue as a going concern. The Group has the required liquidity and solvency to continue operating the business for the foreseeable future.

In compliance with the provisions of Decree 1378 / October 28, 2021, the Company continuously monitors the financial statements, financial information and projections to establish the existence or possibility of asset impairment and insolvency risks. At the end of the period the company's current ratio is greater than 1 and its working capital is positive.

2.3. Basis of Preparation

The Group's bylaws establish December 31 as the cut-off date for its accounts in order to prepare and disclose its general purpose consolidated financial statements each year. The items included in the Group's consolidated financial statements are expressed in millions of Colombian pesos, which is the functional currency of the Group and the presentation currency and corresponds to the currency of the primary economic environment where the entities operate. All the information is presented in millions of pesos rounded to the nearest thousand, unless otherwise specified.

The consolidated financial statements have been prepared on the accrual basis of accounting, except for the statement of cash flows. The measurement basis is historical cost, except for the following items included in the statement of consolidated financial position:

- Derivative financial instruments are measured at fair value.
- Some non-derivative financial instruments are measured at fair value through profit and loss.
- The assets held for sale are measured at fair value less costs of sale.
- With respect to employee benefits, the defined benefit assets are recognized as the net total of the plan's assets, plus the costs of unreported past services, and the unreported actuarial losses, less the unreported actuarial earnings and the present value of the defined benefit obligation.

The historical cost is generally based on the fair value of the consideration delivered in exchange for goods and services in the initial measurement.

Measurements at Fair Value:

The fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of certain financial assets and liabilities is determined at a date close to the date of presentation of the financial statements for recognition and disclosure.

Judgments include information such as the liquidity risk, credit risk and volatility. Changes in the hypotheses about these factors could affect the reported fair value of the financial instruments.

When estimating the fair value, the Group takes into account the characteristics of the asset or liability that a market participant would take into account when performing the valuation on the measurement date. The fair value for the purposes of measurement and/or disclosure in the consolidated financial statements is established on this basis, except for leasing transactions withing the scope of IFRS 16 – Leases, and measurements that have some similarities to fair value but that are not fair value, such as the net realizable value in IAS 2 – Inventories or the value-in-use in IAS 36 – Impairment of Assets.

The fair value measurements are categorized at Level 1, 2 or 3 based on the degree to which the inputs of these measurements are observable and according to the importance thereof for the whole of the measurements, which are described below:

- Level 1 inputs are quoted (unadjusted) prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are those other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability, which will reflect the assumptions that market participants would use in pricing the asset or liability including the assumption about risk.

The Group has applied the accounting policies, opinions, estimates and significant accounting assumptions described in Note 2 Status of Compliance and Basis of Presentation and Note 5 Relevant Accounting Estimates and Judgments. Judgments include information such as the liquidity risk, credit risk and volatility. Changes in the hypotheses about these factors could affect the reported fair value of the financial instruments.

2.4. Principles for the Consolidation of Financial Statements

The consolidated financial statements include the financial statements of the Company, as well as the entities controlled by the Company. Control is achieved when the Company has power over an investee, is exposed to, or has rights to variable returns from its relationship with the investee and, it has the ability to affect those investor returns through its power over the investee.

The Company reassesses whether it controls an investee or not if the events and circumstances indicate that there are changes to one or more of the three aforementioned control elements. In the control assessment, it considers the existing substantive voting rights, the contractual agreements signed between the entity and other parties on the relevant activities and the rights and ability to appoint and dismiss key members of management, among other aspects.

When the Company has less than the majority of investee voting rights, it has power over the investee when the voting rights are sufficient to give it the practical ability to unilaterally manage the relevant activities of the investee. The Company considers all relevant facts and circumstances when assessing whether the voting rights of the Company in an investee are sufficient to give it power or not, including:

- The percentage of the Company's voting rights compared to the size and dispersion of the percentages of other holders of voting rights;
- Potential voting rights held by the Company, other shareholders or other parties;
- Rights resulting from contractual agreements; and
- Any additional facts or circumstances that indicate that the Company has, or does not have, the current ability to manage the relevant activities at the time, decisions need to be made, including voting patterns in previous General Meetings of Shareholders.

The consolidation of a subsidiary starts when the Company obtains control of the subsidiary and ends when it loses control thereof. The income and expenses of a subsidiary acquired or sold during the year are included in the consolidated statement of profit and loss and other comprehensive income from the date on which the Company obtains control until the date on which the Company no longer controls the subsidiary.

The profit or loss of each component of the other comprehensive income is attributed to the Company's shareholders and to non-controlling interest. The total comprehensive income of the subsidiaries is attributed to the Company's shareholders and to the non-controlling interest, even if the results in non-controlling interest have a negative balance.

The investments over which Celsia has control are consolidated by the global integration method, in which all the assets, liabilities, equity and results of the subsidiaries are added to the financial statements of the parent or controlling company, after elimination in the parent or controlling company of the investment made by the latter in the equity of the subsidiaries, as well as the reciprocal transactions and balances existing at the date of preparation of the financial statements and the standardization of the accounting policies of the subsidiaries to those of the Parent Company.

The consolidated financial statements appropriately disclose the magnitude of the resources under exclusive control in order to establish an approximate factor of the economic level of Celsia S.A.'s responsibility.

At the cut-off date of the financial statements, the Organization had the following controlled companies:

- In Colombia:

Porvenir II S.A.S. E.S.P. and Colener S.A.S., the latter being the controlling shareholder of Celsia Colombia S.A. E.S.P., which in turn consolidates with Compañía de Electricidad de Tuluá S.A. E.S.P. CETSA E.S.P., Celsia Colombia Inversiones S.A.S., Enerbit S.A.S. E.S.P. and Celsia Internet S.A.S.

- Abroad:

Bahía Las Minas Corp. and Celsia Centroamérica S.A.; the latter in turn consolidates Celsia Honduras S.A. of C.V. in Honduras; CJ Energy S.A. in Panama; and, in Costa Rica, Celsia Costa Rica S.A. and Enerwinds of Costa Rica S.A., which, in turn, consolidates the companies Landco La Gloria S.A., which in turn consolidates with Proyecto Eólico Buena Vista S.A., Proyecto Eólico Limonal S.A., Proyecto Eólico La Gloria S.A.,

2.4.1 Changes in the Company's Shareholdings in Subsidiaries

Changes in the Company's shareholdings in subsidiaries that do not lead to loss of control are accounted for as equity transactions. The book value of the Company's interest and non-controlling interest is adjusted to reflect the changes in its relative shareholding in the subsidiary. Any difference between the amount by which the non-controlling interest was adjusted and the fair value of the remuneration paid or received is reported directly in equity and it is attributed to the shareholders of the Controlling Company.

When the Parent Company loses control of a subsidiary, the earnings or loss is reported in the income statement and calculated as the difference between (i) the aggregate of the fair value of the remuneration received and the fair value of the retained shareholding; and (ii) the previous book value of the assets (including goodwill) and liabilities of the subsidiary, and any shareholding in the uncontrolled companies.

The amounts previously reported in other comprehensive income related to this subsidiary are recorded as if the Parent Company had directly sold the relevant assets (that is, reclassified to earnings or loss, or transferred to another equity category as specified or permitted by the applicable IFRS).

The fair value of the investment retained in the former subsidiary on the date on which control was lost must be considered as the fair value for the purposes of the initial recognition of a financial asset in accordance with IFRS 9 – Financial Instruments, or when applicable, the cost of the initial recognition of an investment in an associate or joint venture.

The figures below were taken from the separate financial statements of the Company and its controlled companies at December 31, 2023 and 2022, duly certified and audited pursuant to the legal regulations in force:

		2023				
Colombia	Headquarters	Percentage of effective shareholding (*)	Assets	Liabilities	Equity	Income
Celsia S.A.	Medellín	-	5,678,097	1,185,330	4,492,767	228,039
Colener S.A.S.	Medellín	100.00 %	2,566,179	154,839	2,411,340	200,447
Celsia Colombia S.A. E.S.P.	Yumbo	65.11 %	12,271,384	7,553,085	4,718,299	441,875
Compañía de Electricidad de Tuluá S.A. E.S.P.	Tuluá	64.16 %	228,094	46,313	181,781	29,996
Porvenir II S.A.S. E.S.P.	Medellín	100.00 %	60,102	8,938	51,164	(4,892)
Celsia Colombia Inversiones S.A.S.	Yumbo	65.11 %	185,158	45,855	139,303	25,910
Enerbit S.A.S.	Medellín	65.11 %	34,179	17,507	16,672	(10,662)
Celsia Internet S.A.S.	Medellín	100.00 %	287,963	91,875	196,088	-
Central America						
Bahía Las Minas Corp.	Panamá	51.24 %	6,784	707	6,077	(3,516)
Celsia Centroamérica S.A.	Panamá	100.00 %	1,097,237	22,141	1,075,096	(110,788)
Alternegy S.A. (1)	Panamá	0.00 %	-	-	-	(6,852)
Bontex S.A. (1)	Panamá	0.00 %	-	-	-	(21,580)
Divisa Solar 10MW S.A. (1)	Panamá	0.00 %	-	-	-	(226)
CelSolar S.A. (1)	Panamá	0.00 %	-	-	-	233
Celsia Honduras S.A. de C.V.	Honduras	60.00 %	172,322	119,245	53,077	110
Celsia Costa Rica S.A.	Costa Rica	100.00 %	681	2,017	(1,336)	(259)
Enerwinds de Costa Rica S.A.	Costa Rica	65.00 %	25,965	4	25,961	(3,945)
Planta Eolica Guanacaste S.A. (1)	Costa Rica	0.00 %	-	-	-	1,027
Landco La Gloria S.A.	Costa Rica	65.00 %	28,390	3	28,387	(163)
Non-controlling Interest			-	-	1,701,555	155,406

		2022				
Colombia	Headquarters	Percentage of effective shareholding (*)	Assets	Liabilities	Equity	Income
Celsia S.A.	Medellín	-	6,701,246	1,072,024	5,629,222	253,116
Colener S.A.S.	Medellín	100.00 %	2,307,524	21	2,307,503	221,285
Celsia Colombia S.A. E.S.P.	Yumbo	65.11 %	11,113,986	6,629,732	4,484,254	474,917
Compañía de Electricidad de Tuluá S.A. E.S.P.	Tuluá	64.16 %	213,931	41,732	172,199	27,754
Porvenir II S.A.S. E.S.P.	Medellín	100.00 %	60,094	4,038	56,056	(743)
Celsia Colombia Inversiones S.A.S.	Yumbo	65.11 %	113,042	40,840	72,202	(3,496)
Enerbit S.A.S. E.S.P.	Medellín	65.11 %	7,172	2,514	4,658	(6,327)
Central America						
Bahía Las Minas Corp.	Panamá	51.24 %	19,357	10,859	8,498	(2,323)
Celsia Centroamérica S.A.	Panamá	100.00 %	1,575,022	92,166	1,482,856	(1,043,457)
Alternegy S.A. (1)	Panamá	100.00 %	2,111,440	934,541	1,176,899	34,306
Bontex S.A. (1)	Panamá	100.00 %	470,489	219,900	250,589	(4,120)
Divisa Solar 10MW S.A. (1)	Panamá	100.00 %	30,494	55,706	(25,212)	(565)
CelSolar S.A. (1)	Panamá	100.00 %	45,719	44,406	1,313	470
Celsia Honduras S.A.	Honduras	60.00 %	154,329	106,880	47,449	(2,815)
Celsia Costa Rica S.A.	Costa Rica	100.00 %	484	1,870	(1,386)	(337)
Enerwinds de Costa Rica S.A.	Costa Rica	65.00 %	37,886	2	37,884	2,456
Planta Eólica Guanacaste S.A. (1)	Costa Rica	65.00 %	242,432	229,349	13,083	2,460
Landco La Gloria S.A.	Costa Rica	65.00 %	35,930	11	35,919	1

Colombia	Headquarters	Percentage of effective shareholding (*)	Assets	Liabilities	Equity	Income
		2022				
Non-controlling Interest			-	-	1,619,144	166,337

(1) In 2023, Celsia Centroamérica sold to Alternegy S.A., Bontex S.A., Celsolar S.A. and Divisa Solar 10MW, S. A. and Enerwinds de Costa Rica S.A. sold to Planta Eólica Guanacaste S.A. (PEG), which implied the loss of control over these investments.

(*) The effective shareholding percentage corresponds to the share in the consolidated company. However, the nominal share of the subsidiary in the investments can vary.

The assets, liabilities, equity and income of the companies abroad correspond to the balances after the standardization process with Celsia S.A.'s accounting policies.

The inter-company transactions and balances and any unrealized income or expenses that arise from transactions between companies are eliminated during the preparation of the consolidated financial statements. The unrealized earnings from transactions with companies whose investment is reported according to the equity method are eliminated from the investment in proportion to the company's share in the investment. The unrealized losses are eliminated in the same way.

2.4.2 Reconciliation of the results between the Parent Company's consolidated and separate financial statements: There are currently differences in the consolidated and separate results of the parent company due to the operational situation of Bahia Las Minas and the impairment made by the parent company on this investment in 2019. In the separate financial statements of Celsia S.A. the equity method was no longer applied to Bahía Las Minas, while in the consolidated financial statements it continues to be consolidated. Likewise, there is a difference due to the reclassification to ORI of the result of the exchange difference and the deferred tax of accounts receivable and payable between related parties of the companies in Colombia and the companies in Central America, where the underlying is eliminated in the consolidation process.

The reconciliation of income is as follows:

Item	2023	2022
Result of the period in Celsia's separate financial statements	228,039	253,116
Share of losses for the BLM period	(1,755)	(1,200)
Exchange difference related receivables eliminated in the consolidation process	(50,381)	37,808
Deferred tax, exchange difference related receivables eliminated in the consolidation process	17,578	(13,279)
Income attributable to the Controlling shareholders in the consolidated financial statements	**193,481**	**276,445**

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied to these consolidated financial statements at December 31, 2023, are the same as the ones applied by Celsia S.A. in its consolidated financial statements for the year ending on December 31, 2022. The Company has not adopted new IFRS Standards Issued in 2023. However, there are IFRS issued at the date of these consolidated financial statements that have not been incorporated by decree in Colombia, which are described in Note 4 Standards issued by the IASB.

3.1. Cash and cash equivalents- Cash is reported at the time an inflow of money from the business transaction is generated.
Restricted cash is reported at the time an inflow of money from a third party for a specific destination is generated, or when some kind of restriction is generated on bank accounts or cash equivalents.
Cash in foreign currency is recognized at the time an inflow of money in foreign currency different to the Company's functional currency is generated, applying the effective exchange rate on the date on which the transaction is made.
Highly liquid investments with maturities of less than three months from the date of acquisition and with negligible risk of change in value are recognized as cash equivalents.

3.2. Transactions in foreign currency- Transactions in currency other than the Group's functional currency (foreign currency) are recorded using the effective exchange rates on the date on which the transactions are made. At the

end of each reporting period, monetary items denominated in foreign currency are remeasured using the effective exchange rates on said date. Non-monetary items recorded at fair value denominated in foreign currency are remeasured using the effective exchange rates as of the date on which the fair value was established. Non-monetary items in foreign currency carried at historical cost are not remeasured.
The exchange rates used for these reconversions are those certified by the Central Bank of Colombia.
The exchange differences of the non-monetary items are reported in the income of the period in which they arise, except for:

- Exchange differences arising from loans denominated in foreign currency related to assets under construction for their future productive use, which are included in the cost of said assets as they are considered as an adjustment to the interest costs of said loans denominated in foreign currency, provided that they do not exceed the borrowing costs of a liability with similar characteristics in the Company's functional currency.
- Exchange differences arising from related transactions with hedging of exchange rate risks; and
- Exchange differences arising on monetary items receivable or payable related to a foreign operation for which it is neither planned nor possible for the payment to be generated (thereby forming part of the net investment in the foreign operation). These are initially recognized in other comprehensive income and reclassified from equity to profit or loss over the reimbursement of the non-monetary item.

For the purposes of presentation of the consolidated financial statements, assets and liabilities of the Company's transactions in foreign currency are expressed in Colombian pesos using the effective exchange rates at the end of the reporting period. Income and expense items are translated at the average exchange rates in effect during the period, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the date of the transactions are used.
When a foreign operation is disposed of (that is the disposal of all the Company's shareholding in a foreign business, a disposal that involves the partial sale of a shareholding in a joint arrangement, or an associate that includes a foreign business of which the retained equity becomes a financial asset), the cumulative amount of all the exchange differences accumulated in the equity related to that operation attributable to the Group's shareholders is reclassified to profit or loss.
Additionally, with respect to the partial disposal of a subsidiary (which includes a foreign operation), the entity will again attribute the proportional part of the accumulated amount of the exchange differences to the non-controlling interest and they are not reported in profit or loss. In any other partial disposal (that is, partial disposal of associates or joint arrangements that do not involve the loss of significant influence and joint control by the Company), the Group will reclassify in profit or loss only the proportional part of the accumulated amount of the exchange differences.
The adjustments corresponding to goodwill and the fair value on identifiable assets and liabilities generated in the acquisition of a foreign operation are considered to be assets and liabilities of said operation and are converted at the effective exchange rate at the end of each reporting period. The exchange differences that arise shall be recognized in other comprehensive income and accumulated equity.

3.3 Financial instruments

Financial assets and liabilities are reported when the Group becomes part of the instrument's contractual provisions.
Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and liabilities (apart from financial assets and liabilities designated as measured at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or liabilities, when applicable, at initial recognition. Transaction costs directly attributable to the acquisition of financial assets or liabilities designated at fair value through profit or loss are immediately recognized in profit or loss.
When estimating the fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability that a market participant would take into account when valuing the asset or liability on the measurement date. The fair value for the purposes of measurement and/or disclosure in these consolidated financial statements is established on this basis, except for leasing transactions within the scope of IFRS 16, Leasings, and measures that have some similarities to fair value but that are not fair value, such as the net realizable value in IAS 2 – Inventories or the value-in-use in IAS 36 – Impairment of Assets.

- Level 1 inputs are quoted (unadjusted) prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

3.3.1 Financial assets - The Company and its subsidiaries recognize a financial asset in their statement of financial position when, and only when, it becomes party to the contractual provisions of the instrument. They also recognize a regular purchase or sale of financial assets on the date of the contract.

3.3.2 Financial liabilities and equity instruments- Debt and equity instruments are classified as financial liabilities or as equity pursuant to the substance of the contractual agreement and the definitions of financial liability and equity instrument.
The classification of a financial instrument as a financial liability or an equity instrument establishes whether the interest, dividends, earnings or losses related to it are recognized as income or expenses in the income statement of the period.

3.3.3 Classification and subsequent measurement- Commercial loans and debt securities are initially recognized when they occur. All other financial assets and liabilities are initially recognized when the Company becomes part of the contractual provisions of the instrument.

3.3.3.1 Financial assets- In initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income – debt investment; fair value through other comprehensive income – equity; or fair value through profit or loss.
A financial asset is measured at amortized cost if it meets the following two conditions and it is not designated at fair value through profit or loss:

- It is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- on specified dates, its contractual conditions lead to cash flows that are only payments of cash and interest over the pending amount of cash.

A debt investment is measured at fair value through other comprehensive income if it meets the two following conditions and it is not designated at fair value through profit or loss:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- on specified dates, its contractual conditions lead to cash flows that are only payments of cash and interest over the pending amount of cash.

In the initial recognition of a capital investment that is not held for trading, the Group may make the irrevocable election to present subsequent changes in the investment's fair value in other comprehensive income. This choice is made on a basis of investment by investment.
The Group may make an irrevocable election at initial recognition to present in other comprehensive income subsequent changes in the fair value of particular investments in equity instruments that would otherwise be measured at fair value through profit or loss.

Fair value through profit or loss
The Group classifies a financial asset as at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income.
The Group may irrevocably designate a financial asset as measured at fair value through profit or loss when this eliminates or significantly reduces any inconsistency in the measurement or in the recognition, i.e., when there is an accounting mismatch.
The Group has a separate classification for:

- Assets that are mandatorily measured at fair value through profit or loss; and
- Financial assets designated at fair value through profit or loss.

The Group recognizes the gain or loss on a financial asset that is measured at fair value in the income of the term in which it occurs unless it is part of a hedging relationship, as expressed in the chapter on derivatives and hedging operations.

Fair value through other comprehensive income
The Group classifies a financial asset measured at fair value through other comprehensive income if both of the following conditions are met: The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
The Group may make an irrevocable election at initial recognition to present in other comprehensive income subsequent changes in the fair value of particular investments in equity instruments that would otherwise be measured at fair value through profit or loss.

3.3.3.2 Equity instruments- An equity instrument consists of any contract that shows residual interest in the assets of an entity after deducting all its liabilities.
The repurchase of the Company's and its subsidiaries' own equity instruments is recognized and deducted directly from equity. No profit or loss is recognized in income from the purchase, sale, issuance or cancellation of the Group's own equity instruments.

3.3.3.3 Financial liabilities- Financial liabilities are classified at fair value through profit or loss or as financial liabilities measured at amortized cost.

Financial liabilities at fair value through profit or loss
A financial liability is classified at fair value through profit or loss when it is a financial liability that is classified as held for trading or at fair value through profit or loss.
The Group irrevocably designates a financial liability as measured at fair value through profit or loss when:

- Said designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- The financial liability is part of a group of financial assets or liabilities, or both, that is managed and its performance is evaluated on a fair value basis, in accordance with the Company and its subsidiaries' documented risk management or investment strategy, and information is provided on that basis; or
- it forms part of a contract that contains one or more embedded instruments, and IFRS 9 – Financial Instruments allows the whole combined contract to be designated at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are recorded at fair value, recognizing any earning or loss that arises from the new measurement in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability.

Financial liabilities at amortized cost
The Group classifies all financial liabilities as subsequently measured at amortized cost using the effective interest method, except:

- Financial liabilities that are accounted at fair value through profit or loss.
- Financial liabilities that arise from a transfer of financial assets that do not meet the requirements to be derecognized.
- Financial guarantee contracts.
- Loan commitments at an interest rate lower than the market rate.

3.3.4 Derivative financial instruments- The Group subscribes a variety of financial instruments to manage its exposure to interest rate and foreign currency exchange risks, including hedging contracts for exchange, interest rate exchange and foreign currency purchase and sale risks.
Derivatives are initially recognized at fair value on the date on which the derivative contract is signed, and they are subsequently remeasured at fair value at the end of the reporting period. The consequential profit or loss is immediately recognized in profit or loss, unless the derivative has been designated as an effective hedging instrument, in which case the timing of recognition in profit or loss will depend on the nature of the hedging relationship.

3.3.5 Impairment of financial assets - The Group recognizes an allowance for expected credit losses in investments in debt instruments measured at amortized cost or fair value through other comprehensive income or lease receivables, as well as in loan commitments to the Company and financial guarantee contracts. No impairment loss is recognized for investments in equity instruments. The amount of expected credit losses is updated on the reporting date to reflect the changes in credit risk since the initial recognition of the respective financial instrument.
For trade receivables, lease receivables or contract assets, the Group recognizes the expected credit losses with reference to the lifetime expected credit losses of the asset, assessed on an individual basis for significant accounts receivable and assessed on a collective basis for accounts receivable that are not individually significant.
To assess whether there has been a significant increase in credit risk, the Group considers the risk of default throughout the expected lifetime of the financial instrument, as well as the occurrence of renegotiations or alteration of the cash flows of the accounts receivable.
To determine the expected credit losses, the credit risk is monitored by type of customer, which are grouped according to their features, such as business segment, type of market and class of service. The loss rates are based on the historical performance of the collections through the monthly averages and by type of service. Trade debtors and other accounts receivable are mainly related to customers of the regulated and non-regulated energy market of the residential, commercial, industrial and public sectors.
Due to the conditions of the wholesale market (spot market and bilateral contracts with third parties), an individual impairment analysis is made on the associated accounts receivable covering from the preliminary study of third parties to the coverage of the portfolio with real collateral or promissory notes. The latter is only in the case of third parties with a good rating.
The Group recognizes as an impairment gain or loss in the income of the period, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be reported.
The measurement of the expected credit losses reported by the Group shall reflect:

a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
b) the time value of money; and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.
c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecasts of future economic conditions.

3.3.6 Derecognized financial assets - The Group derecognizes an account receivable if, and only if, the contractual rights to the cash flows of the account receivable expire.
The derecognition of an account receivable or part of it is recognized in profit or loss of the period as the difference between:

a) its book value; and
b) the amount of the consideration received.

3.3.7 Derecognized financial liabilities - A financial liability will be derecognized if, and only if, the Group's obligations expire, are canceled or are fulfilled. The difference between the derecognized financial liability's book value and the remuneration paid and payable is recognized in profit or loss.

3.3.8. Compensation - The Group assesses the objective of the business model in which a financial asset is held in a portfolio, because this better reflects the way in which the Company is managed and information is provided to management.

3.4. Inventories - Inventories are recognized from the date on which the Group assumes the risks and rewards inherent to ownership of them. The initial measurement is recognized at cost and the subsequent measurement at the close of each period is recognized at the lower value between the cost and the net realizable value. The cost is determined through the weighted average.
For items that are going to be sold or commercialized, the Group conducts subsequent measurement at the lower value between the cost and the net realizable value.
In the inventories acquired by the Group for the provision of services and for internal consumption, subsequent measurement is carried out of the lower value between the cost and the net realizable value. For this kind of inventory, the net realizable value is the replacement cost.

3.5. Property, plant and equipment- The measurement of property, plant and equipment is carried out twice: Initial measurement, which is reported at cost, and subsequent measurement, which is reported at its cost less the accumulated depreciation and the cumulative impairment losses (cost model).
Property used during the course of construction for administrative, production or supply purposes is recorded at cost less any impairment loss. The cost includes expenses that are directly attributable to the acquisition of the asset. The cost of assets built by the Group includes the cost of the materials and the direct workforce; and any other cost directly attributable to the process to make the asset suitable for work for its intended use. It also includes the costs of dismantling and removing the items and restoring the site where they are located.
When significant parts of a property, plant and equipment item have different useful lives, they are recorded as separate items (important components) of property, plant and equipment. The depreciation of these assets, like in the case of other property assets, starts when the assets are ready for use.
We do not make an accounting estimate of any residual value for property, plant and equipment, because they are not considered to be material; therefore, they are depreciated in full. Depreciation is charged to profit or loss.
Depreciation is charged with the aim to eliminate the cost or the valuation of the assets (other than land or property under construction) less their useful lives using the straight-line method. The estimated useful life, residual value and depreciation method are reviewed at the end of each reporting period, and the effect of any change in the estimate is recorded on a prospective basis.
The depreciation of the revalued buildings is charged to profit or loss. Land property cannot be depreciated. Fittings and equipment are expressed at cost less accumulated depreciation and any recognized impairment loss.
Assets held under financial lease are depreciated for the term of their estimated useful life like the owned assets. However, when there is no reasonable assurance that the property will be obtained at the end of the lease period, the assets are depreciated over the shorter term between the term of their lease and their useful life.
A property, plant and equipment item will be derecognized at the time of its disposal or when it is no longer expected that future economic benefits will arise from continued use of the asset. The profit or loss that arises from the retirement or disposal of a property, plant and equipment asset is calculated as the difference between the earnings from sale and the book value of the asset, and it is reported in profit or loss. Repairs and improvements that increase efficiency or extend the useful life of the asset are an additional cost for property, plant and equipment.
The useful lives of the property, plant and equipment used in the depreciation calculations in the corresponding years to the presentation of these financial statements are listed below.

Group of assets	Useful life in years
Constructions and Buildings	20 - 100
Waterlines, plants and networks	20 - 55
Machinery and Production Equipment	10
Office furniture and fittings, and equipment	10
Communications and computer equipment	4 - 5
Land transportation equipment	5 - 15

3.6 Cash Generating Units (CGUs)- A CGU is the smallest identifiable group of assets that generates cash inflows to the Company that are largely independent of the cash inflows from other assets or groups of assets.

3.7. Borrowing costs- Borrowing costs directly attributed to the acquisition, construction or production of qualified assets, which constitute assets that require a substantial period of time to be ready for their use or sale (more than one year), are added to

the cost of these assets until they are ready for their use or sale. The Group considers a substantial period of time to be more than one year.
The income received from the temporary investment of resources pending their use in the construction or production of qualified assets is deducted from the borrowing costs to be capitalized as the greatest value of the asset's cost.
All the other borrowing costs are reported in income during the period in which they are incurred.

3.8. Consolidation and business combinations - Companies over which Celsia S.A. has control are consolidated from the acquisition date using the global integration method, which corresponds to the integration of all its assets, liabilities, revenue, expenses and cash flows in the consolidated annual accounts, once the adjustments and eliminations corresponding to the transactions carried out inside Celsia S.A. are made.
The income of the controlled companies acquired during the period is included in the consolidated income statements from the effective acquisition date.
Celsia S.A. accounts for business combinations using the acquisition method when control is transferred to the Company. The consideration transferred in the acquisition is generally measured at fair value, like the identifiable net assets acquired. Any resulting goodwill is subject to annual impairment tests. Any gain from purchases in highly advantageous conditions is immediately recognized in income. The transaction costs are recorded as an expense when they are incurred, except when they are related to a debt issuance or equity instruments.
The consideration transferred does not include the amounts related to the settlement of pre-existing relationships. Said amounts are generally reported in income.
Any contingent consideration is measured at fair value on the acquisition date. If an obligation to pay the contingent consideration that meets the definition of a financial instrument is classified as an equity instrument, it must not be remeasured and its subsequent settlement must be accounted for in equity. If this is not the case, the other contingent consideration is remeasured at fair value on each balance sheet date and the subsequent changes in fair value of the contingent consideration are reported in income.
If the share-based payment concessions (replacement agreements) need to be exchanged for concessions made by the employees of the acquired entity (concessions of the acquired company), a part or all of the amount of the replacement concessions of the acquirer are included in the measurement of the consideration transferred in the business combination. This determination is based on the market-based value of the replacement concessions compared to the market-based value of the concessions of the acquired company and the level up to which the replacement concessions are associated with the service prior to the business combination.
The consolidation of operations of controlled companies has been carried out according to the following basic principles:

(1) On the acquisition date, the assets and liabilities of the acquired company are recorded at their fair value, except when:
  a. Deferred tax assets or liabilities, and assets or liabilities related to the employee benefit agreements are recognized and measured pursuant to IAS 12 – Income Taxes and IAS 19 – Employee Benefits, respectively.

  b. Assets (or a disposal group) that are classified as held for sale pursuant to IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations are measured pursuant to said standard.

  In the event of a positive difference between the acquisition cost of the subsidiary and the fair value of its assets and liabilities, including contingent liabilities pursuant to the shareholding of the Parent Company, this difference is recorded as goodwill.
  In the event that the difference is negative, this is charged to the consolidated income statement. The costs related to acquisition are reported as an expense as they are incurred.

(2) The value of the non-controlling interest in fair value of the net assets acquired and in the income of the consolidated companies is respectively presented in the consolidated statement of financial position.

(3) The conversion of financial statements of foreign companies with a functional currency other than the Colombian peso are carried out as follows:
  a. Assets and liabilities (including the comparative figures) are converted at the closing exchange rate on the date of the corresponding statement of financial position.
  b. The revenue and expenses for each statement that presents the income and other comprehensive income (including comparative figures) of the period are converted at the exchange rate on the date of each transaction. For practical reasons, an average monthly exchange rate is used, provided that this has not undergone significant variations.
  c. All the resulting exchange differences are reported in other comprehensive income and remain in a separate component of equity until the disposal of the subsidiary.

The accumulated exchange difference that arises from the conversion attributable to non-controlling interest is attributed to the non-controlling interest and is recognized as part of the non-controlling interest in the consolidated statement of financial position.

When there is goodwill generated in the acquisition of a foreign operation, as well as adjustments to the fair value of assets and liabilities that arise from said acquisition, they are treated as assets and liabilities of the foreign operation and, therefore, they are converted at the closing exchange rate.

3.9. Goodwill- The Company measures the goodwill acquired in the business combination at cost; this being the excess paid in the business combination over the interest of the Company in the net fair value of the identifiable assets, liabilities and contingent liabilities.
The goodwill that arises during the acquisition of subsidiaries is measured at cost less the cumulative impairment losses. The goodwill is not amortized, but its impairment is proven with an annual frequency or less if there are indications of a potential loss in the asset's value. The resulting goodwill of a business combination is assigned to each one of the cash-generating units (CGUs) or groups of CGUs of the Company that are expected to benefit from the combination's synergies and the criteria referenced in Note 35 Joint Arrangements are applied. Internally generated goodwill is not reported as an asset.

3.9.1. Subsequent measurements- The goodwill is measured at cost less the accumulated impairment losses. In investments accounted for according to the equity method, the book value of the goodwill is included in the book value of the investment, and any impairment loss is assigned to the book value of the investment accounted for, according to the equity method as a whole.

3.9.2. Impairment of goodwill- The Group annually verifies the impairment of the goodwill acquired in a business combination. Impairment must be established for the goodwill through an assessment of the recoverable value of the cash-generating unit (CGU) that is related to the goodwill. When the recoverable value of the CGU is less than its book value at which the goodwill has been allocated, the Group recognizes an impairment loss.
The Group establishes the recoverable value by comparing the greater value between its fair value less costs to sell and its value-in-use.
In the event that either of these two values exceeds the book value of the asset subject to analysis, it is considered that there is no loss in value and it will not be necessary to estimate the other value. To calculate the recovery value of the inventories, of the goodwill and of the intangible asset, the value-in-use is the criterion used by Celsia S.A. in practically all cases.

3.10. Taxes - Income tax expenses consist of income and additional taxes of the fiscal year payable and the result of the deferred taxes. Current and deferred taxes are recognized as a profit or loss and are included in income, except when they are related to items in other comprehensive income or directly in equity. In this case, current or deferred tax is also recognized in other comprehensive income or directly in equity, respectively.

3.10.1. Current tax - Current tax payable is based on the taxable income reported during the year. Taxable income differs from the earnings reported in the statement of income and other comprehensive income, due to taxable or deductible income or expense items from other years, as well as items that are never taxable or deductible. Current tax liabilities are calculated using the enacted or substantially enacted tax rates at the end of the reporting period. The income tax provision is established based on whichever is higher between taxable income and presumptive income, estimated at the rates established in tax law.

3.10.2. Deferred tax - Deferred tax is recognized over the temporary difference between the book value of the assets and liabilities included in the consolidated financial statements and the corresponding tax bases used to establish taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets shall be reported for all deductible temporary differences as long as it is probable that the entity will have future taxable profit against which it can charge these deductible temporary differences. These assets and liabilities are not reported if the temporary differences arise from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that does not affect taxable profit or accounting profit.
In a business combination, assets and liabilities are recognized at their fair value on the acquisition date. Likewise, the recognition of deferred tax assets and liabilities in a business combination affects the value of the goodwill that arises from it, or the recognized value of a purchase in highly advantageous conditions.
A deferred liability must be recognized for taxable temporary differences related to investments in subsidiaries and associates, as well as interests in joint ventures, but with the exception of those in which Celsia can control the reversal of the temporary difference and when there is the possibility that this may not be reversed in the foreseeable future. Deferred tax assets that arise from the deductible temporary differences related to said investments and interests are only recognized when it is probable that the Group will have future taxable profit against which it can charge these temporary differences and it is possible that they can be reversed in the foreseeable future.
The carrying amount of a deferred tax asset must be subject to review at the end of every reporting period and it must be reduced if it considered probable that there will not be sufficient taxable income available in the future to allow the full or partial recovery of the asset.
Deferred tax assets and liabilities must be measured using the tax rates expected to be applied in the period in which the asset is realized or the liability is settled, based on the rates (and tax laws) that have been approved or have practically completed the approval process by the end of the reporting period.
The measurement of deferred tax assets and liabilities will reflect the tax consequences that would result from the way the Group expects to recover or settle the book value of its assets or liabilities by the end of the reporting period.

In the event of a business combination when current or deferred tax arises from the initial accounting of the business combination, the tax effect is considered in the accounting of the business combination.
Taking into account the increase in the income tax rate from 31 % in 2021 to 35 % applicable from 2022 provided by Law 2155 of 2021 (Social Investment Law), the Group made the remeasurement of deferred tax in application of paragraphs: 46 ,47 and 80 of IAS 12 – Income Tax. The corresponding effect was recorded in the retained earnings account in equity in accordance with the provisions of Decree 1311 of 2021.
By means of Decree 2617 of December 29, 2022, the alternative to recognize for accounting purposes against the accumulated results of previous fiscal years in equity, the variation in the deferred income tax derived from the change in the income tax rate and the change in the occasional income tax rate, for the taxable term 2022, as established in Law 2277 / 2,022 is established for one time only.

3.10.3 Recognition of taxable temporary differences - Deferred tax liabilities resulting from taxable temporary differences are reported in all cases, except when:

- They arise from the initial recognition of goodwill of an asset or liability in a transaction that is not a business combination and the date of the transaction affects neither accounting profit nor the tax base.
- They are differences associated with investments in subsidiaries, associates and joint ventures over which the Group is able to control the timing of their reversal and it is probable that the temporary difference will not be reversed in the foreseeable future.

3.10.4 Recognition of deductible temporary differences - Deferred tax assets resulting from deductible temporary differences are recognized provided that:

- It is probable that there will be sufficient taxable profit in future periods for it to be offset, except in cases in which the differences arise from the initial recognition of assets or liabilities in a transaction that is not a business combination and on the date of the transaction, it affects neither the accounting profit nor the tax base.
- They are temporary differences associated with investments in subsidiaries, associates and joint ventures to the extent that the temporary differences will be reversed in the foreseeable future and it is probable that taxable income will be available in the future against which the differences can be offset.

The deferred tax assets that do not meet the aforementioned conditions are not recognized in the (separate or consolidated) statement of financial position. At the end of the financial year, the Group reconsiders whether the conditions are met to recognize the deferred tax assets that had not been previously recognized.
The tax planning opportunities are only considered in the assessment of the recovery of the deferred tax assets if the Group intends to adopt them or it is probable that it is going to adopt them.

3.10.5 Measurement - Deferred tax assets and liabilities are measured at the tax rates applicable in the fiscal years in which the assets are expected to be realized or the liabilities are expected to be paid, based on the laws enacted or about to be enacted and once the tax consequences that will result from the way in the which the Group expects to realize the assets or settle the liabilities are considered.
On the closing date of the fiscal year, the Group reviews the book value of the deferred tax assets with the aim to reduce said value to the extent that it is no longer probable that sufficient taxable profit will be available in the future to offset them. The Company's non-monetary assets and liabilities are measured in its functional currency. If the taxable income or tax loss is determined in a different currency, changes in the exchange rate give rise to temporary differences that result in a recognized deferred tax liability or deferred tax asset. The resulting deferred tax will be charged or credited to the income of the period.

3.10.6 Compensation and classification- The Group only offsets deferred tax assets and liabilities if it has a legally enforceable right with the tax authorities to set off the recognized amounts and said assets and liabilities are levied by the same tax authority, and by the same taxpayer of the liability, or asset, by different taxpayers that intend to either settle or realize the current tax assets and liabilities on a net basis or realize the assets and settle the liabilities simultaneously, in each one of the future fiscal years in which significant amounts of deferred tax assets or liabilities are expected to be settled or realized. Deferred tax assets and liabilities are recognized in the (separate or consolidated) statement of financial position as non-current assets or liabilities regardless of the expected date of their realization or settlement.

3.10.7 Industry and Commerce Tax- For 2022, in accordance with Article 76 of Law 1943/2018, the Group reported the total industry and commerce tax incurred in the year as an expense for the year, the value susceptible to be imputed as a tax discount is treated as a non-deductible expense in the determination of income tax in the year, the tax discount applied decreases the value of the current income tax expense for the period. For the 2023 tax year in accordance with Law 2277/2022, the Industry and Commerce Tax expense in the determination of net income can only be treated as a deduction and was recorded as an expense for accounting purposes.

3.11. Contingencies - The Group does not recognize contingent assets and liabilities, these are only disclosed. Contingent liabilities may evolve in a manner not initially foreseen; therefore, they should be continually evaluated to determine whether an outflow of resources embodying economic benefits has become probable, and a provision should be recognized in the financial statements for the period in which the change in the probability of occurrence was generated. Contingent assets are assessed

continually. When the realization of income is virtually certain, the related asset is not a contingent asset and its recognition is appropriate.
The balance of the litigation provision covers lawsuits filed against the Group by third parties. According to the managers' opinion after the respective legal advice, the result of these litigations is not expected to significantly differ from the provisioned amounts at December 31, 2023 and 2022.

3.12. Employee benefits- The Group recognizes a liability when an employee has delivered services in exchange for benefits to be paid in the future and an expense when the Company consumes the economic benefit that arises from the services delivered by the employee.
Payments established as contributions for retirement plans are recognized as an expense when the services provided by employees give them the right to the contributions. In order to define the benefit for retirement plans, the cost of providing benefits is established in accordance with Decree 2496 / December 23, 2015. Whereby it is established that the parameters to determine post-employment benefits for treatment of IAS 19 – Employee Benefits must correspond to Decree 2783/2001 as a better market approximation.
The retirement benefit obligations recognized in the consolidated financial statements represent the present value of the retirement obligations defined as adjusted by unrecognized profit or loss and unrecognized service costs and reduced by measurement of the plan at fair value. Any consequential asset of these calculations is limited to an unrecognized actuarial loss and cost of past services, plus the present value net of returns and reductions in future contributions to the plan.
In accordance with Decree 2131/2016, it is established to disclose the calculation of pension liabilities in accordance with the parameters established in Decree 1625 / October 2016, and in the case of partial pension transfers, pursuant to Decree 1833 / November 2016 and the differences in the calculation made in accordance with IAS 19 – Employee Benefits.
The defined benefit obligations are calculated annually by a qualified actuary according to the requirements of the Accounting and Financial Reporting Standards accepted in Colombia. When the calculation results in a potential asset for the Group, the recognition of the asset is limited to the present value of the economic benefits available in the form of future reimbursements of the plan or reductions in its future payments. To calculate the present value of the economic benefits, any minimum funding requirement must be considered.
The Group recognizes all the actuarial gains and losses that arise from the defined benefit plans in other comprehensive income.

3.12.1. Other long-term employee benefits - The net obligation of the Group with respect to long-term employee benefits is the amount of the future benefit that the employees have earned in exchange for their services in the current period and in previous periods. The benefit is discounted to determine its present value. The new measurements are recognized in the income of the period in which they arise.

3.12.2 Termination benefits - Termination benefits are reported as an expense when the Group cannot withdraw the offer of those benefits or when the Group recognizes costs for a restructuring, whichever occurs first. If the termination benefits are not expected to be settled wholly before 12 months after the end of the reporting period, they are discounted.

3.12.3 Short-term employee benefits - Short-term employee benefits are measured on undiscounted amounts and are recognized as expenses when the related service is provided. An obligation is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as the result of a service delivered by the employee in the past and a reliable estimate of the obligation can be made.

3.13. Assets held for sale - Non-current assets (or disposal groups) are classified as held for sale if their book value will be recovered principally through a sales transaction rather than through continuing use, and the sale is deemed highly probable. These assets are measured at the lower of their book value and fair value less costs to sell, except deferred income tax assets, assets from employee benefits, financial assets and investment properties, which are recorded at fair value.
An impairment loss is recognized for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognized for any subsequent increase in fair value less costs to sell of an asset (or disposal group), but not in excess of any previously recognized cumulative impairment loss. A gain or loss not recognized prior to the date of sale of the non-current asset (or disposal group) is recognized on the date of derecognition.
Non-current assets (including those that are part of a disposal group) are not amortized or depreciated while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale will continue to be recognized.
Non-current assets classified as held for sale and assets of a disposal group classified as held for sale are presented separately from other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.
When the group ceases to consolidate an investment due to a loss of control, any retained interest in the entity is remeasured at fair value, and the change in carrying amount is recognized in income. This fair value becomes the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amount previously recognized in other comprehensive income in respect of that entity is accounted for as if the Group had

directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

3.14 Share capital

3.14.1. Common shares

Common shares are classified as equity. The incremental costs directly attributable to the issuance of common shares are recognized as a deduction of equity, net of any tax effect. The reported reserves are those authorized by the General Meeting of Shareholders as well as the legal reserve of 10 % based on the income of the year. The other reserves can be used to protect expansion plans or projects or for the Group's financial needs.
The Code of Commerce makes it mandatory for the Companies to appropriate 10 % of its net annual profits, determined according to the local accounting laws as a legal reserve until the balance of this reserve is equivalent to 50 % of the subscribed capital. The mandatory legal reserve cannot be distributed before the liquidation of the Company, but it can be used to absorb the net annual losses. Balances of the reserve in excess of 50 % of the subscribed capital are freely available to shareholders. A share issue premium is recognized when there is a difference between the nominal value of the share and the amount paid.

3.14.2. Reacquired own shares

The Group carries out the following recognition in the case of reacquired own shares: If the Company reacquires its own equity instruments, the consideration is paid and the related costs are deducted from equity. No loss or profit is recognized in the income of the fiscal year resulting from the purchase, sale, issuance or amortization of the entity's own equity instruments. These own shares could be acquired and owned by the entity or by other members of the Consolidated Group.

3.15. Revenue recognition- The Group recognizes its revenue in order for the transfer of goods or services promised to clients to be recorded for an amount that reflects the consideration that the entity expects to receive in exchange for the goods or services.

3.15.1. Identification of the performance obligations - At the start of the contracts, the Group assesses the commitments acquired with clients, recognizing a performance obligation for each distinct good or service. A good or service is distinct when:

- a client can benefit from the good or service on its own; and
- the promise to transfer the good or service to the client can be separately identified from the other assumed promises.

A series of distinct goods or services that are substantially the same is recognized as a single performance obligation if:

- They are obligations that are satisfied throughout time.
- The same method is used to measure the satisfaction or compliance of the performance obligations.

In almost all cases, remuneration is received by the Group in the form of cash or cash equivalents, and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the remuneration is received in a period longer than one year, the fair value of said remuneration could be less than the nominal amount of cash or cash equivalents receivable. Therefore, the amortized cost method is applied, discounting the future flows at a market rate (See Note 2.2 Financial Instruments).

3.15.2 Sale of goods - Revenue from the sale of goods must be recognized when the goods are delivered, ownership has been transferred, and each and every one of the following conditions have been met:

- The Group has transferred the significant risks and rewards of ownership of the goods;
- The Group neither keeps for itself any implication in the current management of the sold goods to the degree usually associated with ownership nor retains effective control over them;
- the amount of the revenue can be reliably measured;
- it is probable that the entity receives the economic benefits associated with the transaction; and
- the costs incurred or to be incurred from the transaction can be reliably measured.

3.15.3. Energy sales- Revenue is recognized in the period's statement of income using the accrual accounting system when there has been an increase in future economic benefits related to an increase in assets or a decrease in liabilities, and the value can be reliably measured. Upon recognizing revenue all the costs and expenses associated therewith are recognized.
Revenue from power generation is mainly from energy sales through bilateral contracts on the regulated and non-regulated markets, the spot market, the Automatic Generation Control Service (AGC) and the reliability charge.
CREG Resolution 071/2006 approved the current methodology for the payment of the reliability charge to wholesale energy market (WEM) generators.
The methodology for the payment of the transmission activity is known as regulated revenue, which establishes the maximum yearly revenues paid to each distributor in accordance with the assets they actually hold in the national transmission system (STN in Spanish). This revenue is collected by charging for the use of the STN, which is paid by resellers (demand) of the National Electrical Grid. The billing and collection of the application of the fees for using the STN are centralized through the STN's Liquidator and Account Administrator, which invoices and settles these fees.

For the purposes of paying the distribution activity, the Energy and Gas Regulatory Commission (CREG in Spanish) defines the applicable payment, which is revised every five years in accordance with the provisions established in the regulations. The method established for this payment has a related quality system.
The reseller's revenue comes from purchasing energy from the WEM and selling it to end users, for which it carries out activities including billing, metering, collection, portfolio management and customer service.
Revenue from the sale of energy on the regulated and non-regulated markets is reported based on the billed and unbilled kilowatts used by clients. The sale of ancillary services is recorded upon billing. Energy that is not billed at the end of the month is estimated based on internal and external information provided by the energy market regulator.

3.15.4. Provision of services- Revenue from service provision contracts is recognized by reference to the completion status of the contract, which is established in the following way:

- Professional fees for installation are recognized as revenue from ordinary activities with reference to the completion status of the installation, determined as the proportion of the estimated total time to install that has passed by the end of the reporting period.
- Professional fees for services included in the price of the products sold are recognized in reference to the proportion of the total cost of the service provided for the sold product.

3.15.5. Income from dividends and interest - Income from dividends of investments is recognized once the shareholders' rights to receive this payment have been established (provided that it is probable that the economic benefits will flow to the Company and that the revenue can be reliably measured).
Revenue from interest on a financial asset is recognized when it is likely that the Company will receive the economic benefits related to the transaction and the amount of revenue can be reliably measured. Revenue from interest is recorded over a time basis with reference to the outstanding capital and the applicable effective interest rate, which is the discount rate that exactly balances out the cash flows receivable or payable estimated throughout the expected life of the financial instrument with the net book value of the financial asset over initial recognition.
The financial income and costs that the Group recognizes are mainly associated with the returns generated and paid to the financial entities and the income from financing of clients.

3.15.6. Revenue from leases - Income from rental under operating leases are recognized as income in the income statement on a straight-line method during the term of the lease, unless another basis of distribution is considered more representative.

3.16. Recognition of expenses- The Company and its subsidiaries recognize their costs and expenses to the extent that economic events occur so that they are systematically recorded in the applicable accounting period, regardless of the flow of monetary or financial resources (cash). An expense is immediately recognized when a disbursement does not generate future economic benefits or when it does not meet the necessary requirements to be recognized as an asset.

3.17. Earnings per share- The Company and its subsidiaries present data of the earnings per basic and diluted shares of its common shares. The earnings per basic share are calculated by dividing the income attributable to the holders of common shares by the average weighted average of outstanding common shares during the period, adjusted by the own shares held.

3.18 Reportable operating segments- Celsia coordinates its activity according to the approach of priority to its basic business, which is comprised of the generation, transmission, distribution and sale of electricity, gas and related services, and it establishes two large lines of business, each one based in a geographical area: Colombia and Central America.
The Group separately discloses information about each operating segment pursuant to the definition of segments (see Note 31. Operating segments).

NOTE 4. STANDARDS ISSUED BY THE IASB

4.1. Standards incorporated in Colombia effective January 1, 2023 – Regulatory Decree 938 of August 19, 2021

Amendments to the IFRS	Amendment Topic	Effective Date
Interest Rate Benchmark Reform (amendments to IFRS 9, IAS 39 and IFRS 7)	Amendments issued to address uncertainty related to the reform currently in progress of the Inter-Bank Offered Rates (IBOR). The amendments address aspects that affect financial information in the period prior to the IBOR reform and apply to hedging transactions that are directly affected by uncertainty in connection with the IBOR reform.	Annual periods starting on January 1, 2023. Early adoption is allowed.
Interest Rate Benchmark Reform – Phase 2	In this Phase 2, the amendments address aspects that could affect financial information during the benchmark interest rate reform, including the effects of	Annual periods starting on January 1, 2023. Early adoption is allowed.

Amendments to the IFRS	Amendment Topic	Effective Date
(Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and *IFRS 16)*	contractual changes in cash flows or hedging relationships that may arise upon the replacement of a benchmark interest rate for an equivalent.	
Reference to the Conceptual Framework (Amendments to IFRS 3)	It replaces the reference made to an earlier version of the Financial Reporting Conceptual Framework for a reference to the latest version issued in March 2018. Additionally, the IASB included an exception for its requirement for an entity to make reference to the Conceptual Framework for determining what represents an asset or a liability. This exception indicates that for some types of contingent assets and liabilities, an entity that applies IFRS 3 must make reference to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets.	Annual periods starting on January 1, 2023. Early adoption is allowed.
Property, Plant and Equipment – Proceeds Before Intended Use (Amendments to IAS 16)	It provides guidance on the accounting treatment for sales and expenses that may arise at an entity during the process of making an item of property, plant and equipment available for use. According to these amendments, the proceeds from the sale of products produced by an item of property, plant and equipment that is available for use must be recognized in the income statement along with the costs of producing such products.	Annual periods starting on January 1, 2023. Early adoption is allowed. The effect of application will not involve the restatement of comparative information.
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	The amendment clarifies the types of costs a company should include as the cost of fulfilling a contract when determining whether a contract is onerous. As a result of this amendment, entities that currently apply the "incremental cost" approach will need to recognize larger provisions and a greater number of onerous contracts.	Annual periods starting on January 1, 2023. Early adoption is allowed. The effect of application will not involve the restatement of comparative information.
Annual Improvements to IFRS Standards 2018-2020	The amendments include: * IFRS 1 First-time Adoption of the International Financial Reporting Standards: This amendment simplifies first-time adoption by a subsidiary that becomes a first-time adopter after its parent, i.e., when a subsidiary adopts the IFRS after its parent and applies IFRS 1.D16(a), by allowing the subsidiary the option to measure the cumulative translation differences of all foreign operations using the amounts included in the consolidated financial statements of the parent, as a function of the parent's transition date to the IFRS. * IFRS 9 – Financial Instruments. The amendment clarifies that for the effects of the "ten percent test" for the derecognition of financial liabilities, when determining the net fees paid and charged, a borrower must only include fees paid or received between the borrower and the lender, including the fees paid or received by the borrower or lender on behalf of a third party. IFRS 16 – Leases: Illustrative Example 13 accompanying this standard is amended to remove the illustration of lessor payments in connection with leasehold improvements. The purpose of the amendment is to eliminate any possible confusion about the treatment of lease incentives. * IAS 41 – Agriculture. The amendment removed a requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements of IAS 41 with those of IFRS 13 - Fair Value Measurement.	Annual periods starting on January 1, 2023. Early adoption is allowed.
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	It was issued to promote uniformity in application and to clarify the requirements for determining whether a liability is current or non-current. It amends the requirement to classify a liability as current, establishing that a liability is classified as current if "it does not have the right to defer settlement of the liability for at least twelve months after the reporting period."	Annual periods starting on January 1, 2023. Early adoption is allowed. The effect of its application on comparative information shall be carried out retrospectively.

The standards incorporated in Colombia starting on January 1, 2023, did not have any effects on the financial statements.

4.2. Standards incorporated in Colombia effective January 1, 2024 – Regulatory Decree 1611 of August 5, 2022

Amendments to the IFRS	Amendment Topic	Effective Date
Definition of Accounting Estimates (Amendments to IAS 8)	It was issued to clarify how companies can distinguish between changes in accounting policies and changes in accounting estimates, mainly focusing on clarifying the definition of accounting estimates. The amendments clarify the relationship between accounting policies and estimates, specifying that a company makes an accounting estimate to achieve a predefined objective of an accounting policy. The foregoing is due to the fact that only the effects of changes in estimates are applicable prospectively.	Annual periods starting on or after January 1, 2024. Early adoption is allowed, and it will apply prospectively to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the first reporting period in which the company applies the amendments.
Disclosure of Accounting Policies (Amendments to IAS 1)	Companies must disclosure material information about their accounting policies, and, in this regard, the amendment requires the application of the materiality concept to accounting policy disclosures.	Annual periods starting on or after January 1, 2024. Early adoption is allowed.
COVID-19-Related Rent Concessions beyond June 30, 2021 (Amendment to IFRS 16)	The amendment extended the availability of the practical expedient for the Accounting treatment of rent concessions granted to lessees as a result of the COVID-19 pandemic of paragraph 46A of IFRS 16 for one year. The 2021 amendment resulted in the practical expedient being applied to lease concessions for which any reduction in lease payments affects only payments originally payable on or before June 30, 2022, provided that the other conditions for applying the practical expedient are met. It notes that lessees who have applied the initial practical expedient should also apply the expanded scope of the practical expedient proposed in this second amendment for contracts with similar characteristics and circumstances. This expedient cannot be applied by lessees that have established an accounting policy of not applying the practical expedient to eligible rent concessions with similar characteristics and circumstances.	Annual periods starting on or after January 1, 2024. Early adoption is allowed.
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	It clarifies how to recognize deferred tax in certain transaction types where both an asset and liability are recognized, for example, leases and decommissioning obligations. The amendments reduce the scope of the exception for initial recognition in that it does not apply to transactions that give rise to equal and offsetting temporary differences. Consequently, companies will have to recognize a deferred tax asset and a deferred tax liability for the temporary differences that arise in the initial recognition of a lease or of decommissioning obligations.	Annual periods starting on or after January 1, 2024. Early adoption is allowed. It applies retrospectively, which may give rise to restatements.

The Group has decided against the early adoption of these standards. Their impact on the financial statements will be quantified in a timely manner, so that once these standards become effective all necessary activities will be carried out for their implementation.

4.3. Issued by the IASB, Not Incorporated in Colombia

Amendments to the IFRS	Amendment Topic	Details
Amendment to IFRS 16 – Leases	Lease liabilities in a sale with subsequent lease.	The amendments require a lessee-seller to subsequently measure the lease liabilities arising from a sales transaction with subsequent lease in a manner that no amount of profit or loss is recognized in connection with the retained right-of-use.
Amendments to IAS 1	Non-current liabilities with Covenants.	In October 2022, the International Accounting Standards Board (IASB) issued amendments to IAS 1 aimed at improving the information an entity provides on

Amendments to the IFRS	Amendment Topic	Details
		liabilities derived from loan agreements in which the entity's right to defer settlement for at least twelve months after the reporting period is subject to fulfillment of conditions specified in the loan agreement (liabilities with covenants), and addresses stakeholder concerns about the result of applying the amendments on the Classification of Liabilities as Current or Non-current issued in 2020. The IASB decided to amend the requirements of IAS 1 in connection with: a) The classification of liabilities with covenants as Current or Non-current. b) The information to be disclosed on Non-current liabilities with covenants.
IFRS 17 – Insurance Contracts	It aims to standardize the information reported by companies in the insurance sector worldwide.	They combine the features of a financial instrument with a service contract. Additionally, many insurance contracts generate cash flows with substantial fluctuations over a long time period. In order to provide useful information on these features, IFRS 17 - Insurance Contracts: • Combines the current measurement of future cash flows with the recognition of benefits over the contractual service period; • Presents the results of insurance services (including the presentation of insurance revenues) separately from the financial revenues or expenses of the insurance; and • Requires an entity to select an accounting policy for the recognition of all the financial revenues or expenses of the insurance in profit or loss, or to recognize a portion of • such revenues or expenses in other comprehensive income (OCI). In June 2020, the International Accounting Standards Board (IASB) issued amendments to IFRS 17 - Insurance Contracts aimed at assisting companies in the implementation of this standard and facilitating their explanation of their financial performance. The core principles of the standard issued in May 2017 are not affected. The amendments, which address comments from stakeholders, are designed to: a) reduce cost by simplifying some of the standard's requirements, b) facilitate the explanation of financial performance, and c) facilitate the transition when it differs from the effective date until 2023, and provides additional relief by reducing the effort required for first time adoption. Following the amendment issued in June 2020, IFRS 17 - Insurance Contracts becomes effective starting on January 1, 2023, an early adoption is allowed as long as IFRS 9 is also applied. In the event of early adoption, this fact must be disclosed.
First time adoption of IFRS 17 and IFRS 9 – Comparative Information	It adds a transition option regarding the presentation of comparative information on financial assets for the first-time adoption of IFRS 17.	In December 2021, the International Accounting Standards Board (IASB) issued an amendment to IFRS 17 in order to enable an entity that simultaneously adopts for the first time both IFRS 17 and IFRS 9 to use an overlay arrangement for the classification of financial assets to present comparative information, as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset. When it applies the classification overlay to a financial asset, the entity is not required to apply the impairment requirements of Section 5.5 of IFRS 9.

The Group has decided against the early adoption of these standards. Their impact on the financial statements will be quantified in a timely manner, so that once these standards become effective all necessary activities will be carried out for their implementation.

During 2023, the Group has not made any early adoptions of the standards or of improvements to standards.

NOTE 5. RELEVANT ACCOUNTING ESTIMATES AND JUDGMENTS

In its application of the accounting policies, Management must issue judgments, estimates and assumptions about the future, including climate-related risks and opportunities that affect the figures reported in the Financial Statements. The related estimates and assumptions are based on historical experience and other factors that are deemed relevant. The actual results could differ from said estimates.

Relevant underlying estimates and assumptions are regularly reviewed by management and are consistent with the Group's risk management and climate-related commitments where applicable. The reviews of the accounting estimates are recognized in the review period if the review only affects said period, or in future periods, if the review affects the current period as well as subsequent periods.

The Group makes estimates and assumptions about the future. By definition, the resulting accounting estimates are only rarely the same as the actual results.

5.1. Significant Judgments when Applying the Accounting Policies that do not Present a Significant Risk of Material Adjustments in the Following Period

In accordance with paragraph 122 of IAS 1 – Presentation of Financial Statements, the judgments made by Management during the process of applying the accounting policies and that have a significant effect on the amounts reported in the separate financial statements are presented below. These judgments are different from the estimates considered in paragraph 125 of the same IAS, because in Management's judgment, they were not found to represent a significant risk of resulting in material adjustments in the following financial year.

5.1.1 Cash Generating Units

When conducting impairment tests on non-financial assets, the assets that do not individually generate cash inflows that are largely independent of those from other assets or groups of assets must be grouped in the cash-generating unit to which the asset belongs, which is the smallest identifiable group of assets that generates cash inflows for the Group. These are largely independent of the cash flows from other assets or groups of assets. Management uses its judgment when determining the Cash-Generating Units for the purpose of the impairment tests in accordance with IAS 36 – Impairment of Assets.

The cash-generating units (CGUs) were determined for the Group's businesses, such as generation, transmission and distribution, sales and Internet. Considering the relevance of each business and its capacity to generate cash flows, the CGUs are associated with each business.

To strengthen its businesses, Celsia and its subsidiaries determine the allocation of capital to invest per business and make their analysis of the capacity for return on investments from the same perspective. For the purpose of the analysis of permanence in a business, it always considers the sector in which it participates and not the assets individually. However, each business analyzes its CGUs independently pursuant to the grouping of assets or businesses that jointly contribute to the Group.

5.1.2 Determining the Term of the Lease of Contracts with Options for Renewal and Leases whose Term is Automatically Extended at the End of the Original Term

The option exists under some leases to lease the assets for additional terms. The Group applies its judgment when assessing whether it is reasonably sure of exercising the renewal option. That is, it considers all the relevant factors that create an economic incentive so that the renewal is exercised. After the start date, the Group reassesses the term of the lease if there is a significant event or change in the circumstances that are under its control and affect its ability to exercise (or not exercise) the renewal option. Additionally, the Group signs lease contracts that are automatically renewed at the end of the original term of the lease for another term of the same duration, or month by month, without any action by the Group or the lessor. The Group also signs lease contracts with a term that is automatically extended at the end of each year or on the original date of termination for another full term. For these contracts, the Group estimates the lease term based on the existence of economic incentives, past experience, expected use of the asset and the intention to continue with the lease, without prejudice to the lessor being able to exercise its legal rights at any time and terminate the lease. This judgment has a significant impact on the consolidated financial statements.

5.1.3 Current Income Tax

Celsia and subsidiaries recognize current income tax amounts in the consolidated financial statements given the volume of their operations. The determination of the current tax is based on Management's best interpretation of the current, applicable laws and the best practices of the jurisdictions in which it operates. The reasonableness of this estimate depends on Management's ability to integrate complex tax and accounting standards, and to consider the changes in the applicable laws.

Uncertain tax positions are situations where the tax treatment is not clear, either because there is no express regulation in that respect or because there are different court and doctrinal interpretations of the applicable treatment that do not offer the taxpayer legal assurance. Celsia and subsidiaries could have uncertain tax positions mainly because of the deductibility of certain expenses, or because of the differential treatment of some profits in the tax returns. To date, for the legal proceedings filed by the corresponding entity, no provision is recognized for the uncertain tax positions categorized as remote or possible. The probability analysis is based on expert opinions and on the interpretation of the tax regulations in force in the applicable jurisdiction.

5.1.4 Pension Plans and other Post-Employment Benefits Defined-

The pension plan and other post-employment benefits liability is estimated using the projected unit credit technique, which requires the use of financial and demographic assumptions. These include, but are not limited to: discount rate, inflation rates, expected salary increase, life expectancy, and the employee turnover rate. The estimation of the liability, as well as the determination of the values of the assumptions used in the valuation, is conducted by an external independent clerk, considering the existing market conditions on the measurement date.

Given the long-term horizon of these benefit plans, the estimates are subject to a degree of uncertainty. The determination of actuarial assumptions requires the use of professional judgment, any change in the actuarial assumptions directly impacts the value of the pension and other post-employment benefits obligation.

5.1.5 Fair Value of Financial Instruments and Financial Derivatives that are not Level 1

Celsia and subsidiaries use assumptions that reflect the most reliable value of the financial instruments, including the financial derivatives that do not have an active market or where there is not an observable market price, using widely known valuation techniques in the market. Fair value measurements are carried out using the fair value hierarchy, which reflects the importance of the inputs used in the measurement (Note 2 – Status of compliance and basis of presentation). For the Level 2 and Level 3 inputs, Management must apply its judgment to select the adequate valuation method for the asset or liability being measured and maximize the use of observable variables. The assumptions are consistent with the market conditions on the measurement date and the information that the market participants would consider in the estimation of the instrument's price. Management considers that the selected valuation models and the assumptions used are appropriate for determining the fair value of financial instruments. Despite this, the own limitations of the valuation models and the parameters required by these models can lead to the estimated fair value of an asset or liability not exactly coinciding with the price at which the asset or liability could be delivered or settled on its measurement date.

Additionally, the changes in the internal assumptions and rates used in the valuation can considerably affect the fair value of the financial derivatives. The frequency of the valuation of these instruments is monthly.

5.1.6 Estimation of the Useful Life and Residual Values of Property, Plant and Equipment, and Intangible Assets

Celsia and subsidiaries review at least annually the useful lives and residual values of property, plant and equipment, and intangible assets. When there is evidence of changes in the conditions or in the expected use of a property, plant and equipment item or the intangible assets, Management conducts a new estimate of the item's useful life. The estimate of the useful life of the property, plant and equipment and intangible assets is determined based on the asset's historical performance, Management's expected use of the asset, and the existing legal restrictions for use. The estimation of useful lives requires Management's judgment.

The estimation of useful life is indicated in the accounting policy of property, plant and equipment and intangible assets.

5.1.7 Revenue recognition

Celsia and subsidiaries recognize revenue from the sale of goods and provision of services if they meet the Group's performance obligations, regardless of the date on which the corresponding invoice is prepared. Information from the contracts or agreements with clients is taken to make this estimate and, consequently, the value of revenue to recognize is established.

When there is uncertainty about the time when the revenue should be recognized, the Group reports it when the performance obligation is met. For performance obligations met over time, it is common to use the resource method, calculated as the executed costs compared to the estimated costs.

For items other that the provision of residential public utilities, the Group estimates and recognizes revenues from the sale of goods or provision of services based on the terms and conditions of each sales agreement, such as established interest rates and terms, among other items.

Management makes judgments to determine whether, due to their economic substance, certain sales of goods and services are financing agreements and, consequently, do not give rise to revenue from ordinary activities.

5.2. Key Uncertainty Data in Estimates that Pose a Significant Risk of Material Adjustment in the Following Period

The assumptions made about the future and other causes of uncertainty that arise in the application of accounting policies for the preparation of the reporting period's consolidated financial statements that have a significant risk of causing material adjustments to the carrying amount of the assets and liabilities of the next financial year are presented below:

5.2.1 Assessment of Impairment of Goodwill

The Group conducts impairment tests on goodwill at least annually. The assessment of the impairment of goodwill requires the estimate of the recoverable amount of the cash-generating unit or group of cash-generating units to which this has been assigned. The estimate of the recoverable amount requires the estimate of future cash flows of the cash-generating unit or groups of cash-generating units, and the financial assumptions, such as the rate of inflation, the discount rate and the rate of perpetual growth.

In the process of measuring expected future cash flows, Management makes estimates of the future revenue. The changes in the valuation assumptions can cause adjustments to goodwill for the upcoming reporting periods in the event that an impairment arises. Additionally, it requires the estimate of the cash-generating unit's fair value, deducting the transaction costs. The recoverable amount on which the impairment assessment is made is the greater amount between the value-in-use, estimated from future cash flows, and the fair value less the transaction costs.

5.2.2 Impairment of Assets, Investments in Associates and Joint Ventures, Property, Plant and Equipment, and Intangible Assets

On each annual cut-off date of the financial position or at any other time, Celsia and subsidiaries assess whether any indication of impairment of the assets exists. If said indication exists, the Group estimates the recoverable amount of the asset or of the cash-generating unit.

To assess the relevance of carrying out the whole impairment test, Celsia and subsidiaries annually review the critical business variables that affect the fair value of the assets in each market. The indicator matrix is defined for each region or market in which the businesses are developed and it is periodically reviewed with the different areas to ensure its validity. The general indicators are:

- Observable indications that the value of the assets has significantly decreased more than expected during the period as a result of the passing of time or its normal use.
- Changes in the legal, social, environmental or market environment that could reduce the value of the asset.
- Variation in prices that affect its future income.
- Variation of its income generation capacity.
- Variation of its total cost.

The impairment test aims to determine the recoverable value, which is the greater amount between the fair value less costs of disposal and the value-in-use.

For investments in associates and joint ventures, the existence of objective evidence that these investments may be impaired is assessed. In the event that there is objective evidence of impairment as a result of the occurrence of one or more events, an impairment loss on associates and joint ventures will have occurred if the event (or events) causing the loss has an impact on the estimated future cash flows of the investment.

5.2.3 Deferred income tax

The Group recognizes amounts of deferred income tax in the consolidated financial statements given the volume of the operations. The determination of the deferred tax is based on Management's best interpretation of the current, applicable laws and the best practices of the jurisdictions in which it operates. The reasonableness of this estimate depends on Management's ability to integrate complex tax and accounting standards, to consider the changes in the applicable laws and, for the purposes of recognition of the deferred tax asset, to assess the existence of sufficient taxable profits for its realization.

The Group applies its judgment not to recognize deferred tax liabilities on investments in subsidiaries in its separate financial statements, considering that it is able to control the timing of the reversal of temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

5.2.4 Expected Credit Loss Allowance on Trade Accounts Receivable

For the calculation of expected credit losses, Celsia and subsidiaries apply the parameters established in the financial asset impairment loss policy to each type of portfolio.

The assessment of the key assumptions observed for each business, the projections of the economic conditions and the expected credit losses constitute significant estimates. The value of the expected credit losses is sensitive to changes in the circumstances and in the economic environment and is determined by reference to Celsia's and subsidiaries' historical credit loss information and economic projections, which may not be representative of a current customer's risk of default in the future.

NOTE 6. PROPERTY, PLANT AND EQUIPMENT, NET

At December 31, 2023 and 2022, property, plant and equipment, net, was as follows:

	2023	2022
Land	200,494	176,722
Constructions underway and equipment under assembly	2,436,659	2,544,565
Constructions and buildings	185,218	190,716
Waterlines, Plants and Networks	6,220,439	5,714,526
Machinery and production equipment	340,144	237,391
Office Furniture and Fittings, and Equipment	22,547	25,056
Communications and computer equipment	278,974	120,094
Transportation equipment	17,421	16,024
	9,701,896	**9,025,094**

The changes in property, plant and equipment and depreciation at December 31, 2023, are presented below:

2023	Land	Constructions underway and equipment under assembly	Constructions and buildings	Waterlines, Plants and Networks	Machinery and production equipment	Office Furniture and Fittings, and Equipment	Communications and computer equipment	Land transportation equipment	Other assets	Total
Balance at January 1, 2023	**176,722**	**2,544,565**	**239,743**	**10,245,585**	**368,146**	**94,845**	**232,461**	**28,078**	**12**	**13,930,157**
Additions	-	1,107,731	-	8,791	102,841	-	35	-	-	1,219,398
Transfers from (to) other accounts:	-	(1,187,440)	1,819	773,937	25,932	2,929	191,592	3,201	-	(188,030)
Held for sale	30,544	-	-	-	-	(1,413)	-	-	-	29,131
Conversion effect	(19)	(4,348)	(4,209)	(689,334)	(8,286)	(8,247)	(3,316)	(765)	-	(718,524)
Sales and withdrawals	(4,269)	(30)	-	(2,511,515)	(32,007)	(30,003)	(5,886)	(2,927)	-	(2,586,637)
Other changes	-	-	86	186	(481)	-	-	-	-	(209)
Cost	**202,978**	**2,460,478**	**237,439**	**7,827,650**	**456,145**	**58,111**	**414,886**	**27,587**	**12**	**11,685,286**
Balance at January 1, 2023	**-**	**-**	**49,027**	**4,531,059**	**130,755**	**69,789**	**112,367**	**12,054**	**12**	**4,905,063**
Depreciation of the period	-	-	6,480	254,451	25,570	5,369	32,647	1,661	-	326,178
Held for sale	2,484	-	-	-	-	-	-	-	-	2,484
Conversion effect	-	-	(3,294)	(668,168)	(8,317)	(8,205)	(3,229)	(751)	-	(691,964)
Sales and withdrawals	-	-	-	(2,510,474)	(32,007)	(31,309)	(5,873)	(2,798)	-	(2,582,461)
Impairment losses	-	23,819	-	-	-	-	-	-	-	23,819
Other changes	-	-	8	343	-	(80)	-	-	-	271
Depreciation and impairment	**2,484**	**23,819**	**52,221**	**1,607,211**	**116,001**	**35,564**	**135,912**	**10,166**	**12**	**1,983,390**
Total property, plant and equipment	**200,494**	**2,436,659**	**185,218**	**6,220,439**	**340,144**	**22,547**	**278,974**	**17,421**	**-**	**9,701,896**

As of December 31, 2023, the consolidated Group reported a consolidated increase in property, plant and equipment of 7.5 % compared to the balance of the previous year 2022, arising mainly from the following movements:

Additions

Additions for the period totaled COP 1,219,398, mainly reflected in constructions underway and equipment under assembly for COP 1,107,731, which is equivalent to 91 % of the execution of projects for the income generating units described below. It should be noted that this amount includes the capitalization of borrowing costs for COP 46,819 at an average rate of 16.57 % AER.

- **Transmission and distribution**, executed COP 802,292, mainly for solar farms in Palmira 1, Flandes, Chicamocha, La Victoria 1 and 2, Andalucía, Puerto Tejada, El Escobal, and Valledupar; photovoltaic systems in companies such as Cenit in its 4 plants, Acesco and Colhilados; investments in the Toluviejo, Las Palmas, Cerrito, Estambul, Carmelo, El Salto, Buga and Rio Tuluá substations; modernization of operating systems; Falcon energy efficiency project; and regulatory loss management projects in Valle and Tolima.

  Additionally Investments of COP 99,844 were made, of which 62 % was for the replacement of equipment in 79 substations operating in the department of Tolima and 56 in Valle del Cauca, the remaining 38 % was used to expand networks to improve the installed capacity and thus guarantee the quality and continuity of service, the gathering of information for voltage level 1, network replacement, service provision and purchase of equipment and tools in CETSA, in addition to the investment in the PPP for Enerbit and the purchase of meters for customers.

- **Electric power generation:** Spending totaled COP 93,125, mainly for the wind farm parks Acacias II and Camelias, accounting for 37 %; and renewal of equipment at the Bajo and Alto Anchicayá reservoirs, accounting for 44 % of total investments in the period.
- **Internet:** Spending on network expansion and the installation of optical fiber totaled COP 88,801 in the municipalities of Ibagué, Melgar, Palmira, Jamundí, Candelaria, Buga, Florida, Tuluá, Cerrito, Pradera, Zarzal and Roldanillo.
- **In others**, COP 23,367 were spent in renovation of technological infrastructure and storage; investments of COP 296 in innovation, to acquire a transfer board and backup second-life batteries for substations.

There were also additions in machinery and production equipment for COP 102,841 for the availability of equipment required in the different projects that are being executed and for Enerbit S.A.S. customers. E.S.P.

Transfers from (to) other accounts:

During the reporting period, there were transfers of construction in progress and equipment being assembled for COP 1,187,440 corresponding to the capitalization of completed projects and recognized as assets that entered into operation. Prior to this capitalization, the VAT paid on real productive assets was identified and reclassified in accordance with article 258-1 of the Colombian Tax Statute, applied to 79 projects for COP 66,403, recognizing this value as an income tax discount for the year 2023.

The assets that became operational are mainly identified in aqueducts, plants and networks for COP 773,937 represented by 76 % mainly in the construction of the solar farms Melgar, San Felipe, Flandes, Dulima, Yulima, Buga 1, Palmira 3, La Victoria 1 and 2, and Palmira 1; equipment for the modernization of the Zarzal substation, switching equipment and expansion of distribution networks in Valle and Tolima and renewal of equipment in the Bajo Anchicayá and Alto Anchicayá reservoirs. Installation of equipment and optical fiber for Internet service in municipalities, including: Palmira, Buga, Jamundí, Candelaria, Tuluá, Roldanillo, Cerrito, Zarzal, Pradera, Florida, Melgar e Ibagué; projects of the San Pedro Blanco line and Farfan substation, 15 % auxiliary services for the Riofrio II plant and Riofrio I ecological flow station, and 1 % for the acquisition of telecommunication equipment for the data network infrastructure.

The total transfers of COP 188,030 were recognized in assets for rights of use for COP 1,806 corresponding to adjustments in 3 buildings, as well as in intangible assets for COP 21,558 and COP 164,666 that were transferred to inventories available for sale. These values are reflected in the respective notes

Held for sale:

In Central America, a piece of land for COP 30,544 (USD 7,991,629.18) is reclassified to property, plant and equipment with its respective impairment for COP 2,484 (USD 649,812.93) of the company Landco La Gloria S.A. located in Costa Rica, which was included in the group of non-current assets held for sale.

Effect of conversion from foreign currency

The effect of the exchange difference of COP 26,559, net, between costs and depreciations occurs due to the reduction in the exchange rate by COP 988.15 per U.S. dollar.

Sales and withdrawals

Sales of the following class of assets were recorded during the period:

Land: sale to Caribe Mar de la Costa S.A.S. E.S.P. of the property identified with real estate registration number 140-178380 for COP 394, which produced a non-operating gain of COP 150.

Networks: In November, a sale was made for COP 1,579 to Centro Hospitalario Serena del Mar S.A. of connection assets of voltage level 2, generating a non-operating profit in the statement of income of COP 538.

Computer equipment: Sale of computer equipment totaling COP 3, which did not result in a profit, was recorded.

Transportation equipment: Six electric batteries were sold to Batx S.A.S. for COP 8, generating a loss on sale of assets for COP 82.

Celsia Colombia S.A. E.S.P. recognized an asset write-off loss of COP 4,025, corresponding to 533 properties in Alto Anchicayá and Salvajinas, which were identified within the process of property reorganization, managed by the group, and additionally a readjustment of COP 30 was made for non-billed services for the Norte substation project.

In Central America, a BMW electric vehicle was sold for USD 18,691.59, which resulted in a profit of USD 8,528.04 because its net book value was COP 38,846 (USD 10,163.55), and net computer equipment was written off for COP 10,499 (USD 2,747.08).

Impairment losses

In November 2023, impairment was recorded on the investment in Porvenir II S.A.S. E.S.P. of which COP 55,706 (2022 - COP 31,062) directly affected goodwill and COP 23,819 affected the assets of the CGU, pertaining to construction in progress (see Note 9 Goodwill and Note 25 Other income and expenses, net).

Other changes

This concept reflects reclassifications between asset classes, mainly; an asset that had been recognized as assets for right of use, which belongs to the class aqueducts, plants and networks, thus reflecting the cost and depreciation of COP 271; in CETSA E.S.P., consumption of (COP 481) of machinery and equipment for the development of projects was recorded.

The changes in property, plant and equipment and depreciation at December 31, 2022, are presented below:

2022	Land	Constructions underway and equipment under assembly	Constructions and buildings	Waterlines, Plants and Networks	Machinery and production equipment	Office Furniture and Fittings, and Equipment	Communications and computer equipment	Land transportation equipment	Other assets	Total
Balance at January 1, 2022	**265,001**	**1,432,106**	**235,943**	**10,788,386**	**282,686**	**84,209**	**192,618**	**28,553**	**12**	**13,309,514**
Additions	174	2,037,951	-	-	23,453	-	66	-	-	2,061,644
Transfers from (to) other accounts:	896	(554,644)	1,250	400,223	55,737	4,011	39,233	51	-	(53,243)
Held for sale	(93,529)	(28,370)	-	(1,782,162)	(239)	(458)	(2,770)	(66)	-	(1,907,594)
Conversion effect	5,475	7,783	2,567	845,297	6,722	6,980	3,212	691	-	878,727
Sales and withdrawals	(174)	(350,239)	(17)	(5,785)	-	-	(169)	(1,151)	-	(357,535)
Other changes	(1,121)	(22)	-	(374)	(213)	103	271	-	-	(1,356)
Cost	**176,722**	**2,544,565**	**239,743**	**10,245,585**	**368,146**	**94,845**	**232,461**	**28,078**	**12**	**13,930,157**
Balance at January 1, 2021	**2,587**	**-**	**41,031**	**3,932,283**	**99,738**	**57,613**	**90,586**	**11,001**	**12**	**4,234,851**
Depreciation of the period	-	-	6,409	283,209	24,237	5,522	21,493	1,523	-	342,393
Held for sale	(3,126)	-	-	(302,058)	(239)	(305)	(2,612)	(54)	-	(308,394)
Conversion effect	539	-	1,590	617,742	6,748	6,918	3,110	649	-	637,296
Sales and withdrawals	-	-	(3)	(117)	-	-	(169)	(1,065)	-	(1,354)
Impairment losses	-	-	-	-	271	-	-	-	-	271
Other changes	-	-	-	-	-	41	(41)	-	-	-
Depreciation and impairment	**-**	**-**	**49,027**	**4,531,059**	**130,755**	**69,789**	**112,367**	**12,054**	**12**	**4,905,063**
Total	**176,722**	**2,544,565**	**190,716**	**5,714,526**	**237,391**	**25,056**	**120,094**	**16,024**	**-**	**9,025,094**

In 2022, property, plant and equipment totaling COP 1,599,200 corresponding to the Central America segment are classified as assets classified as held for sale.

The effect of conversion created an increase in assets considering that the exchange rate increased by COP 829.04 peso per dollar. The main changes that occurred in 2022 are presented below:

Additions

Total additions for the period were $2,061,644, being relevant those of construction underway and equipment under assembly due to the execution of the following income generation units:

- **Transmission and Distribution:** Colombian projects reported progress of COP 1,657,421, of which the main items are the solar farms of Flandes, Palmira, La Victoria 1 and 2, Melgar, San Felipe, Sincé, Chicamocha, Buga, Tuluá; and investments in the substations of Tolú Viejo, Cajamarca, Panorama 34.5 KV substation, Flandes, Sahagún, Bolívar, Chinú; photovoltaic roofs at companies such as Cenit Sebastopol, Crystal, Alúmina, Parex, Reficar, Caribe Aventura, Proenfar and

Panamericana de Alimentos. Some equipment was replaced and networks were expanded to improve installed capacity, smart metering; provision of service and reliability at the San Pedro Paloblanco lines and networks at the Panorama substation.
In Central America, progress was reported in the amount of USD 10,441,861.88 in different projects, including 12 photovoltaic projects for COP 38,180, equivalent to USD 7,937,371.22, including the photovoltaic system at the Cervecería Hondureña, EPA - Pascual and Café Duran Cocle, Plaza Loarque, Sura Crisol clinic, among others.

- **Generation:** In Colombia, projects were executed for COP 145,849, including investments in Acacias II, Camelias and Carreto wind farms; installation of a transformer in the Rio Piedras power plant; hydraulic dredging in the Bajo Anchicayá reservoir; acquisition of equipment for the Gran Manzana thermal district, construction in the Santa Rosa and Altamira small hydroelectric power plants; projects related to collection and replacement of auxiliary equipment in the Riofrio I and II power plants, among others. in Central America COP 7,671 in reinforcement projects at CA Gualaca, bridge crane structure, improvements in engine cooling systems and vibration systems.
- **Internet:** COP 15,005 were invested on expansion and coverage for a total of 40,316 customers in Palmira, Jamundí, Buga, Tuluá, Roldanillo, Cerrito, Zarzal, Pradera, Candelaria, Melgar, Ibagué, Buenaventura, Espinal, Guacarí, la Unión, Yumbo and Sevilla.
- Other projects in various areas of the company invested COP 167,576 in Colombia in technological renewal of equipment and licensing of new users, and COP 4,083 in Central America, as well as the purchase of 5 vehicles for COP 293. Innovation investments of COP 1,873 were made, mainly in the Hidrogeno project.

Projects under construction included the capitalization of borrowing costs amounting to COP 54,047, with an average rate of 10.11 % EAR as per IAS 23.

In addition, purchases of machinery and production equipment amounted to COP 23,453, to make available the equipment required for the different projects under execution. In land, a transfer of COP 174 was made to Bancolombia for leaseback of property 037-65284 and 5 computer equipment were acquired for COP 66 for the development of the activities of Enerbit SAS ESP.

Transfers from (to) other accounts

During the year, there were transfers of constructions underway and equipment under assembly of COP 554,644 corresponding to the capitalization of projects that were completed during the reporting period, recognizing assets that entered into operation mainly in Water Systems, Plants and Networks in Central America for COP 42,471, equivalent to USD 8,829,385.31, with the installation of screen cleaning equipment, reinforcements in the Gualaca adduction channel, SFV ZIP BUFALO II, SFV INALMA, SFV Cervecería Hondureña and changes of bridge cranes in Prudencia and Lorena and additional costs in the Comayagua project in Honduras. In Colombia for COP 357,752 corresponding to the capitalization of projects completed and recognized as assets that entered into operation, prior to this capitalization the VAT paid on real productive assets was identified and reclassified in accordance with the provisions of Article 258-1 of the Tax Statute, applied to 82 projects for COP 33,905, recognizing this value as a tax discount for income for the year 2022. Among the capitalized projects are the construction of the Sincé, Tuluá and Espinal solar farms; the Codazzi, Rosario, Vijes substations and 34.5 Kv rings, the Calima power plant inlet valve; expansion of distribution networks in Valle and Tolima; new 25MVA Cartago transformer; renewal of equipment at the Bajo and Alto Anchicayá reservoirs; reliability projects at the El Lago and San Pedro substations; as well as the replacement of reclosers and network equipment.
The total of the transfers were in excess of COP 53,243 because some of these projects required the acquisition of intangible assets totaling COP 49,981 and improvements were made to buildings that are recognized as right-of-use assets totaling COP 3,262, in classes of assets that cannot be identified in the table of movement of property, plant and equipment, however, these values are reflected in the respective notes of intangible assets and balance of right-of-use assets.

Sales and Withdrawals
Net derecognitions were made in the amount of COP 356,181 corresponding to:

- Sales for COP 350,239, of which COP 350,187 refer to Caoba Inversiones S.A.S. of 46 projects energized in the department of Tolima in voltage levels 3 and 4; and in Valle, in voltage levels 2, 3 and 4; which were invoiced for COP 412,850 in compliance with the BOT contract, generating an increase in the current tax expense of COP 21,932 due to the accounting operating profit of COP 62,663; an unrealized profit is recognized for the share that Celsia Colombia S.A. E.S.P. has in the company Caoba Inversiones S.A.S. of 51 % equivalent to COP 31,958, therefore the realized profit recognized in the statement of income was COP 30,705.
- Constructions and buildings, a property located in the city of Medellín was sold for COP 22, the net book value of which was COP 14.
- Water Systems, Plants and Networks: the sale of electricity assets was made for COP 6,010, which were at a net value of COP 5,668.

- Transportation equipment, in Colombia a sale of COP 762 of land transportation equipment was reported for four insulated basket cranes, a Toyota pickup truck and a Chevrolet Vitara 4x4 camper, whose total cost was COP 932, which were already fully depreciated; in Central America a sale of a vehicle for USD 20,000 was reported, whose net cost was USD 18,126.94, the profit was reflected in the statement of income.
- Sale to Bancolombia for COP 174 of land of the San Andres project was recorded.
- Computer equipment decommissioned due to obsolescence whose net book value was zero.

Other changes
This item mainly reflects reclassifications between asset classes, with the most representative figure in Land, due to a reclassification of COP 1,175 of the property identified with real estate registration number 041-169047 in the municipality of Malambo, which was recognized as easements in intangible assets.

Impairment losses
An impairment loss of COP 271 was recognized for Machinery and production equipment that was at a higher value than the recoverable amount, reflecting this value in the statement of income.

The Group has sufficient insurance policies to protect its production assets, mainly covering material damage and lost profit caused by fire, explosion, short circuit, natural disasters, terrorism, breakdown of machinery, and other risks.

NOTE 7. RIGHT-OF-USE ASSETS AND LIABILITIES

7.1 The Group as lessee

Celsia and its subsidiaries lease offices for administrative use, vehicles and back-up plants. Leases of buildings and backup generators are generally established for a period of greater than 12 months, with the option to renew the lease after that date. Vehicles are leased in the rental contract category.

In general, lease payments are renegotiated prior to the renewal of contracts to reflect the market rental rates. At December 31, 2023, the Group does not have restrictions on entering into sublease agreements.

The Group rents office furniture and technology with contract terms of one to three years. These are short-term leases or leases of low-value items. The Group has decided not to recognize the right-of-use assets and lease liabilities of these contracts.

The balance of leased right-of-use assets and liabilities consists of:

2023	Leased right-of-use assets					Final balance of lease liabilities
	Initial balance	Additions	Depreciation	Other classifications	Final balance	
Land	3,358	-	-	(690)	2,668	2,668
Constructions and buildings	53,982	1,806	(17,180)	(434)	38,174	27,589
Land transportation equipment	10,272	20,547	(5,040)	-	25,779	27,373
Waterlines, plants and networks	1,295	-	(287)	-	1,008	1,394
Right-of-use assets (liabilities), net	**68,907**	**22,353**	**(22,507)**	**(1,124)**	**67,629**	**59,024**

2022	Leased right-of-use assets						Final balance of lease liabilities
	Initial balance	Additions	Depreciation	Other classifications	Held for sale	Final balance	
Land	2,779	579	-	2,296	(2,296)	3,358	3,358
Constructions and buildings	66,428	5,556	(16,956)	(1,046)	-	53,982	40,353
Land transportation equipment	11,270	2,970	(3,868)	(100)	-	10,272	10,899
Waterlines, plants and networks	1,583	-	(288)	-	-	1,295	1,682
Right-of-use assets (liabilities), net	**82,060**	**9,105**	**(21,112)**	**1,150**	**(2,296)**	**68,907**	**56,292**

The contractual cash flows of lease liabilities classified by expiry at December 31 are:

	2023	2022
Less than one year (a)	25,676	20,349
From 1 to 3 years (a)	45,528	42,453
From 4 to 5 years	-	783

From 6 to 10 years	-	1,132
More than 10 years	-	2,462
Total contractual cash flows of lease liabilities	**71,204**	**67,179**
Effect of lease liability discount	(12,180)	(10,887)
Total lease liabilities	**59,024**	**56,292**
Current (a)	19,911	15,753
Non-current (a)	39,113	40,539
Total lease liabilities	**59,024**	**56,292**

The items recognized in the statement of income and cash flows for leases are:

Leases under IFRS 16	2023	2022
Lease liability interest expenses	5,451	7,171
Expenses related to short-term leases	4,550	7,463
Expenses related to leases of low-value assets	5,569	2,445
Lease cash flows	23,265	20,491

In 2023 and 2022, the Group did not have variable lease payment expenses, income from subleasing of right-of-use assets, nor gains (losses) from sales transactions with subsequent leasing.

The current rental contracts do not include the renewal option. At the end of the lease term, new contracts are signed on new vehicles. The majority of the Group's leases, other than rental, contain renewal options that the Group can exercise to extend the term. Generally, the Group exercises these renewal options, which can be exercised by the Group and not by the lessor. On the lease start date, the Group assesses whether it is reasonably certain to exercise the renewal options and considers them in the determination of the lease term and reassesses whether it is reasonably certain to exercise the renewal options if there is a significant event or significant changes in the circumstances under its control.

7.2 The Group as lessor:

As part of their operation, the Group has meters rented out to their clients. Additionally, to take advantage of the assets used in its operation, the Group leases to third parties some plots located in the area of land where it carries out part of its operations and it shares the electricity infrastructure with other operators. Each lease has an initial non-cancellable period of one year. Subsequent renewals are negotiated with the lessee. Contingent installments are not charged.

All the leases are classified as operating leases from the perspective of lessor, because they do not transfer substantially all the risks and rewards incidental to ownership of the assets.

The income from leasing recognized by the Company in 2023 was COP 17,257 (2022: COP 14,515).

The following depicts lease payments that will be received after the reporting date.

Undiscounted leases	2023	2022
One year or less	18,842	14,501
Total	**18,842**	**14,501**

NOTE 8. INTANGIBLE ASSETS, NET

At December 31, 2023 and 2022, intangible assets, net, were as follows:

	2023	2022
Licenses and software	37,834	55,000
Easements	37,464	38,305
Other intangibles (a)	45,314	38,535
	120,612	**131,840**

(a) COP 34,034 (2022 - COP 26,869) corresponds to intangible assets of the 10-year loss reduction plan contemplated by Resolution CREG 015 of 2018, and COP 11,184 (2022 - COP 11,570) to usufruct contracts for the development of photovoltaic projects; additionally, COP 96 of development costs for the Porvenir II project (2022 - COP 96).

The changes in transactions that impacted intangible assets at December 31, 2023 and 2022 are presented below:

2023	Licenses and software	Easements	Other intangible assets	Total
Balance at January 1, 2023	185,766	41,468	45,896	273,130
Transfers from (to) other accounts	8,668	-	12,890	21,558
Conversion effect	-	-	(98)	(98)
Sales and withdrawals	(125)	-	-	(125)
Cost	**194,309**	**41,468**	**58,688**	**294,465**
Balance at January 1, 2023	130,766	3,163	7,361	141,290
Amortization of the period	25,834	841	6,025	32,700
Conversion effect	-	-	(12)	(12)
Sales and withdrawals	(125)	-	-	(125)
Amortization and impairment	**156,475**	**4,004**	**13,374**	**173,853**
Total intangible assets	**37,834**	**37,464**	**45,314**	**120,612**

Intangible assets at December 31, 2023 show a decrease of 8.5 % with respect to the 2022 balance; however, new intangible assets of COP 21,558 were recognized in transfers for capitalized projects from construction in progress, highlighting COP 12,891 in other loss management intangibles in accordance with the commitments before the CREG to reduce these indicators. In addition, COP 8,667 was recognized for software, including the update of the asset management technology platform and the purchase and implementation of software for the Internet business.

There have been no changes in the useful lives and/or amortization methods of intangible assets.

The main changes that occurred on December 31, 2022 are presented below:

2022	Licenses and software	Easements	Concessions	Other intangible assets	Total
Balance at January 1, 2022	147,840	42,643	542,410	43,174	776,067
Additions	10,582	-	-	11,570	22,152
Transfers from (to) other accounts	38,660	-	-	11,321	49,981
Held for sale	(10,593)	-	(668,090)	(24,950)	(703,633)
Conversion effect	3	-	126,161	4,300	130,464
Sales and withdrawals	(726)	-	-	-	(726)
Other changes	-	(1,175)	(481)	481	(1,175)
Cost	**185,766**	**41,468**	**-**	**45,896**	**273,130**
Balance at January 1, 2022	102,212	2,323	328,500	19,543	452,578
Amortization of the period	28,634	840	29,281	6,192	64,947
Held for sale	(10)	-	(425,840)	(19,427)	(445,277)
Conversion effect	3	-	68,219	893	69,115
Sales and withdrawals	(73)	-	-	-	(73)
Other changes	-	-	(160)	160	-
Amortization and impairment	**130,766**	**3,163**	**-**	**7,361**	**141,290**
Total intangible assets	**55,000**	**38,305**	**-**	**38,535**	**131,840**

Additions
COP 11,570, for the recognition of 3 contracts of usufruct of land with Amalfi S.A.S. for the development of the Palmira 1 and Palmira 3 solar farms projects. Also, a purchase of COP 10,582 in Scada licenses was made in P. Eólica Guanacaste S.A.

Transfers from (to)
During the term, transfers were made from construction underway of property, plant and equipment to intangible assets for COP 49,981, highlighting investments in software such as the implementation of the Sphere project, OSGC QORDER software improvements, application and strategy of the meteorological variables model and the OPEN SGC; and COP 11,321 in other

intangible assets corresponding to loss management projects in accordance with the commitments before the CREG to reduce these indicators.

Held for sale
In 2022, a net total of COP 258,356 corresponding to the Central America segment was classified as intangible assets held for sale.

Sales and Withdrawals
During the reporting period, the following were sold: two cybersecurity and one regulatory analytics platform tools, which are in operation at the substations owned by Caoba Inversiones SAS.

Conversion effect

The effect of the exchange difference of COP 61,349 net, between costs and amortizations occurs due to the increase in the exchange rate by COP 829.04 per U.S. dollar.

Other changes

In easements, a reclassification of COP 1,175 was made corresponding to a property identified with real estate registration number 041-169047 of the municipality of Malambo, which had been recognized as one more of the 74 easements acquired in the construction of the substation in this municipality.

Amortization and impairment charge

The straight-line amortization method is applied to the intangible assets and its effect is recognized in the statement of income in administrative expenses, sales or in costs of sale, and the impairment losses in other expenses.

The group of companies of Celsia S.A. has not capitalized borrowing costs in its intangible assets at the reporting date, nor does it have restrictions on realization, nor contractual obligations to acquire or develop intangible assets.

NOTE 9. GOODWILL

	2023	2022
Goodwill	248,108	303,814

The following are the allocations by operating segments and related transactions that impacted the goodwill in 2023 and 2022:

Reportable segment	Colombia	Central America	Total
Balance at January 1, 2023	**303,814**	**-**	**303,814**
Term impairment (1)	(55,706)	-	(55,706)
Balance at December 31, 2023	**248,108**	**-**	**248,108**

Reportable segment	Colombia	Central America	Total
Balance at January 1, 2022	**334,875**	**651,907**	**986,782**
Term impairment	(31,061)	-	(31,061)
Effect of conversion from foreign currency (2)	-	135,753	135,753
Non-current assets held for sale (3)	-	(787,660)	(787,660)
Balance at December 31, 2022	**303,814**	**-**	**303,814**

(1) The impairment recognized in the 2023 period is for goodwill on the investment in the company Porvenir II S.A.S. of COP 55,706 (2022 - COP 31,061) given the impact on the discounted cash flows due to the postponement of the start-up of the project due to the provisional suspension of the environmental license (see Note 1), value recorded as from the determination of the recoverable amount and as permitted by IAS 36 Impairment of Assets.

(2) Effect of exchange difference on goodwill corresponding to the Central American operations.

(3) In 2022, goodwill totaling COP 787,660 corresponding to the Central America segment were classified as assets held for sale, as indicated in note 16. Assets and liabilities associated with non-current assets held for sale.

The allocation of goodwill in operating segments has been based on the way in which Management controls for the purposes of financial reporting as well as impairment tests in accordance with IAS 36 – Impairment of Assets. Impairment losses are recognized as expenses in the consolidated statement of income in the other expenses line.

Assessment of impairment of goodwill

Goodwill is not subject to amortization. The Group annually reviews the existence of impairment, comparing the book value allocated to the operating segments with the value-in-use. During the period impairment losses were recognized on goodwill for COP 55,706 (2022 - COP 31,061) corresponding to the investment in the company Porvenir II S.A.S

To calculate the value-in-use, the valuation method used was the free cash flow, using the Group's long-term financial projections as a reference. The key assumptions used in the assessment are as follows:

Key assumption	Description
Cash flow projection	The projected income, costs and operating expenses correspond to the estimates for the Organization's different businesses (generation, transmission, distribution and sale of energy), the operating performance, uptime and reliability of the assets, and the commercial strategy that assesses the business risks in the regions (Central America and Colombia), where the businesses and the applicable regulation are developed. The projection of revenue reflects the established and approved strategy, which in turn, integrates the initiatives for business continuity, growth, and growth initiatives for the different businesses.
Term for cash flow projection	The cash flows have a horizon of five to ten years and perpetuity for the Colombia and Central America segments, respectively. The period used enables the expression of explicit plans that can be managed by the Group and normalization of the last year's flow, thus giving the indication of stabilization for the perpetuity estimate. These flows have been built in line with the Group's Growth and Investment Strategy, in line with the strategy analyzed and approved by the Steering Committee and the Board of Directors from time to time.
Discount rate applied to the cash flow projections	To determine the discount rate, the Group used the financial asset valuation model called the Capital Asset Pricing Model (CAPM), which uses the following main variables: - Risk-free rate: Rate of return on a debt that does not have risk of default. It uses the return on the U.S. Treasury bonds with long-term maturity as a reference. - Beta: Risk measurement that associates the volatility of a security with the market volatility. - Difference between the risk-free rate and the market rate of return. - Country risk premium: The difference above the U.S. Treasury bonds demanded by investors in international markets. The Group uses the weighted average cost of capital (WACC) as a discount rate. This weighs the cost of capital, the cost of the debt and the tax effect applicable to each region on the debt and capital according to the capital structure, so that it incorporates the Group's exposure in the different regions where it operates. Therefore, the value associated with the sources of funding is recognized, while representing a measure of the minimum return required according to its risk assigned to the different businesses. The weighted average of the Group's borrowings is taken as a reference for the cost of debt, and the market parameters available at the time of the valuation were used for the cost of capital.
Growth rate	The growth rate is established ensuring that the growth expectations of the operating country and business segment are not exceeded.

The input data to calculate the value-in-use are classified as Level 2 inputs in the fair value hierarchy. The perpetuity growth rate and discount rate used by the Group in said calculation are presented below:

	Colombia	Central America
Perpetuity growth rate	2 %	2 %
Discount rate	9.07 %	7.50 %

The Group considers that there are no foreseeable situations that could affect the key assumptions used in the assessment of impairment that would lead to the book value of a CGU exceeding its recoverable amount.

NOTE 10. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	2023	2022
Investments in associates and joint ventures	362,737	300,056
	362,737	**300,056**

The details of associates and joint ventures at the close of the reporting period are as follows:

Entity	Main Activity	Classification	% share	Number of Shares	Cost		Cumulative equity method		Net Value	
					2023	2022	2023	2022	2023	2022
Caoba Inversiones S.A.S. (1)	Commercial	Joint venture	51.00 %	1,300,500	245,675	227,959	(110.820)	(44.092)	134.855	183.867
Termoeléctrica El Tesorito S.A.S. E.S.P.	Public utilities	Associate	57.50 %	8,975,750,000	141,920	141,920	74.108	(39.289)	216.028	102.631
P.A. Laurel (2)	Commercial	Joint venture	50.00 %	N/A	26,083	22,927	(22.193)	(22.213)	3.890	714
Fideicomiso Plan Luz	Backup Power Plants	Joint venture	50.00 %	N/A	2,000	2,000	1.722	1.261	3.722	3.261
P.A. Muverang (3)	Commercial	Joint venture	33.33 %	N/A	9,813	6,419	(7.039)	(4.014)	2.774	2.405
CNC del Mar S.A.S. E.S.P. (4)	Public utilities	Joint venture	50.00 %	850,000	-	10,273	-	(4.539)	-	5.734
C2 Energía S.A.S.	Renewable energy	Joint venture	50.00 %	1,000	1	1	(1)	(1)	-	-
SUMMA Servicios Corporativos Inte grales S.A.S.	Commercial	Associate	25.00 %	200	2,107	2,107	(639)	(663)	1.468	1.444
Total investments in associates and joint ventures					**427.599**	**413.606**	**(64.862)**	**(113,550)**	**362,737**	**300,056**

(1) Caoba Inversiones S.A.S. declared dividends for COP 7,460 (2022 COP 3,388), which were paid on May 5, 2023. In April, Celsia Colombia S.A. E.S.P. acquired 76,500 shares of Caoba Inversiones S.A.S. at COP 1,000 pesos per share plus a share issue premium of COP 17,717 (2022 - COP 41,314).

(2) During the period, a capitalization was made in the Laurel business for COP 3,156 (2022-COP 22,927), which does not imply a change in the percentage of shareholdings and which is netted out with the balances of descending transactions for the same amount.

(3) During the period, a capitalization was made in the Muverang business for COP 3,600 (2022 - COP 1,750), which does not imply a change in the percentage of shareholdings.

(4) In December 2023 a negotiation process was carried out for the payment of debts to Celsia Colombia S.A. E.S.P. by CNC del Mar S.A.S. E.S.P., Hospital Serena del Mar and Neo Domus, as well as the debts of the Hospital, Neo Domus and Novus to CNC del Mar S.A.S. E.S.P., this negotiation also includes the disposition of the investment of the CNC joint venture, which contemplates the delivery/assignment of shares to Novus Civitas, the current counterparty in the joint venture, and the recovery of the aforementioned portfolio through the dation in payment of some assets. Therefore, this investment is classified and valued as non-current assets held for sale at net realizable value (see Note 16 - Assets and liabilities associated with non-current assets held for sale).

10.1. Corporate purpose of investments in associates and joint ventures

Caoba Inversiones S.A.S.
Celsia Colombia S.A. E.S.P. and Cubico Sustainable Investments Spain, S.L. entered into an investment framework agreement to incorporate Caoba Inversiones S.A.S., with a 51 % and 49 % share, respectively.

In developing its corporate purpose, Caoba Inversiones S.A.S. ventured into the transmission business with the assets of Plan 5 Caribe, of the National Transmission System (STN, for the Spanish original) and the regional transmission systems (STR, for the Spanish original) of Guajira, Montería, Valledupar, Manzanillo, Caracolí and Norte, as well as the Tolima assets with voltage levels 3, 4 and 5. The Company is in charge of managing and receiving the regulatory revenue from said assets and from the STN and/or STR projects that Celsia Colombia S.A. E.S.P. implements as network operator(NO) in Tolima's resale markets.

The platform's strategy is aimed at focusing the growth of the transmission business in regions other than Valle del Cauca. Celsia Colombia S.A. E.S.P. continues to commercially represent the assets that are part of Caoba Inversiones S.A.S and provides the operations and maintenance services that guarantee high levels of operational excellence.

Termoeléctrica El Tesorito S.A.S. E.S.P.
Termoeléctrica El Tesorito S.A.S. E.S.P. was incorporated in March 2015, under the name Promotora de Energía Eléctrica del Archipiélago de San Andrés, Providencia y Santa Catalina S.A.S. E.S.P. and in 2019 the company's business name was changed to: Termoeléctrica El Tesorito S.A.S. E.S.P.

Until November 2021, Celsia Colombia S.A. E.S.P. was the immediate controlling shareholder of Termoeléctrica El Tesorito S.A.S. E.S.P.; in December 2021 an amendment to the bylaws was approved to modify the decision-making regime by the Company's Board of Directors, which gave control to Celsia Colombia E.S.P. and thus the treatment of Termoeléctrica El Tesorito S.A.S. E.S.P. as of the effective date of the bylaws amendment approval as that of an Associated Company. No consideration was received or paid for the amendment.

September 14, 2022 was the date on which the 200 MW capacity thermoelectric power plant began commercial operation. It is it is currently commercially represented in the wholesale market by Celsia Colombia S.A. E.S.P.

Celsia Colombia S.A. E.S.P. and Celsia Colombia Inversiones S.A.S. acquired 23 % and 34.5 %, respectively, for an effective interest by Celsia Colombia S.A. E.S.P. in this company of 57.50 %.

P.A. Laurel
Celsia Colombia S.A. E.S.P. as an operating co-investor, and Inversiones CFNS S.A.S. as a financial co-investor, have joined efforts to advance the creation of a platform called Laurel, through an Irrevocable Business Trust Management and Payment agreement managed by Fiduciaria Bancolombia S.A., with a 50 % share for each party, forming a joint venture to develop solar electric power generation projects and provide energy supply services generated by alternative sources with a capacity of up to 7.99 MWp each.

CNC del Mar S.A.S. E.S.P.
CNC del Mar S.A.S. E.S.P. is classified as a residential public utilities company, subject to the legal system established by Colombian law. The Company is part of a joint venture between Celsia Colombia S.A. E.S.P. and Novus Civitas US.S Colombia. Its main corporate purpose is to provide public utilities for the distribution and sales of electricity, water, sewage and natural gas, in accordance with the provisions of Laws 142 and 143 of 1994 and the provisions that amend, add to and/or regulate them, within the municipalities of La Boquilla, Siriaca, Bayunca, Clemencia, Arroyo de Piedra and Punta Canoas, and the city of Cartagena, Bolivar, as well as the provision of ancillary, complementary and related services to the aforementioned activities.
Celsia Colombia S.A. E.S.P. and Novus Civitas Sucursal Colombia joined forces to provide energy sales, sewage, fiber optics, sanitation and reuse water services at the Serena del Mar project in Cartagena. In addition, it has a Cooling District, which efficiently provides air conditioning for homes, commercial premises and the hospital.
On December 29, 2023, Celsia Colombia S.A.E.S.P., CNC del Mar S.A.S.E.S.P., Novus Civitas and Neo Domus entered into two private agreements with the purpose of regulating the form and terms of payment of accounts receivable by Celsia Colombia S.A. E.S.P. to CNC del Mar S.A.S. E.S.P., to Centro Hospitalario Serena del Mar S.A., to Novus Civitas Sucursal Colombia and to Novus Civitas Colombia S.A.S.; exercising in turn as dation in payment 100 % of the shares held by Celsia Colombia S.A. E.S.P. in the CNC del Mar S.A.S. joint venture. E.S.P. to Novus Civitas.

P.A. Muverang
Celsia Colombia S.A. E.S.P., Bancolombia and Operaciones Generales Suramericana S.A.S. agreed to enter into an agreement in December 2019 through a business trust management and payment contract with a 33.33 % share for each party.

Muverang is a sustainable mobility project that offers its users 100 % electric vehicles (scooters, bicycles, motorcycles and carts), framed in three initiatives:

- Activate: This sustainable mobility plan allows companies to have greater knowledge and control of their employees' mobility in order to make strategic decisions, such as promoting other means of transportation, reducing inefficient trips, optimizing costs, reducing operability and absenteeism, while contributing to the well-being of their employees through an electric mobility alternative.
- Connect: Aimed at users and companies, facilitating day-to-day mobility through agreements with different cab companies in Medellín and Manizales.
- Drive: It is a subscription service that brings sustainable mobility closer through a monthly subscription that allows the user to choose the electric vehicle that fits their needs.

Fideicomiso Plan Luz

Celsia Colombia S.A. E.S.P., and Cummins De Los Andes S.A. entered into an Irrevocable Business Trust Management and Payment agreement with a 50 % share for each party. This joint venture was incorporated to ensure the availability of backup energy for the electricity supply, which will ensure productive processes in the companies when the public grid fails.

C2 Energía S.A.S.

C2 Energía S.A.S. was incorporated in August 2019 with a 50 % share held by Celsia Colombia S.A. E.S.P. and a 50 % share held by Cubico Colombia S.A.S.

Its corporate purpose is any activity, business or legal action for the management, development and exploitation of renewable electric power generation projects, which is governed by Law 1715/2014, adding Unique Regulatory Decrees (DUR, for the Spanish original) 1073/2015 and 570/2018, CREG Resolutions 030/2018 and 038/2018 (among others), and Resolution 463/2018 of the Mining and Energy Planning Unit (UPME, for the Spanish original). In development of this corporate purpose, the company may carry out any legal activity of a civil or commercial nature.

In 2023 and 2022 the company has generated income from the liquidation of the preferential profit derived from its share under the contractual terms of the solar farms joint venture.

SUMMA Servicios Corporativos Integrales S.A.S.

Constituted December 7, 2016. Its corporate purpose is the provision of specialized business services in Colombia and abroad to companies linked to Grupo Empresarial Argos or third parties, in any area that can create value for its customers; the rendering of consulting or auditing services in any of the businesses of the companies comprising Grupo Empresarial Argos or to third parties; to carry out all those acts whose purpose is to exercise the rights and fulfill the obligations, legally or conventionally derived from the existence and activities developed by the company and to carry out any other lawful economic activity both in Colombia and abroad. Its main place of business is the city of Barranquilla.

10.2. Summarized Financial Information

The summarized financial information included in the following tables represents the values shown in the financial statements of associates and joint ventures, prepared in accordance with the Accounting and Financial Reporting Standards accepted in Colombia.

December 2023	CNC del Mar S.A.S. E.S.P.	C2 Energía S.A.S.	Caoba Inversiones S.A.S.:	P.A. Muverang	Fideicomiso Plan Luz	Termoeléctrica El Tesorito S.A. S. E.S.P.	P.A. Laurel	Servicios Corporativos Integrales S.A.S.
Current assets	66,939	6,931	94,114	4,381	11,313	375,305	1,564	61,203
Non-current assets	9,765	232,662	2,045,163	18,165	18,445	723,255	53,829	8,641
Total assets	**76,704**	**239,593**	**2,139,277**	**22,546**	**29,758**	**1,098,560**	**55,393**	**69,844**
Current liabilities	72,082	240,923	1,442,982	1,615	2,392	55,056	666	60,223
Non-current liabilities	49	-	311,569	13,656	19,324	670,693	-	3,748
Total liabilities	**72,131**	**240,923**	**1,754,551**	**15,271**	**21,716**	**725,749**	**666**	**63,971**
Equity	**4,573**	**(1,330)**	**384,726**	**7,275**	**8,042**	**372,811**	**54,727**	**5,873**
Revenue from ordinary activities	20,396	41,481	284,144	8,176	6,395	228,463	12,699	27,028
Net profit (loss) of continuing operations	(6,896)	(249)	(1,664)	(8,644)	1,433	75,715	4,115	96
Net profit (loss) after discontinued operations	**(6,896)**	**(249)**	**(1,664)**	**(8,644)**	**1,433**	**75,715**	**4,115**	**96**
Other comprehensive income	-	-	4,615	-	-	99,579	-	-
Total comprehensive income	**(6,896)**	**(249)**	**2,951**	**(8,644)**	**1,433**	**175,294**	**4,115**	**96**
Cash and cash equivalents	75	9	28,231	1,624	3,199	85,577	-	45,575

December 2023	CNC del Mar S.A.S. E.S.P.	C2 Energía S.A.S.	Caoba Inversiones S.A.S.:	P.A. Muverang	Fideicomiso Plan Luz	Termoeléctrica El Tesorito S.A.S. E.S.P.	P.A. Laurel	Servicios Corporativos Integrales S.A.S.
Current financial liabilities	483	240,860	1,362,408	63	-	17,449	-	1,441
Non-current financial liabilities	-	-	259,990	13,656	19,324	618,922	-	3,431
Financial liabilities	**483**	**240,860**	**1,622,398**	**13,719**	**19,324**	**636,371**	**-**	**4,872**
Depreciation and amortization expenses	2,142	-	64,246	3,715	1,608	30,508	2,235	1,091
Interest revenue	64	30	4,846	-	25	4,399	10	1
Interest expenses	6,105	41,653	179,658	1,869	2,522	60,181	-	186
Income tax expenses	2,672	-	4,870	-	-	38,319	-	596

December 2022	CNC del Mar S.A.S. E.S.P.	C2 Energía S.A.S.	Caoba Inversiones S.A.S.:	P.A. Muverang	Fideicomiso Plan Luz	Termoeléctrica El Tesorito S.A.S. E.S.P.	P.A. Laurel	SUMMA Servicios Corporativos Integrales S.A.S.
Current assets	13,837	5,976	301,542	2,231	8,526	255,949	2,711	52,462
Non-current assets	66,526	232,662	1,787,780	17,248	13,744	763,827	42,872	10,527
Total assets	**80,363**	**238,638**	**2,089,322**	**19,479**	**22,270**	**1,019,776**	**45,583**	**62,989**
Current liabilities	42,335	5,993	49,049	717	8,584	25,189	1,282	51,657
Non-current liabilities	26,560	239,720	1,630,029	11,797	7,165	816,885	-	5,555
Total liabilities	**68,895**	**239,720**	**1,679,078**	**12,514**	**15,749**	**842,074**	**1,282**	**57,212**
Equity	**11,468**	**(1,082)**	**410,244**	**6,965**	**6,521**	**177,702**	**44,301**	**5,777**
Revenue from ordinary activities	20,337	5,952	223,981	6,437	4,990	39,606	3,305	14,618
Net profit (loss) of continuing operations	2,615	(1,054)	14,629	(5,412)	1,136	(10,083)	(1,554)	23
Net profit (loss) after discontinued operations	**2,615**	**(1,054)**	**14,629**	**(5,412)**	**1,136**	**(10,083)**	**(1,554)**	**23**
Other comprehensive income	-	-	(31,427)	-	-	(19,815)	-	-
Total comprehensive income	**2,615**	**(1,054)**	**(16,798)**	**(5,412)**	**1,136**	**(29,898)**	**(1,554)**	**23**
Cash and cash equivalents	559	23	103,953	715	663	58,962	1,032	41,951
Current financial liabilities	20,557	5,952	14,051	9	6,562	342	-	1,289
Non-current financial liabilities	26,560	233,727	1,553,529	11,797	7,165	816,885	-	5,075
Financial liabilities	**47,117**	**239,679**	**1,567,580**	**11,806**	**13,727**	**817,227**	**-**	**6,364**
Depreciation and	1,995	-	52,387	3,767	1,269	7,071	-	999

December 2022	CNC del Mar S.A.S. E.S.P.	C2 Energía S.A.S.	Caoba Inversiones S.A.S.:	P.A. Muverang	Fideicomiso Plan Luz	Termoeléctrica El Tesorito S.A.S. E.S.P.	P.A. Laurel	SUMMA Servicios Corporativos Integrales S.A.S.
amortization expenses								
Interest revenue	66	13	584	-	4	162	7	533
Interest expenses	5,076	6,068	127,161	1,144	1,434	20,848	-	151
Income tax expenses	(1,917)	-	(13,310)	-	-	7,423	-	249

Significant restrictions and commitments: There are no significant restrictions on the capacity of joint ventures and associate companies to transfer funds for dividends, reimbursement of loans, prepayments or other. Additionally, there are no recognized commitments with joint ventures and associate companies at the cut-off date of these financial statements that can give rise to outflows of cash or other resources in the future, such as: contribution of funds or resources, commitments of loans or financial support, and commitments to acquire a share in the associate or joint venture of another party.

Notwithstanding the foregoing, the shares of Termoeléctrica El Tesorito S.A.S. and Caoba Inversiones S.A.S. are pledged under the financing agreements, both of which are non-recourse financing to the shareholders.

NOTE 11. OTHER FINANCIAL INVESTMENTS

	2023	2022
Financial investments through profit or loss (11.1)	204,160	251,900
Financial investments through other comprehensive income (11.2)	11,888	16,144
Total financial investments	**216,048**	**268,044**

11.1 Financial investments through profit or loss

Financial investments through profit or loss at December 31, 2023 and 2022 comprised:

Business name	Investment type	Currency	2023 (USD)	2022 (USD)	2023	2022
Sura SAC LTD – Cell Celsia	Captive reinsurance company investment (1)	USD	30,207,762	28,159,269	115,456	135.452
Banistmo S.A.	Investment in BLM liquidation trustor (2)	USD	23,208,485	24,208,485	88,704	116.448
Total financial investments through profit or loss			**53.416.247**	**52,367,754**	**204,160**	**251,900**

(1) The investment delivered as capital by Celsia S.A. to the cell of the captive cell insurance company. In 2023 the investment in Sura SAC had a net valuation of COP19,996 as a result of the negative valuation of COP 27,525 due to the decrease in TRM (2022 -COP 14,411) and a profit of COP 7,529 for risk management.
During 2023, the policy reserve restatement for claims reported in the policy was recognized for USD 2 million, as well as the reserve restatement for unnotified claims (IBRN) for USD 723,000, and payments for claims or claims expenses for USD 1 million. In June 2023, Celsia's all-risk property damage policy, in which the captive participates, was renewed. Within the captive, a contract was signed with Munich Re Trading LLC for a weather derivative for USD 6 million, this financial product is intended to hedge the increase in the price of energy in the stock market.

SURA SAC LTD – CELL CELSIA

Sura SAC LTD is a captive insurance company with the aim to reinsure risks. Through the structuring of the captive insurance company, Celsia S.A. allocates a percentage of the insurance premium to the cell that it has currently rented with Sura SAC LTD in Bermuda.

According to the operation of the cell, the resources invested in Sura SAC LTD in the cell do not meet the condition of obtaining contractual cash flows with specific dates of payment of principal and interest.

In the event of a claim being made, any obligation will be backed by the existing funds in the cell of the captive insurance company. In this situation, the change in fair value of the financial asset as a result of the claim will be recognized and charged to the income of the period. In the event that the claim involves a greater obligation than the existing resources in the cell, a debt payable to Seguros Generales Suramericana shall be recognized for the resources that must paid stating that the funds in the cell are not sufficient to cover it.

(2) Consists of the liquidation trustor of Bahía Las Minas Corp. constituted in December 2021 in Banistmo S.A., on which Celsia S.A. has a right for COP 17,964 (USD 4,700,000). and Celsia Centroamérica S.A. rights for COP 70,740 (USD 18,505,486). This investment decreased mainly due to a refund of COP 4,066 (USD 1,000,000) and the valuation of exchange differences.

11.2 Financial investments through other comprehensive income

At December 31, 2023 and 2022, financial investments through other comprehensive income were as follows:

						Cost		Impairment and/or valuation		Net value	
Entities	**Main activity**	**Country**	**Number of shares acquired**	**Shareholding (%)**	**Functional currency**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Grupo de Inversiones Suramericana S.A. (1)	Investments	Colombia	332,908	0.07 %	COP	13,982	8,337	(4,328)	5,645	9,654	13,982
Corporación Financiera Colombiana S.A. (2)	Financial	Colombia	67,690	0.02 %	COP	1,015	1,936	(102)	(921)	913	1,015
Derivex S.A.(3)	Financial	Colombia	51,348	5 %	COP	832	620	-	-	832	620
Innowatts, Inc. (4)	Technology	United States	194,696	0.96 %	USD	3,127	2,536	(3,127)	-	-	2,536
Centro de Eventos Valle del Pacífico (*)	Commercial	Colombia	15,192	0.34 %	COP	152	152	-	-	152	152
Gas Natural Fenosa Telecomunicaciones Colombia S.A. (*)	Energy	Colombia	118,000	10.00 %	COP	151	151	-	-	151	151
Hidroeléctrica Ituango S.A. E.S.P. (%)	Energy	Colombia	45,324,496	0.08 %	COP	66	66	(10)	(10)	56	56
Termosur S.A. (*)	Energy	Colombia	5	8.33 %	COP	108	108	(73)	(73)	35	35
Emgesa S.A.	Energy	Colombia	433	0.03 %	COP	17	17	(1)	(1)	16	16
Concentra Inteligencia en Energía S.A.S.	Energy	Colombia	84,000	6.25 %	COP	77	77	(77)	(39)	-	38
Gestión Energética S.A. E.S.P. (Antes Hidromiel S.A.) (*)	Energy	Colombia	323,699,869	0.07 %	COP	6,805	6,805	(6,805)	(6,805)	-	-
Productora de Carbón de Occidente S.A. (*)	Commercial	Colombia	170,000	13.91 %	COP	469	469	(469)	(469)	-	-
Hidrosogamoso S.A. (*)	Energy	Colombia	3	2.11 %	COP	56	56	(56)	(56)	-	-
Electrificadora del Caribe S.A. (*)	Energy	Colombia	624,516	0.00 %	COP	26	26	(26)	(26)	-	-
Others (5) (*)						81	81	(2)	(2)	79	79
Total financial investments through other comprehensive income						**26,964**	**22,028**	**(15,076)**	**(5,884)**	**11,888**	**16,144**

(1) In 2023 and 2022, there is a valuation of the share price in the market of COP 29,000 per share (2002 COP 42,000) COP per share. Dividends of COP 385 were received in 2023.
(2) The decrease is due to the valuation at market prices of the Corficolombiana investment. The stock market price ended at COP 13,500/share on December 31, 2023, (COP 15,000 per share).
(3) In December 2023 Celsia Colombia S.A. E.S.P. acquired COP 13,086 shares of Derivex S.A. for COP 212 (2022 - 2,498 shares for COP 41).
(4) In 2023 and 2022 an impairment of the investment was recognized for COP 591 and COP 2,946, respectively.
(5) For investments in Poblado Country Club (COP 62), Centro de Exposiciones de Tuluá (COP 10), Club Colombia (COP 5), and Siderúrgica del Pacífico (COP 4).

These assets are measured at fair value, except for some investments with minor and non-material balances (*), which in the absence of Level 1 input data (quoted prices), the group assumes the position of holding them at cost; in addition, the costs involved in performing the valuation would be greater than the benefits obtained.

The financial investments do not have restrictions or levies that limit their sale or trading.
The analysis of indications of impairment of financial investments did not generate any impairment review.

NOTE 12. TRADE DEBTORS AND OTHER ACCOUNTS RECEIVABLE, NET

The balance of trade debtors and other accounts receivable, net, at December 31, was as follows:

	2023	2022
Trade debtors (1)	1,077,926	1,011,995
Accounts receivable from related parties (2)	36,667	56,614
Other accounts receivable (3)	984,743	337,293
Impairment (4)	(82,813)	(116,647)
	2,016,523	**1,289,255**
Current (a)	1,690,173	1,161,166
Non-current	326,350	128,089
	2,016,523	**1,289,255**

(1) Trade debtors' receivable include accounts receivable for the sale of energy services, gas resale services, and the sale of other goods and services.

As of December 31, 2023, there was an increase represented in the sales of the regulated and non-regulated market including the estimated values as well as the subsidies granted. For 2022, the Group sold some accounts receivable to the Inter-American Development Bank (IDB). The sold debt portfolio has the rate option of Resolution 012/2020 and the Company's Estamos Contigo (We are with you) program. The Group signed a mandate agreement with the IDB, where it continues to act as a collector for the sold debt and it commits to the monthly transfer of the resources with minimum payments until 2026. Although these payments serve as a guarantee, the IDB has all the associated risks and benefits, because according to the analysis proposed on the variability of the cash flows, the IDB absorbs this variability. The relative variability shows that the new expected volatility is much lower than the existing volatility, so no provision has been recognized with respect to credit guarantees.

(2) The reduction in accounts receivable from related parties is due to the negotiation process carried out with CNC del Mar S.A.S. in December 2023. E.S.P., which involved a crossing of accounts receivable and payable between the companies Celsia Colombia S.A. E.S.P., CNC del Mar S.A.S. and CNC del Mar S.A.S. E.S.P., Hospital Serena del Mar and Neo Domus (see Note 10 - Investments in associates and joint ventures).

(3) The increase in other accounts receivable is mainly due to the negotiation with Nordex for the deferred payment to this supplier of wind project equipment.

(4) The changes in impairment of trade debtors and other accounts receivables are as follows:

	2023	2022
Initial balance	116,647	79,947

Reported impairment losses (a)	14,924	37,192
Recovery of impairment (b)	(27,193)	-
Write-off of amounts deemed non-chargeable (c)	(21,565)	(492)
Final balance	**82,813**	**116,647**

The average credit period on the sale of services is 30 days.

When determining the recoverability of a trade account receivable, the Group assesses the risk of default during the asset's entire lifetime (simplified method permitted by IFRS 9 Financial Instruments).

(a) Includes impairment recognized in Celsia Centroamérica S.A. for COP 13,884 (USD 3,511,261) corresponding to the derecognition of accounts receivable from Divisa Solar 10MW S.A. and Celsolar S.A. in accordance with the agreement of the closing of the sale transaction to EnfraGen LLC carried out in 2023, of the hydroelectric generation assets in Panama and non-conventional renewable energy in Costa Rica. Additionally, it includes impairment recognized according to the assessment of expected credit losses for the debt portfolio, mainly of conventional energy broken down into class of service and market for COP 1,041.

(b) The recovery in the impairment of the portfolio was originated mainly as a result of the negotiation of the accounts payable and receivable of the private agreement between CNC del Mar S.A.S. and the Company. E.S.P., Neo Domus, Novus Citvita and Celsia Colombia S.A. E.S.P. for COP 17,094, where a year ago an impairment of portfolio had been recognized for Centro Hospitalario y CNC del Mar S.A.S E.S.P. The excess recovery of COP 10,099 is the result of the analysis of the impairment of the commercial portfolio.

(c) Corresponds to the derecognition of the portfolio originated by the private agreement with CNC del Mar S.A.S. E.S.P. In addition, it includes portfolio write-offs resulting from the closing of the sale of hydroelectric generation assets in Panama and non-conventional renewable energy in Costa Rica.

According to the assessment made of the expected loss and the portfolio analysis as at December 31, 2023, there is no objective evidence that the past-due balances receivable pose significant credit risks that involve an adjustment of the impairment recorded in the financial statements on the reporting date.

The following table provides information about the credit risk exposure for trade accounts receivable and contractual assets at December 31, 2023 and 2022:

2023	Credit loss rate	Gross accounts receivable	Loss allowance	Accounts receivable, net
Conventional energy and other businesses	2.4 %	851,467	(19,130)	832,337
Conventional energy and other businesses at 67 %	67 %	52,230	(34,994)	17,236
Conventional energy and other businesses at 100 %	100 %	28,689	(28,689)	-
Other accounts receivable		1,166,950	-	1,166,950
Total		**2,099,336**	**(82,813)**	**2,016,523**

2022	Credit loss rate	Gross accounts receivable	Loss allowance	Accounts receivable, net
Conventional energy and other businesses	1.8 %	1,071,185	(17,980)	1,053,205
Conventional energy and other businesses at 51 %	51 %	100,055	(50,745)	49,310
Conventional energy and other businesses at 100 %	100 %	47,922	(47,922)	-

Other accounts receivable	186,740	-	186,740
Total	**1,405,902**	**(116,647)**	**1,289,255**

Assessment of expected credit losses

For trade, lease or contractual asset accounts receivable, the Group recognizes the expected credit losses in reference to the expected loss throughout the asset's life.

When monitoring the credit risk, the clients are grouped according to their characteristics, including the business segment, type of market and type of service. The loss rates are based on the historical performance of the collections through the monthly averages and by type of service. Trade debtors and other accounts receivable are mainly related to customers of the regulated and non-regulated energy market of the residential, commercial, industrial and public sectors.

Due to the conditions of the wholesale market (spot market and bilateral contracts with third parties), an individual impairment analysis is made on the associated accounts receivable covering from the preliminary study of third parties to the coverage of the portfolio with real collateral or promissory notes. The latter is only in the case of third parties with a good rating.

NOTE 13. CASH AND CASH EQUIVALENTS

The balance of cash and cash equivalents was as follows:

	2023	2022
Cash		
Cash	67	159
Bank accounts (1)	509,060	183,931
Restricted-use cash (3)	2,505	3,353
Total cash	**511,632**	**187,443**
Cash equivalents		
Investment funds and collective portfolios (2)	33,406	18,315
Trust funds	174	120
Restricted-use trust funds (3)	11,286	5,861
Total cash equivalents	**44,866**	**24,296**
Total cash and cash equivalents	**556,498**	**211,739**

(1) The increase in bank accounts is mainly due to the proceeds from the sale of hydroelectric generation assets in Panama and non-conventional renewable energy in Costa Rica, which represented an effective entry in bank accounts of Celsia Centroamérica S.A. of COP 525,149 USD 137,399,864.

Additionally, Celsia Colombia S.A. E.S.P. made a loan with Findeter deposited in the BBVA savings account 304-00088-8, of which COP 616 is pledged; likewise, CETSA E.S.P. received a loan from Findeter deposited in the Bancolombia savings account 3063-500001-3 of which COP 26 is pledged, both as collateral to support the obligations. Therefore, by the year 2023, cash had restrictions that limited its negotiation.

(2) Cash equivalents are current financial investments recognized at fair value. The increase is mainly due to the transfer of funds from bank accounts to mutual funds due to better interest rates.

Cash and cash equivalents of COP 1,989 (2022 - COP 112,790) are classified in 2023. In 2022, COP 76,073 corresponded to restricted cash within the Central America segment as a group of assets directly associated with assets classified as held for sale. The decrease corresponds to the closing of the sale of hydroelectric generation assets in Panama and non-conventional renewable energy in Costa Rica where most of the cash was reclassified as held for sale, at the end of 2023 the value corresponds in its entirety to the Bahia las Minas Corp. assets, as indicated in Note 16 Assets and liabilities associated with non-current assets held for sale.

(3) The breakdown of restricted cash and cash equivalents is as follows:

	2023	2022
Joint Venture Cubic project funds	4,424	1,090
Other funds	1,966	559

EnergyGo housing fund	1,845	2,758
Patrimonio Autónomo Blanco y Negro	1,582	855
Sintraelecol union housing revolving housing fund	1,279	1,486
PA Fiducoldex UPME 02-2021 Pacífico	1,101	1,366
Fiducoldex UPME - Auditing	661	594
P.A.OxI/Celsia Conv. Prestación Servicios Ambien	455	-
Fiducoldex UPME Toluviejo substation	246	307
Tolima asset project funds	218	191
Fiduciary assignment complementary healthcare plan	14	8
Total restricted cash and cash equivalents	**13,791**	**9,214**

Use of the funds in these accounts is restricted to the observance of the trusts' terms and conditions. Investments recorded at fair value are mainly acquired for trading and to generate short-term profit.

Issuer and counterparty risk: The Group applies a model of issuer and counterparty limits on a monthly basis with the aim to propose the maximum credit exposure for the different financial entities that meet the established guidelines. These limits are constantly monitored and are approved by a committee with the aim to warn of any possible excess in the use of said limits. At December 31, 2023, all of the entities are within the permitted limits.

The average return on cash the end of the period in 2023 was 11.40 % (2022: 6.63 % AER). Currently, these resources have a minimum rating of AA+ in the credit rating agencies and the counterparties are overseen by the respective control and oversight agencies of each country.

NOTE 14. OTHER NON-FINANCIAL ASSETS

The balance of non-financial assets was as follows:

	2023	2022
Prepayments (14.1)	56,023	46,752
Other non-financial assets (14.2)	81,704	138,603
	137,727	**185,355**
Current	56,023	46,752
Non-current	81,704	138,603
	137,727	**185,355**

14.1 Prepayments

At December 31, 2023 and 2022, prepayments were as follows:

	2023	2022
Insurance (1)	44,487	23,131
Other prepayments (2)	11,536	23,621
	56,023	**46,752**

(1) Insurance policies taken out by the Group to protect its production assets, mainly covering material damage caused by fire, explosion, short circuit, natural disasters, terrorism and other risks.
(2) Includes prepayments of taxes and contributions other than income tax.

In 2022, prepayments totaling COP 9,746 corresponding to the Central America segment are classified as assets classified as held for sale under other non-financial assets, as indicated in Note 16 Assets and liabilities associated with non-current assets held for sale.

14.2 Other non-financial assets

Other non-financial assets, at December 31, 2023 and 2022 were as follows:

	2023	2022
Assets of the employee benefit plan	-	677
Other non-financial assets (1)	81.704	137.926
	81.704	**138.603**

(1) Mainly includes the balance receivable from Prime Colombia for the sale of Zona Franca Celsia S.A. E.S.P. of USD 20,354,437 equivalent to COP 77,795, and for the cancellation of which a PPA (Power Purchase Agreement) was signed.

NOTE 15. INVENTORIES, NET

At December 31, 2023 and 2022, the net inventory balance was as follows:

	2023	2022
Materials and supplies	128,679	142,036

In 2023, COP 162,646 was transferred from construction in progress to inventory available for sale, corresponding to projects that were under construction and were invoiced as follows; 14 invoices in the name of Caoba Inversiones S.A.S E.S.P. for 16 projects energized in the department of Tolima at voltage levels 3 and 4; in Valle 24 projects, at voltage levels 2, 3 and 4; which were billed for COP 243,610 in compliance with the BOT (build, operate and transfer) contract.

Additionally, in 2023, 6 sales invoices were recorded to Bancolombia S.A. for the solar photovoltaic projects of; Centro Comercial El Edén, Colegio Theodoro Hertzl, Protección, Mattelsa, Canto, and Colegio San Jose de las Vegas, for an amount of 4,031, generating an accounting operating profit of COP 45.

In 2022, inventories totaling COP 21,094 corresponding to the Central America segment are classified as assets classified as held for sale, as indicated in Note 16.

At December 31, the consumption of inventories recognized as operating costs amounts to COP 221,335 (2022: COP 101,583).

These inventories do not have restrictions or taxes that limit their sale or negotiation.

NOTE 16. ASSETS AND LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE

Assets and liabilities associated with non-current assets held for sale at December 31 included:

	2023		2022	
	USD	**COP (millions)**	**USD**	**COP (millions)**
Hydroelectric generation assets in Panama and non-conventional renewable energy in Costa Rica (16.1)	-	-	605,038,763	2,910,358
Bahía Las Minas Corp. assets (16.2)	1,047,408	4,003	3,294,551	15,847
Activos Negocio Conjunto CNC del Mar (16.3)	-	62,318	-	-
Assets classified as held for sale	**1,047,408**	**66,321**	**608,333,314**	**2,926,205**
Liabilities associated with hydroelectric generation assets in Panama and non-conventional renewable energy in Costa Rica (16.1)	-	-	(209,429,177)	(1,007,396)
Liabilities associated with Bahía Las Minas assets. (16.2)	(164,280)	(628)	(1,083,341)	(5,211)
Liabilities directly associated with assets classified as held for sale	**(164,280)**	**(628)**	**(210,512,518)**	**(1,012,607)**
Net liabilities classified as held for sale	**883,128**	**65,693**	**397,820,796**	**1,913,598**

16.1. Hydroelectric generation assets in Panama and non-conventional renewable energy in Costa Rica (16.1)

On May 5, 2023, the subsidiaries Celsia Centroamérica S.A. and Enerwinds de Costa Rica S.A. entered into a share purchase agreement with Fontus Spain S.L.U. (a subsidiary of EnfraGen, LLC).

Celsia, through its subsidiary Celsia Centroamérica, completed the sale of a portion of its electricity assets in Panama and Costa Rica to Fontus Spain S.L.U., an EnfraGen LLC company, which operates renewable energy and grid stability assets in Latin America. With this transaction, Celsia receives USD 194 million for its shares and reduces its debt by USD 198 million.

The proceeds from the sale will enable the group to obtain the necessary liquidity to reduce debt levels and move forward with international growth opportunities.

Assets sold in Central America are:

- Dos Mares hydroelectric complex in Chiriqui, Panama, with a capacity of 118.7 MW, consisting of the hydroelectric power plants: Prudencia (60 MW), Lorena (33,7 MW) and Gualaca (25 MW).
- Solar farms: Divisa and Celsolar (Panamá) with 19.7MW jointly.
- Planta Eólica Guanacaste (Costa Rica) with 49.5 MW of capacity.

With this agreement, 100 % of the shareholding and operating interest of Celsia Centroamérica S.A. in Alternegy S.A., Bontex S.A., Celsolar S.A. and Divisa Solar 10 MW S.A. was disposed of, as well as all the shares held by Enerwinds de Costa Rica S.A. in Planta Eólica Guanacaste S.A.; and the assignment of the contracts with large customers in Panama.

Celsia continues to operate in Panama, Costa Rica and Honduras, with a focus on the solar energy business for corporate clients. It expects to reach 200 MWp of installed capacity by 2026. Additionally, in the expansion of the of the transmission and distribution assets management model, and energy efficient solutions.

In financial terms, the effects of this transaction will enable the group to strengthen its liquidity position, improve its return on invested capital (ROCE) and reduce consolidated debt, which will reduce financial expenses.

The balance at December 2023 and 2022 of the net hydroelectric generation assets in Panama and non-conventional renewable energy in Costa Rica is COP 0 (2022 - COP 1,902,962). Here is a breakdown of the net assets:

	2023		2022	
	USD	COP (millions)	USD	COP (millions)
Property, plant and equipment, and right-of-use assets	-	-	332,937,527	1,601,496
Goodwill	-	-	163,747,815	787,660
Intangible assets	-	-	53,710,016	258,356
Cash and cash equivalents	-	-	23,448,185	112,790
Trade debtors and other accounts receivable	-	-	15,926,607	76,610
Current tax assets	-	-	6,588,478	31,692
Inventories	-	-	4,385,124	21,094
Deferred tax assets	-	-	2,244,615	10,797
Other non-financial assets	-	-	2,026,195	9,746
Other investments	-	-	24,201	117
Assets classified as held for sale	**-**	**-**	**605,038,763**	**2,910,358**
Borrowings and Bonds	-	-	(195,124,939)	(938,590)
Trade and other accounts payable	-	-	(12,954,478)	(62,314)
Lease liabilities	-	-	(579,005)	(2,785)
Employee benefits	-	-	(383,562)	(1,845)
Provisions and other assets	-	-	(254,492)	(1,224)
Deferred tax liabilities	-	-	(132,701)	(638)
Liabilities directly associated with assets classified as held for sale	**-**	**-**	**(209,429,177)**	**(1,007,396)**
Net assets classified as held for sale	**-**	**-**	**395,609,586**	**1,902,962**

Net assets reclassified to assets and liabilities held for sale on December 31, 2022, do not represent a separate main line of business or geographical area of operation, nor are they part of a single coordinated plan to dispose of a main line of business or separate geographical area of operation, so they are not considered a discontinued operation.

16.2. Bahía Las Minas Corp.

The non-current assets held for sale of the Bahia las Minas Corp. subsidiary for the year 2023 correspond mainly to accounts receivable of COP 150 (2022 - COP 10,366), inventories of COP 0 (2022 - COP 3,035), current tax assets of COP 1,864.

Liabilities associated with non-current assets held for sale of the subsidiary Bahía Las Minas Corp. of COP 628 (2022 – COP 5,211) correspond mainly to trade and other liabilities.

The non-current assets and liabilities held for sale of the subsidiary Bahía las Minas Corp. are detailed below:

	2023		2022	
	USD	COP (millions)	USD	COP (millions)
Cash and cash equivalents	520,399	1,989	508,484	2,446
Other current assets	527,009	2,014	2,786,067	13,401
Assets classified as held for sale	**1,047,408**	**4,003**	**3,294,551**	**15,847**
Other liabilities	(164,280)	(628)	(1,083,341)	(5,211)
Liabilities directly associated with assets classified as held for sale	**(164,280)**	**(628)**	**(1,083,341)**	**(5,211)**
Net liabilities classified as held for sale	**883,128**	**3,375**	**2,211,210**	**10,636**

The operations of Bahía Las Minas Corp., which were reclassified to assets and liabilities held for sale, did not represent a separate main line of business or geographical area of operation, nor are they part of a single coordinated plan to dispose of a main line of business or separate geographical area of operation, so they are not considered a discontinued operation.

As of December 31, 2023, the company is inactive and is in the process of liquidation. According to Panamanian law, when a company is dissolved it ceases to exist, but Panamanian regulations extend its existence for three years to resolve any disputes that may arise; at the date of these financial statements there are still balances in some working capital accounts which will be closed as the company's closing is completed.

As a result of this process, the shareholders will not receive any assets, nor will they have to assume any additional liabilities.

16.2. Assets from the joint venture CNC del Mar.

At the close of 2023, the Group is in a negotiation process for the payment of debts to Celsia Colombia S.A. E.S.P. by CNC del Mar S.A.S. E.S.P., Hospital Serena del Mar and Neo Domus, as well as the debts of the Hospital, Neo Domus and Novus to CNC del Mar S.A.S. E.S.P., including in this negotiation the disposition of the investment of the joint venture of CNC del Mar S.A.S. E.S.P., which contemplates the delivery/assignment of shares to Novus Civitas, the current counterparty in the joint venture, and the recovery of the aforementioned portfolio through the dation in payment of some assets; this operation is expected to be completed in a maximum of 12 months and seeks to achieve greater operating efficiencies and profitability of the assets currently held by the group.

In line with the above, the group reflected the investment in CNC del Mar S.A.S. E.S.P. in its financial statements and the assets and liabilities in the scope of the transaction related with the participants in the operation as held for sale.

	2023
Investments in joint ventures	2,407
Trade debtors and other accounts receivable	59,911
Assets classified as held for sale	**62,318**

The assets classified as held for sale at the close of 2023 were measured at the lower value between their book value and their fair value less the costs to sell at the time of reclassification. Therefore, the Group recognized an impairment loss of COP 3,462. The non-recurring fair value measurement of the asset group for disposal has been classified as a Level 3 fair value and has been determined on the basis of the trading price.

Investments being reclassified to assets and liabilities held for sale, do not represent a separate main line of business or geographical area of operation, nor are they part of a single coordinated plan to dispose of a main line of business or separate geographical area of operation, so they are not considered a discontinued operation.

NOTE 17. EQUITY

The breakdown of equity at December 31, 2023 and 2022, is as follows:

17.1 Issued capital

The Company's authorized equity is comprised of 1,200,000,000 common shares with a nominal value of COP 0.25 per share. The subscribed and paid capital amounts to COP 267 and the number of outstanding shares is 1,069,791,476 (2022 - 1,069,972,554), the variation with respect to the previous year is due to the ordinary treasury shares repurchased by the company in 2023 amounting to 181,078 shares. Each share confers a vote to its shareholder and the right to receive dividends.

17.2 Reserves

The Company is legally required to set aside 10 % of its net annual profit for the statutory reserve until the balance of this reserve (which cannot be distributed until the Company is liquidated, but which can be used to absorb or reduce losses) is equal to at least 50 % of the subscribed capital. The Company can allocate the excess of this amount for appropriations as authorized by the General Meeting of Shareholders. As at December 31, 2023 and 2022, this reserve had the minimum amount required.

	2023	2022
Legal reserves	1,403	1,403
Reserve to protect equity	1,930,732	2,118,021
Reserve for the repurchase of shares	300,000	-
Reacquired own shares	(522)	-
Growth and expansion reserve	34,883	197,273
Tax reserve	2,911	2,911
	2,269,407	**2,319,608**

On December 12, 2023, the Board of Directors of Celsia S.A., through a special committee appointed for this purpose, approved the start of the first phase of the share repurchase program that was approved at the ordinary session of the General Meeting of Shareholders in March 2023, which will be carried out through the transactional channels of the Colombian Securities Exchange (BVC).

The Company will seek to repurchase a minimum of one common share and a maximum of 106,890,258 common shares, an amount equivalent to 9.99 % of the Company's outstanding common shares, in compliance with the limitations for repurchases through transactional mechanisms established in the Regulations and the BVC Circular. The execution of the current program began on December 20, 2023 and is scheduled to end on March 28, 2026, which is the date on which the 3-year term approved by the General Meeting of Shareholders expires, unless (i) the committee, using the powers granted by the Board of Directors of Celsia S.A., decides to shorten the term and/or initiate a new stage; or (ii) the maximum number of shares to be repurchased provided for in the preceding paragraph is obtained, whichever occurs first.

17.3 Retained earnings of the period

The net earnings and dividends of the year on equity instruments were as follows:

	2023	2022
Balance at start of the year	533,926	601,804
Earnings attributable to controlling shareholders	193,481	276,445
Appropriated reserves	49,679	(11,229)
Dividends declared (a)	(302,801)	(330,623)
Retained losses due to deferred tax and change of rate	-	(2,471)
Other variations	5	-
Balance at end of the period	**474,290**	**533,926**

(a) At the Celsia S.A. General Meeting of Shareholders held on March 29, 2023, cash dividends were declared on common shares of COP 283 (2022: COP 253) per share, payable in four installments of seventy Colombian pesos and seventy-five cents 70.75 (2022 - COP 63.25) per share in April, July and October 2023 and January 2024.

At December 31, 2023, dividend payments of COP 372,271 (2022 - COP 400,087) were paid. In 2022, dividends declared were paid in April, July and October 2022 in January 2023,

17.4 Other comprehensive income

Accounts for the unrealized earnings that have not been recognized in the income statement from:

	Earnings (losses) at December 2023	31 December 2023	Earnings (losses) at December 2022	December 31, 2022
Share in other comprehensive income of joint ventures	46,230	38,812	4,634	8,712
Exchange difference in translation of subsidiaries abroad	(1,166,684)	(230,235)	346,600	929,019
Measurements of defined benefit plans	(21,074)	5,397	20,867	20,736
Valuation of investments in equity instruments	(5,195)	(16,192)	(2,332)	(11,032)
	(1,146,723)	**(202,218)**	**369,769**	**947,435**

17.5 Non-controlling interest

The breakdown of non-controlling interest is as follows:

	2023	2022
Balance at start of the period	1,619,144	1,475,558
Share in annual earnings	155,406	166,337
Cash dividends declared	(83,287)	(100,522)
Other comprehensive income	2,930	79,034
Capitalizations (1)	7,362	-
Effect of change in income tax rate in Colombia	-	(1,263)
	1,701,555	**1,619,144**

(1) Refers to capitalizations of the non-controlling interest of Bahia Las Minas Corp. for COP 1,246 and Celsia Honduras S.A. de C.V. for COP 6,116.

NOTE 18. BORROWINGS AND BONDS

The borrowings and bonds at December 31, 2023 and 2022 are as follows:

	2023	2022
Outstanding bonds (1)	2,287,443	2,083,612
Borrowings from Colombian banks (2)	2,436,603	2,485,034
Borrowings from foreign banks (3)	139,024	123,170
Interest payable on bonds (1)	51,880	51,313
Interest payable on borrowings (2)	73,351	35,892
Interest payable on borrowings from foreign entities (3)	757	626
	4,989,058	**4,779,647**

Current	997,576	495,008
Non-current	3,991,482	4,284,639
	4,989,058	**4,779,647**

In 2022, borrowings from foreign banks, bonds, and their respective interest were classified for a total of COP 938,590 within the Central America segment as a group of assets directly associated with assets classified as held for sale, in accordance with Note 16. Assets and liabilities associated with non-current assets held for sale.

(1) The breakdown of bonds outstanding is as follows:

Title	Debt holder	Interest rate	Year due	2023	2022
First tranche of green bonds	Celsia Colombia S.A.E.S.P.	IBR (semester in arrears) + 2,695 %	2024	5,000	-
First tranche of green bonds	Celsia Colombia S.A.E.S.P.	IBR (semester in arrears) + 2,695 %	2024	5,000	-
Interest payable	-	-	-	51,880	51,313
First tranche of green bonds	Celsia Colombia S.A.E.S.P.	IBR (semester in arrears) + 2,695 %	2023	-	5,000
Series 3 – 3 years	Celsia Colombia S.A.E.S.P.	FT 6,50 % AER	2023	-	29,000
Total current outstanding bonds				**61,880**	**85,313**

Title	Debt holder	Interest rate	Year due	2023	2022
Subseries C20	Celsia Colombia S.A.E.S.P.	CPI + 3.93 % AER	2039	325,975	325,975
20 year series	Celsia Colombia S.A.E.S.P.	CPI + 6.08 % AER	2030	300,126	300,126
Subseries C12	Celsia Colombia S.A.E.S.P.	CPI + 3.68 % AER	2031	281,515	281,515
Subseries C7	Celsia Colombia S.A.E.S.P.	CPI + 3.24 % AER	2026	256,270	256,270
Subseries C5	Celsia Colombia S.A.E.S.P.	IBR (month in arrears) + 6.70 %	2028	242,500	-
Series 3 – 7 years	Celsia Colombia S.A.E.S.P.	CPI + 3.96 % AER	2027	171,000	171,000
Third tranche of green bonds	Celsia Colombia S.A.E.S.P.	IBR (semester in arrears) + 2.77 %	2033	140,000	140,000
Second tranche of green bonds	Celsia Colombia S.A.E.S.P.	CPI + 3.69 % AER	2028	70,000	70,000
First tranche of green bonds (a)	Celsia Colombia S.A.E.S.P.	IBR (semester in arrears) + 2.695 %	2030	55,000	65,000
(-) Cost of bond issuance	Celsia Colombia S.A.E.S.P.	-	-	(17,295)	(12,547)
Series D – Sub-series D12	Celsia S.A.	CPI+5.00 % AER	2025	240,650	240,650
Series D – Sub-series D20	Celsia S.A.	CPI+5.33 % AER	2033	212,080	212080
(-) Cost of bond issuance	Celsia S.A.	-	-	(378)	(457)
Total non-current outstanding bonds				**2,277,443**	**2,049,612**
otal outstanding shares				**2,339,323**	**2,134,925**

The breakdown of bonds is as follows:

	2023	2022
2019 ordinary bond issuance (a)	863,760	863,760
2013 ordinary bond issuance (b)	452,730	452,730
2010 ordinary bond issuance (c)	300,126	300,126
2023 ordinary bond issuance (d)	242,500	-
2020 ordinary bond issuance (e)	171,000	200,000
2018 green bond issuance (g)	135,000	140,000
2021 green bond issuance (g)	140,000	140,000
Interest on bonds payable	51,880	51,313
(-) Cost of bond issuance	(17,673)	(13,004)
	2,339,323	**2,134,925**
Current	61,880	85,313
Non-current	2,277,443	2,049,612
	2,339,323	**2,134,925**

a) The second ordinary bond issuance by Celsia Colombia S.A. E.S.P. on the account of the program for the issuance and placement of commercial papers and bonds in the amount of COP 1,100,000. Of this issuance made in 2019, Subseries A3 was repaid in the amount of COP 236,240 in April 2022. The details of the bonds and the placement are reported below:

Subseries	A3	C7	C12	C20
Issuance date	4/24/2019	4/24/2019	4/24/2019	4/24/2019
Term	3 years	7 years	12 years	20 years
Maturity date	4/24/2022	4/24/2026	4/24/2031	4/24/2039
Index	Fixed rate	CPI at the start	CPI at the start	CPI at the start
Cut-off rate	5.99 % AER	CPI + 3,24 % AER	CPI + 3.68 % AER	CPI + 3.93 % AER
Interest payment term	Quarter in arrears	Quarter in arrears	Quarter in arrears	Quarter in arrears
Base	365	365	365	365
Capital amortization	On maturity	On maturity	On maturity	On maturity

Interest payment date	For all the series: July 24, October 24, January 24 and April 7 from the issuance date to the maturity date			
Amount	**COP 236,240**	**COP 256,270**	**COP 281,515**	**COP 325,975**

Of the funds raised in the placement of Ordinary Bonds, 27 % was allocated to substitute financial liabilities, and 73 % to finance the Group's investment plan.

b) In December 2013 Celsia S.A. made its first issue of ordinary bonds in the local securities market in the amount of COP 800,000 The placement was made through a Dutch auction on the Colombian Securities Exchange S.A. and were allotted as follows:

Reference	Term in Years	Interest rate	Value	Year due
Series D – Sub-series D12	12	CPI + 5.00 % AER	240,650	2025
Series D – Sub-series D20	20	CPI + 5.33 % AER	212,080	2033
			452,730	

All the funds received from the placement of ordinary bonds were used to pay off financial liabilities as part of the strategy to optimize the Group's capital structure. In 2016, COP 83,620 was paid for the first tranche of bonds (Series E3), and in 2019, COP 263.65 was paid for the second tranche (Series D6).

c) In April 2010, Celsia Colombia S.A. E.S.P. carried out an issuance and placement of ordinary bonds for COP 600,000. This placement was made in three series: at seven, ten and twenty years. The proceeds of the issuance were used 100 % for the replacement of the issuer's financial liabilities, the company's investment plan and working capital, as indicated below:

Series	**C7**	**C10**	**C20**
Issuance date	4/21/2010	4/21/2010	4/21/2010
Term	7 years	10 years	20 years
Maturity date	4/21/2017	4/21/2020	4/21/2030
Cut-off rate	CPI + 4.58 % AER	CPI + 5.05 % AER	CPI + 6.08 % AER
Interest payment term	Quarter in arrears	Quarter in arrears	Quarter in arrears
Amount granted	**COP 85,754**	**COP 214,120**	**COP 300,126**

With the resources from the issuance and placement of ordinary bonds in the amount of COP 200.000 Series 3-7 years (See paragraph e) the maturity of the series C-10 was paid in April 2020, for COP214,120 issued in 2010, thus maintaining a solid financial position and adequate flexibility.

d) It reflects the issuance and placement by Celsia Colombia S.A. E.S.P. of the first tranche of ordinary bonds in the secondary market for COP 242,500, against an overall limit of COP 400,000, on the account of the issuance and placement program approved by the Financial Superintendence of Colombia (SFC) in December 2022. The issuance was awarded to Banco Davivienda under the following terms:

- Series C5
1) Term: 5 years
2) Index: IBR one-month term
3) Issuance date January 11, 2023
4) Maturity date January 11, 2028
5) Rate of return: IBR (month in arrears) + 6.70 %
- Frequency of interest payment: Month in arrears
- Interest payment date: At maturity, with a prepayment option starting on month 13.
- Base: 360
- Amount awarded: COP 242,500

The funds raised in this issuance were fully allocated by the Group to substitute financial liabilities, and therefore does not represent an increase in indebtedness. The above is in the framework of the strategy to optimize the capital structure and ensure competitive financial terms, increase the average life and maturities profile of the financial debt.

(e) On April 20, 2020, Celsia Colombia S.A. E.S.P. made the third issuance and placement of ordinary bonds for COP 200,000, which was carried out by Dutch auction aimed at the general public, including pension funds and insurance companies. The lead structuring agent and coordinator of the transaction was Banca de Inversión Bancolombia S.A. Corporación Financiera; the lead placement agent was Valores Bancolombia S.A. Comisionista de Bolsa, and Philipi Prietocarrizosa Ferrero DU & Uría, PPU acted as legal counsel. In April 2023, Subseries A3 was repaid for COP 29,000 with funds derived from the operation.

Subseries	**A3**	**C7**
Issuance date	4/20/2020	4/20/2020
Term	3 years	7 years
Maturity date	4/20/2023	4/20/2027
Index	Fixed rate	CPI at the start
Cut-off rate	6.50 % AER	CPI + 3.96 % AER
Interest payment term	Quarter in arrears	Quarter in arrears
Base	365	365
Capital amortization	On maturity	On maturity
Amount granted	**COP 29,000**	**COP 171,000**

f) As an issuer, Celsia Colombia S.A. E.S.P. issued green bonds on the secondary market with the following breakdown:

The first tranche of the issuance was granted to the International Finance Corporation (IFC) under the following conditions:
Series: B12
Term: 12 years
Index: IBR – one-day term
Issuance date: July 23, 2018
Maturity date: May 30, 2030
Rate of return: IBR (semester in arrears) + 2.695 %
Frequency of interest payments: Six months in arrears
Interest payment dates: May 30 and November 30 each year until maturity
Base: Real/360
Amount granted: COP 70,000

In December 2023, a payment was made on the first tranche of green bonds in the amount of COP 5,000 with funds derived from the operation.

The second tranche of the issuance was granted to Financiera de Desarrollo Nacional (FDN) under the following conditions:
Series: B8
Term: 10 years
Index CPI – CPI at end
Issuance date: December 07, 2018
Maturity date: December 07, 2028
Rate of return CPI + 3.69 % AER
Frequency of interest payments: Six months in arrears
Interest payment dates June 22 and December 22 each year until maturity
Base 365 / 365
Amount granted: COP 70,000

The resources from the issuance were used to finance investment in the Group's initiatives for the development of solar farms. The Green Bonds program obtained the Climate Bonds certification as part of the Climate Bonds Standard & Certification Scheme, which promotes large-scale initiatives for the reduction of carbon emissions and to prevent or reduce climate change.

g) As the issuer, Celsia Colombia S.A. E.S.P. issued and placed the second issue of Green Bonds for COP 140,000,under the first issuance and placement program approved by the Financial Superintendence of Colombia (SFC, for the Spanish original) in June 2018, whose authorization term was renewed in June 2021 for an additional period of five (5) years, to be offered in the second market, with a global limit of COP 210,000. The second tranche of the issuance was granted to the International Finance Corporation (IFC) under the following conditions:

Series	B12
Term	12 years
Index	IBR – one-day term

Issuance date	November 30, 2021
Maturity date	November 30, 2033
Rate of return	IBR (semester in arrears) + 2.77 %
Frequency of interest payments Six months	In arrears
Interest payment date	May 30 and November 30 from the issuance date to the maturity date
Base	Real / 360
Amount granted	COP 140,000

(2) The variation in the balance of the borrowings with domestic banks corresponds mainly to the following:
- Early payment in Celsia Colombia S.A. E.S.P. of COP 242,500 to Banco Davivienda with resources obtained from the issuance of ordinary bonds in January 2023.
- Payment of the debt with other financial entities according to maturity, with funds derived from the operation totaling COP 436,238.
- Celsia S.A. acquired debt with Banco de Bogotá in the amount of COP 100,000 and Bancolombia for COP 120,000.
- Celsia Colombia S.A.E.S.P. acquired debt with Banco Agrario in the amount of COP 120,000 and Citibank N.A. for COP 30,000, to cover working capital.
- Different debt novations were made for Celsia Colombia and Celsia S.A., thus improving interest rates and maturity modifications.

The breakdown of current local financial borrowings is as follows:

- **Category:** National banks
- **Currency:** COP
- The breakdown of current borrowings includes interest payables (book value).

National financial institutions	Debt holder	Interest rate	Year due	2023		2022	
				Amount Nominal	Amount Carrying	Amount Nominal	Amount Carrying
Bancolombia S.A.	Celsia Colombia S.A. E .S.P.	IBR (quarter in arrears) + 2.20 %	2029	500,000	501,581	500,000	501,547
Scotiabank Colpatria S.A	Celsia Colombia S.A. E .S.P.	IBR (semester in arrears) + 2.15 %	2025	265,000	282,326	265,000	279,248
Bancolombia S.A.	Celsia S.A.	IBR (quarter in arrears) + 3.68 %	2024	215,000	217,602	-	-
Banco de Bogotá S.A.	Celsia Colombia S.A. E .S.P.	IBR (quarter in arrears) + 3.30 %	2026	219,989	221,587	219,989	223,321
Banco BBVA S.A.	Celsia Colombia S.A. E .S.P.	IBR (quarter in arrears) + 3.65 %	2026	180,000	180,783	180,000	182,151
Citibank Colombia S.A.	Celsia Colombia S.A. E .S.P.	AER 15.01 %	2024	160,000	186,285	160,000	161,934
Bancolombia S.A.	Celsia Colombia S.A. E .S.P.	IBR (quarter in arrears) + 2.45 %	2032	150,000	150,543	150,000	150,526
Bancolombia S.A.	Celsia Colombia S.A. E .S.P.	IBR (month in arrears) + 1.55 %	2030	140,901	142,583	147,696	149,247
Banco de Occidente S.A.	Celsia Colombia S.A. E .S.P.	IBR (quarter in arrears) + 2.80 %	2028	135,571	140,789	141,844	141,942
Banco Agrario S.A.	Celsia Colombia S.A. E .S.P.	IBR (semester in arrears) + 0.60 %	2024	120,000	127,799	-	-
Banco de Bogotá S. A.	Celsia S.A.	TF 14.95 % E.A.R.	2024	100,000	100,697	-	-
Bancolombia S.A.	Celsia Colombia S.A. E .S.P.	IBR (quarter in arrears) + 2.68 %	2024	58,750	58,846	-	-
Banco de Bogotá S.A.	Celsia Colombia S.A. E .S.P.	IBR (quarter in arrears) + 4.95 %	2026	40,000	41,112	40,000	41,022
Banco Popular S.A.	Celsia Colombia S.A. E .S.P.	IBR (semester in arrears) + 4.10 %	2024	40,000	43,105	40,000	42,591
Banco de Bogotá S. A.	Celsia Colombia S.A. E .S.P.	IBR (quarter in arrears) + 6.50 %	2026	37,000	37,632	37,000	37,560
Banco de Occidente S.A.	Celsia S.A.	IBR (quarter in arrears) 2.55 %	2024	37,000	38,150	-	-

National financial institutions	Debt holder	Interest rate	Year due	2023 Amount Nominal	2023 Amount Carrying	2022 Amount Nominal	2022 Amount Carrying
Banco Itaú S.A.	Celsia Colombia S.A. E .S.P.	IBR (quarter in arrears) + 3.60 %	2024	20,000	20,761	20,000	21,250
Banco BBVA S.A.	Celsia Colombia S.A. E .S.P.	IBR (quarter in arrears) + 3.50 %	2024	20,000	20,379	20,000	20,346
Banco BBVA S.A.	Celsia Colombia S.A. E .S.P.	IBR (month in arrears) + 0.40 %	2024	75	76	375	378
Banco BBVA S.A.	Celsia Colombia S.A. E .S.P.	IBR (month in arrears) + 0.30 %	2024	69	70	234	236
FINDETER S.A.	Celsia Colombia S.A. E .S.P.	0 % (*)	2024	58	58	751	751
FINDETER S.A.	Celsia Colombia S.A. E .S.P.	0 % (*)	2024	52	52	671	671
Banco BBVA S.A.	Cetsa E.S.P.	IBR (nominal annual rate for month in arrears) + 0.5 %	2024	5	5	27	27
(-) Transaction costs	Celsia Colombia S.A. E .S.P.	-	-	(2,867)	(2,867)	(3,672)	(3,672)
Banco Davivienda S.A.	Celsia Colombia S.A. E .S.P.	IBR (month in arrears) + 5.90 %	2024	-	-	180,000	180,171
Banco Davivienda S.A.	Celsia Colombia S.A. E .S.P.	IBR (month in arrears) + 5.10 %	2024	-	-	80,000	80,073
Bancolombia S.A.	Celsia S.A. E.S.P.	IBR NATV + 2.50 %	2023	-	-	95,000	97,540
Banco Davivienda S.A.	Celsia Colombia S.A. E .S.P.	IBR (month in arrears) + 5.10 %	2024	-	-	70,000	70,562
Banco Davivienda S.A.	Celsia Colombia S.A. E .S.P.	IBR (month in arrears) + 7.50 %	2024	-	-	61,250	61,314
Banco Popular S.A.	Celsia S.A.	IBR NATV + 5.55 %	2023	-	-	37,000	38,216
Banco Itaú S.A.	Celsia Colombia S.A. E .S.P.	IBR (quarter in arrears) + 3.44 %	2023	-	-	33,000	33,027
FINDETER S.A.	Celsia Colombia S.A. E .S.P.	0 % (*)	2023	-	-	2,734	2,734
Bancolombia S.A.	Celsia S.A.	IBR NATV + 3.58 %	2023	-	-	2,000	2,072
FINDETER S.A.	Celsia Colombia S.A. E .S.P.	0 % (*)	2023	-	-	1,690	1,690
Banco BBVA S.A.	Celsia Colombia S.A. E .S.P.	IBR (month in arrears) + 0.40 %	2023	-	-	1,011	1,014
Banco BBVA S.A.	Celsia Colombia S.A. E .S.P.	IBR (month in arrears) + 0.40 %	2023	-	-	731	731
Banco BBVA S.A.	Celsia Colombia S.A. E .S.P.	IBR (month in arrears) + 0.30 %	2023	-	-	211	212
FINDETER S.A.	Cetsa E.S.P.	-	2023	-	-	188	188
Banco BBVA S.A.	Celsia Colombia S.A. E .S.P.	IBR (month in arrears) + 0.30 %	2023	-	-	168	169
Banco BBVA S.A.	Cetsa E.S.P.	IBR (nominal annual rate for month in arrears) + 0.5 %	2023	-	-	69	70
FINDETER S.A.	Cetsa E.S.P.	-	2023	-	-	43	43
Banco Popular S.A.	Cetsa E.S.P.	IBR (nominal annual rate for month in arrears) + 0.3 %	2023	-	-	24	24
Total borrowings				**2,436,603**	**2,509,954**	**2,485,034**	**2,520,926**

(*) Due to the pandemic there was a special line of financing for companies in the electricity sector at a 0 % rate.

3) The variation in the balance of borrowings with foreign financial entities corresponds to debt acquired during 2023 by Celsia Honduras with Banco Financiera Comercial Hondureña for USD 9,974,554.24 (COP 43,221) for payments associated with projects under construction, and to the debt acquired by Celsia Colombia S.A. E.S.P. with Banco Citibank N.A. for COP 30,000 to cover working capital. Payment of the debt with financial entities for USD 7,055,644.15 (COP 7,503) was made in accordance with the maturity date with funds derived from the operation.

The breakdown of borrowings from foreign entities is as follows:

- **Category:** Foreign Banks
- **Currency:** USD/COP

- The breakdown of current borrowings includes interest payables (book value).

Financial institution	Debt holder	Interest rate	Year due	2023 Value in USD	2022 Value in USD
Banco Financiera Comercial Hondureña (a)	Celsia Honduras S.A.	7.10 %	2032	15,946,743.15	16,717,280.09
Banco Financiera Comercial Hondureña (b)	Celsia Honduras S.A.	7.75 %	2024	1,921,629.87	
Banco Financiera Comercial Hondureña (c)	Celsia Honduras S.A.	7.10 %	2030	1,911,404.04	2,163,095.39
Banco Financiera Comercial Hondureña (d)	Celsia Honduras S.A.	7.00 %	2024	1,627,537.94	-
Banco Financiera Comercial Hondureña (e)	Celsia Honduras S.A.	8.50 %	2024	1,614,700.23	-
Banco Financiera Comercial Hondureña (f)	Celsia Honduras S.A.	7.18 %	2024	1,322,159.39	-
Banco Financiera Comercial Hondureña (g)	Celsia Honduras S.A.	8.50 %	2024	1,257,813.78	-
Banco Financiera Comercial Hondureña (h)	Celsia Honduras S.A.	7.00 %	2024	810,372.77	-
Banco Financiera Comercial Hondureña (i)	Celsia Honduras S.A.	7.00 %	2024	712,279.70	-
Banco Financiera Comercial Hondureña (j)	Celsia Honduras S.A.	7.27 %	2024	708,060.56	-
Banco Financiera Comercial Hondureña (k)	Celsia Honduras S.A.	7.10 %	2032	692,189.81	725,605.67
Banco Davivienda (Panamá) (l)	Celsia Centroamérica S.A.	5.50 %	2023	-	6,000,000.00
Total borrowings				**28,524,891.24**	**25,605,981.15**

Figures expressed in original currency.

Financial institution	Debt holder	Interest rate	Year due	2023 Amount Nominal	2023 Amount Carrying	2022 Amount Nominal	2022 Amount Carrying
Banco Financiera Comercial Hondureña (a)	Celsia Honduras S.A.	7.10 %	2032	60,949	61,444	80,414	80,858
Citibank N.A.	Celsia Colombia S.A. E.S.P.	IBR (quarter in arrears) +3.60 %	2024	30,000	30,065	-	-
Banco Financiera Comercial Hondureña (b)	Celsia Honduras S.A.	7.75 %	2024	7,345	7,363	-	-
Banco Financiera Comercial Hondureña (c)	Celsia Honduras S.A.	7.10 %	2030	7,305	7,364	10,405	10,462
Banco Financiera Comercial Hondureña (d)	Celsia Honduras S.A.	7.00 %	2024	6,221	6,235	-	-
Banco Financiera Comercial Hondureña (e)	Celsia Honduras S.A.	8.50 %	2024	6,172	6,197	-	-
Banco Financiera Comercial Hondureña (f)	Celsia Honduras S.A.	7.18 %	2024	5,053	5,064	-	-
Banco Financiera Comercial Hondureña (g)	Celsia Honduras S.A.	8.50 %	2024	4,808	4,838	-	-
Banco Financiera Comercial Hondureña (h)	Celsia Honduras S.A.	7.00 %	2024	3,097	3,104	-	-
Banco Financiera Comercial Hondureña (i)	Celsia Honduras S.A.	7.00 %	2024	2,722	2,728	-	-
Banco Financiera Comercial Hondureña (j)	Celsia Honduras S.A.	7.27 %	2024	2,706	2,712	-	-
Banco Financiera Comercial Hondureña (k)	Celsia Honduras S.A.	7.10 %	2032	2,646	2,667	3,490	3,510
Banco Davivienda (Panamá) (l)	Celsia Centroamérica S.A.	5.50 %	2023	-	-	28,861	28,967
Total borrowings				**139,024**	**139,781**	**123,170**	**123,797**

Figures in millions of COP

Below is the breakdown of the obligation maturities:

Obligation due dates	2023	2022
One year or less	997,576	495,008
Between 1 and 5 years	2,447,069	2,258,936
More than 5 years	1,544,413	2,025,703
Total obligation due dates	**4,989,058**	**4,779,647**

Reconciliation between changes in liabilities and cash flows that arises from financing

	Loans and other financial liabilities	Bonds	Total borrowings	Derivative instruments	Liabilities for right-of-use assets	Trade liabilities and other liabilities
Balance at start of the period, January 1, 2023	**2,644,722**	**2,134,925**	**4,779,647**	**106**	**56,292**	**265,093**
Changes in cash flows from financing activities						
Loans and other financial liabilities	460,221	242,500	702,721	-	-	-
New right-of-use liabilities	-	-		-	20,546	-
Payments of loans and other financial liabilities	(463,740)	(34,000)	(497,740)	-	-	(5,952)
Payments of liabilities for right-of-use assets	-	-	-	-	(17,814)	-
Charges from financial derivatives contracts	-	-	-	(4,682)		
Interest paid	(309,095)	(437,092)	(746,187)	-	(5,451)	-
Result of conversion from foreign currency	(29,248)	(4,669)	(33,917)	-	-	-
Loss (Earnings) in hedging instruments valuation	-	-	-	(9,115)	-	-
Unrealized exchange difference	(25)	-	(25)	-	-	-
Accrued interest	346,900	437,659	784,559	-	5,451	-
Liabilities associated with non-current assets held for sale	-	-	-	-	-	
Balance at the end of the period, December 31, 2023	**2,649,735**	**2,339,323**	**4,989,058**	**(13,691)**	**59,024**	**259,141**

	Loans and other financial liabilities	Bonds	Total borrowings	Derivative instruments	Liabilities for right-of-use assets	Trade liabilities and other liabilities
Balance at start of the period, January 1, 2022	**1,231,326**	**3,242,871**	**4,474,197**	**(1,592)**	**68,258**	**-**
Changes in cash flows from financing activities						
Loans and other financial liabilities	1,685,589	-	1,685,589	-	-	265,093
New right-of-use liabilities	-	-		-	4,138	-
Payments of loans and other financial liabilities	(277,670)	(409,746)	(687,416)	-	-	-
Payments of liabilities for right-of-use assets	-	-	-	-	(13,319)	-
Charges from financial derivatives contracts	-	-	-	151		
Interest paid	(129,229)	(313,533)	(442,762)	-	(7,171)	-
Result of conversion from foreign currency	30,863	171,373	202,236	-	-	-
Loss in hedging instruments valuation	-	-	-	1,547	-	-
Unrealized exchange difference	(3,027)	-	(3,027)	-	-	-
Accrued interest	157,593	331,827	489,420	-	7,171	-
Liabilities associated with non-current assets held for sale	(50,723)	(887,867)	(938,590)	-	(2,785)	
Balance at the end of the period, December 31, 2022	**2,644,722**	**2,134,925**	**4,779,647**	**106**	**56,292**	**265,093**

NOTE 19. EMPLOYEE BENEFITS

Employee benefits at December 31 were as follows:

	2023	2022
Short-term employee benefits (1)	79,981	70,124
Long-term employee benefits (2)	119,636	98,475
	199,617	**168,599**

(1) Consists of severance funds, interest on severance funds, vacations, vacation bonus, bonus for achieving goals and education benefits for employees.

(2) Consists of pension installments of and the defined benefits plan for retirement pensions, social security payments (health insurance and pension) and health insurance plan of the Company. In accordance with Decree 2131/2016, it is established to disclose the calculation of pension liabilities in accordance with the parameters established in Decree 1625 / October 2016, and in the case of partial pension transfers, pursuant to Decree 1833 / November 2016 and the differences in the calculation made in accordance with IAS 19 – Employee Benefits. Employee benefits within the Central America segment are presented as a liability group for COP 357 in 2023 (2022 - COP 1,845).

Defined benefit plan

The employees of Celsia Colombia S.A. E.S.P., CETSA E.S.P. and Celsia S.A. are members of a defined benefit plan managed by a private pension fund. The Company has to pay a specific percentage of the payroll costs to the defined benefit scheme in order to finance it. The Company’s only obligation with respect to the benefit plan is to make the specified payments.

The total expenses recognized in income consist of the cost of interest on defined benefits, which was COP 12,218 in 2023 (2022: COP 9,701). This value represents the payments that the Company must make to said plans at the rates specified in the rules of the actuarial plan, 2023 (2022) reporting period. The amounts were paid during and after the date of the reporting period. With respect to the retirement pensions assumed by the Celsia S.A., the most recent actuarial valuation of the defined benefit obligation's current value was made at December 31, 2023, by WTW for Celsia Colombia S.A. E.S.P. and CETSA E.S.P. The valuation was carried out by the Mercer firm. The current value and the prior cost of past related service were measured using the "projected unit credit method".

Actuarial assumptions

The main economic and demographic assumptions used in the present actuarial valuation are shown in the following table. The actuarial assumptions at the valuation date are used to establish the present value of the obligations at December 31, and to estimate the cost and income of defined benefits of the following year.

Table of demographic assumptions for 2023 and 2022 for Celsia Colombia S.A. E.S.P. y CETSA E.S.P.

Measurement date	December 31, 2023 and 2022
Discount rate	For the financial position of the tax year ending on December 31, 2023: 12,125 % (2022: 13.0 %).
Inflation	For the financial position of the tax year ending on December 31, 2023: 5.44 % first year and 3.5 % thereafter (2022 3.50 %).
Pension increase rate	For the financial position of the tax year ending on December 31, 2022: 5.44 % first year and 3.5 % thereafter (2022 3.50 %).
Mortality rate	See table of demographic assumptions.

Table of demographic assumptions for 2023 and 2022

	Mortality rate	
Age	**Men**	**Women**
30	0.084 %	0.047 %
35	0.111 %	0.062 %
40	0.155 %	0.087 %
45	0.225 %	0.126 %
50	0.335 %	0.187 %
55	0.505 %	0.283 %
60	0.766 %	0.429 %
65	1.274 %	0.686 %
70	2.113 %	1.135 %
80	5.371 %	3.275 %
90	12.785 %	9.572 %
100	29.395 %	28.343 %
110	100.00 %	100.00 %

Table of demographic assumptions for 2023 and 2022 for Celsia S.A.

	2023	2022
Discount rate	It was changed from 9.75 % a.p. at Dec 31, 2022 to 8.25 % a.p. at Dec 31, 2023. Type of interest to be used to deduct the post-employment benefits payable to workers [for plans with and without assets] should be determined using as a reference the market yields at the balance sheet date corresponding to	9.75 %. for the issuance of corporate bonds or borrowings. In countries where there is no broad market for such securities, the yield corresponding to the bonds issued by the government on the balance sheet date shall be used. In any case, both the currency and the term of the corporate or government bonds should correspond to the currency and estimated payment term for the borrowings for

	issues of corporate bonds or borrowings. In countries where there is no ample market for such securities, the yield corresponding to bonds issued by Public Administrations on the balance date shall be used. In any case, both the currency and the term of the corporate or public bonds must match the currency and payment term estimated for payment of the borrowings for post-employment benefits. …"). In Colombia there is no broad market of high quality, long-term fixed-income financial instruments that can be used as a reference. Therefore, Celsia S. A. established its discount rate assumption based on the yield curve of the COP-denominated Government Bonds (TES curve), which are rated "Investment Grade".	the borrowings for post-employment benefits. …"). In Colombia there is no broad market of high quality, long-term fixed-income financial instruments that can be used as a reference. Accordingly, Celsia S. A. established its discount rate assumption based on the yield curve of the peso-denominated Government Bonds (TES curve), which are rated "Investment Grade".
Salary readjustment rate	Salary increases 4.00 % above inflation. The rate of salary growth depends to a large extent on the company's expectations, the industry in which it operates and, finally, the percentages established in the collective bargaining agreements or collective bargaining must be taken into account. On the basis of WTW surveys and the experience gathered in different markets, we estimate that a reasonable long-term range could place between 0.00 % and 3.50 % above projected inflation.	Salary increases 4.00 % above inflation. The rate of salary growth depends to a large extent on the Company's expectations, the industry in which it operates and, finally, the percentages established in collective bargaining agreements must be taken into account. Based on WTW surveys and experience gathered in the different markets, we estimate that a reasonable range for the long term could be between 0.00 % and 3.50 % above projected inflation.
Mortality table	Mortality table of male and female annuitants with experience, 2005-2008, approved by the Financial Superintendence pursuant to Resolution 1555 / July 30, 2010.	Mortality table of male and female annuitants with experience, 2005-2008, approved by the Financial Superintendence pursuant to Resolution 1555 / July 30, 2010.
Inflation	The inflation rate for 2023 is 3.00 %.	The inflation rate for 2022 is 3.00 %.
Entitled personnel	Six employees who are part of the Company's key personnel were reported for said effect.	Six employees who are part of the Company's key personnel were reported for said effect.

18.1.2 Table of demographic assumptions for 2023 and 2022

Age	Male	Female
25	0.00067 %	0.00037 %
30	0.00084 %	0.00047 %
35	0.00112 %	0.00063 %
40	0.00156 %	0.00087 %
45	0.00225 %	0.00126 %
50	0.00335 %	0.00188 %
55	0.00505 %	0.00283 %
60	0.00767 %	0.00430 %

Recognized amounts

The amounts recognized in income with respect to these defined benefit plans are as follows:

	2023	2022
Cost of service		

Interest expenses, net	12,219	9,701
Cost of current service	483	(1,112)
Components of the defined benefit costs recognized in income	**12,702**	**8,589**
New measurements of defined benefit liabilities, net		
Actuarial gains and losses resulting from changes of the financial assumptions	12,642	(24,042)
Actuarial gains and losses resulting from experience adjustments	7,985	1,982
Actuarial gains and losses not recognized by remeasurements of the pension gap plan	1,985	(858)
Components of the defined benefit costs in other comprehensive income	**22,612**	**(22,918)**
Total	**35,314**	**(14,329)**

Net interest expenses for 2023 and 2022 are included in the employee benefit expenses in the statement of income, specifically in financial costs. The new measurements of net defined benefit liabilities are included in other comprehensive income.
The amount included in the statement of financial position resulting from the Group's defined benefit plan obligation is presented below:

	2023	2022
Current value of financed retirement benefit obligation	126,949	102,178
Fair value of the plan's assets (*)	(10,604)	(9,504)
Defined benefit obligation liabilities, net	**116,345**	**92,674**
Value of pension installments	2,935	2,707
Total Liability for Long-Term Employee Benefits	**119,280**	**95,381**

Changes in fair value of benefit assets

	2023	2022
Fair value of the benefit assets at December 31 of previous year	9,504	9,208
Pension gap payments	1,100	296
Total	**10,604**	**9,504**

Changes in the present value of the defined benefit obligation:

	2023	2022
Assets or (liabilities) of the defined benefit plan, net	116,345	95,831
Changes in the present value of the obligation		
Present value of the benefit obligations at December 31 of previous year	(101,659)	(126,401)
Cost of service	(538)	1,604
Cost of interest on defined benefit obligation	(12,162)	(9,653)
New measurements of defined benefit plan		
Actuarial (gains) losses from changes in:		
Experience	(7,985)	(1,982)
Financial assumptions	(12,642)	24,042
Actuarial gains and losses not recognized by remeasurements of the pension gap plan	(1,985)	858
Benefits paid directly by the Company	10,022	9,894
Present value of the defined benefit obligations at December of the current year	**(126,949)**	**(102,178)**
Pension bonds-	0	0
Total benefit obligations	**(126,949)**	**(102,178)**
Plan assets	**10,604**	**9,504**
Assets or (liabilities) of the defined benefit plan, net	**(116,345)**	**(92,674)**
Value of pension installments	(2,935)	(2,707)
Total Long-Term Employee Benefits	**(119,280)**	**(95,381)**

Sensitivities

Sensitivity analysis consists of changing only one assumption at a time, keeping all other assumptions unchanged. No changes were made to methodologies in order to calculate the sensitivity

	SENSITIVITY ANALYSIS	EFFECT ON OBD

Nominal discount rate	1.00 % increase	9.25 %	9,734
Nominal discount rate	1.00 % reduction	7.25 %	11,164
Nominal Rate of Salary Increase	1.00 % increase	5.00 %	11,196
Nominal Rate of Salary Increase	1.00 % reduction	3.00 %	9,694

The significant actuarial assumptions to determine the defined obligation are the discount rate and expected salary or pension increase. The sensitivity analyses below have been determined based on possible reasonable changes in the respective assumptions that occur at the end of the reporting period, while all the other assumptions remain constant.

Sensitivities of retirement pension plan

	2023	2022
Present value of defined benefit obligation		
Discount rate (-100 bps)	106,458	86,926
Discount rate (+100 bps)	95,866	79,020
Salary increase rate (-100 bps)	95,176	78,371
Salary increase rate (+100 bps)	107,178	87,617
% of impact in the defined benefit obligation		
Discount rate - 100 bps	10.91 %	9.83 %
Discount rate - 100 bps	(9.77 %)	(8.86 %)
Salary increase rate - 100 bps	(11.31 %)	(10.57 %)
Salary increase rate - 100 bps	12.51 %	11.62 %
Change in the defined benefit obligation		
Discount rate - 100 bps	5,619	4,180
Discount rate - 100 bps	(49,474)	(3,726)
Salary increase rate - 100 bps	(5,663)	(4,375)
Salary increase rate - 100 bps	6,339	4,871
Weighted duration of the obligation for defined benefits		
Discount rate (-100 bps)	11.44	10
Discount rate (+100 bps)	-	9

Sensitivities of social security payments

	2023	2022
Present value of defined benefit obligation		
Discount rate (-100 bps)	2,387	1,923
Discount rate (+100 bps)	2,131	1,735
Salary increase rate (-100 bps)	2,111	1,717
Salary increase rate (+100 bps)	2,407	1,941
% of impact in the defined benefit obligation		
Discount rate - 100 bps	6,01 %	5,44 %
Discount rate - 100 bps	(5.37 %)	(4.90 %)
Salary increase rate - 100 bps	(6.24 %)	(5.85 %)
Salary increase rate - 100 bps	6.92 %	6.44 %
Change in the defined benefit obligation		
Discount rate - 100 bps	135	99
Discount rate - 100 bps	(121)	(89)
Salary increase rate - 100 bps	(140)	(107)
Salary increase rate - 100 bps	156	117
Duration of the defined benefit obligation (in years)		
Discount rate (-100 bps)	5.68	5.30
Discount rate (+100 bps)	-	5.03

Sensitivities of health insurance plan (COMFANDI and SOS)

	2023	2022
Present value of defined benefit obligation		
Discount rate (-100 bps)	14,300	10,501

Discount rate (+100 bps)	12,677	9,377
Salary increase rate (-100 bps)	12,556	9,277
Salary increase rate (+100 bps)	14,427	10,606
% of impact in the defined benefit obligation		
Discount rate - 100 bps	6.38 %	5.99 %
Discount rate - 100 bps	(5.69 %)	(5.36 %)
Salary increase rate - 100 bps	(6.59 %)	(6.36 %)
Salary increase rate - 100 bps	7.33 %	7.05 %
Change in the defined benefit obligation		
Discount rate - 100 bps	858	593
Discount rate - 100 bps	(765)	(531)
Salary increase rate - 100 bps	(886)	(630)
Salary increase rate - 100 bps	985	699
Duration of the defined benefit obligation (in years)		
Discount rate (-100 bps)	6.02	5.81
Discount rate (+100 bps)	-	5.51

The sensitivity analysis presented above may not be representative of the real change in the defined benefit obligation, because it is not probable that changes in assumptions occur in isolation from one another, given that some of the assumptions may be correlated.
Furthermore, when presenting the sensitivity analysis above, the current value has been calculated using the projected unit credit method at the end of the reporting period, which is the same method that was applied when calculating the defined benefit obligation liability recognized in the statement of financial position.
There were no changes from the methods and assumptions used in the sensitivity analysis of previous years.

Expected payments for the next ten years
For Celsia Colombia S.A. E.S.P., the breakdown of the retirement pension plan is as follows:

Pension	2023	2022
Year 1	11,740	10,413
Year 2	10,533	9,206
Year 3	10,519	9,185
Year 4	10,483	9,163
Year 5	10,394	9,118
Years (6-10)	50,101	44,018

For Celsia Colombia S.A. E.S.P., the breakdown of the social security payment plan is as follows:

Health and pension payments	2023	2022
Year 1	306	274
Year 2	308	272
Year 3	303	269
Year 4	297	264
Year 5	289	257
Years (6-10)	1,304	1,166

For Celsia Colombia S.A. E.S.P., the breakdown of the health insurance plan (COMFANDI and SOS) is as follows:

Health insurance plan (COMFANDI / SOS)	2023	2022
Year 1	1,676	1,348
Year 2	1,710	1,355
Year 3	1,709	1,359
Year 4	1,703	1,360
Year 5	1,692	1,357
Years (6-10)	8,114	6,601

For Cetsa, the breakdown of the retirement pension plan is as follows:

Pension	2023	2022
Year 1	75	79
Year 2	74	78
Year 3	73	76
Year 4	70	74
Year 5	67	71
Years (6-10)	284	290

Actuarial Methods

The liabilities and cost of services of the current period were calculated using the method called the “Projected Unit Credit”. This method consists of quantifying the benefits of each beneficiary in the plan according to the beneficiary’s entitlement to them, taking into account future salary increases and the formulation of the plan to allocate benefits. Therefore, the total estimated benefit to which each beneficiary is expected to be entitled upon leaving the Company is divided into units, each one related to an accredited year of service, whether past or future.

The valuation is carried out individually for each employee. Through the application of actuarial assumptions, the projected amount of the benefit is calculated, which depends on the estimated date of separation, accredited service, and the salary at the time of the causing event.

The estimated benefit to which an individual is entitled for the purposes of a valuation related to a separation date corresponds to the benefit described in the plan calculated with the projected salary for the benefit at the expected separation date.

The benefit attributed to the service provided during a period is the difference between the obligation of the valuation at the end of the period less the obligation at the start of the period, that is, the valuation date.

Therefore, the benefit plan obligation at December 31, 2023, is calculated by applying the existing proportion between the accredited service at the measurement date and the total service that each beneficiary will reach by the expected separation date over the total amount of the estimated benefit.

The defined benefit plan obligation is the sum of the obligation of each individual at the measurement date. The service cost of the plan’s current period is calculated as the sum of the costs of the individual services in the current period.

Provisions of the retirement pension plan

This valuation reflects the provisions of the plan at December 31, 2023 and 2022. A summary of the main provisions of the plan used to determine the financial position is provided below. They must not be used to establish the individual benefits under the plan.

Sponsor	CELSIA COLOMBIA S.A. E.S.P.
Eligibility	Closed group of retirees (and their beneficiaries) comprised of employees who received a pension from Celsia Colombia S.A. E.S.P. before Legislative Act 01/2005.
Pensionable service	The service is considered from the employee’s date of entry into Celsia Colombia S.A. E.S.P.
Pensionable salary	Average salary of the last year before retirement.
Pension plan benefit	The pension benefit is established in accordance with Article 260 of the Colombian Labor Code: 1. The benefit is equivalent to 75 % of the pensionable salary. In the event of termination with more than 10 years of pensionable service and less than 20 years of pensionable service, a proportional pension is received. 2. The benefit is paid monthly as a joint and survivor pension. 3. Celsia Colombia S.A. E.S.P. pays 14 monthly pension payments a year.
Maximum and minimum benefits	The monthly benefit cannot exceed 20 times the minimum monthly salary (15 times in the case of 14 premiums or an additional monthly payment in June) and cannot be less than one minimum monthly salary.
Normal payment method	Joint and survivor annuity of 100 %.
Optional payment method	None.

Employee contributions	None. Celsia Colombia S.A. E.S.P. assumes the total cost of the plan.

Sponsor	**Compañía de Electricidad de Tuluá S.A. E.S.P. – CETSA E.S.P.**
Eligibility	Closed group of retirees (and their beneficiaries) comprised of employees who received a pension from CETSA E.S.P. before Legislative Act 01/2005.
Pensionable service	The service is considered from the employee's date of entry into CETSA E.S.P.
Pensionable salary	Average salary of the last year before retirement.
Pension plan benefit	The pension benefit is established in accordance with Article 260 of the Colombian Labor Code:
	1. The benefit is equivalent to 75 % of the pensionable salary. In the event of termination with more than 10 years of pensionable service and less than 20 years of pensionable service, a proportional pension is received.
	2. The benefit is paid monthly as a joint and survivor pension. 3. CETSA E.S.P. pays 14 monthly pension payments a year.
Maximum and minimum benefits	The monthly benefit cannot exceed 20 times the minimum monthly salary (15 times in the case of 14 premiums or an additional monthly payment in June) and cannot be less than one minimum monthly salary.
Health payments	Corresponds to the monthly quotation of the 4 % on the monthly pension payment charged to CETSA E.S.P., paid 12 times a year.
Normal payment method	Joint and survivor annuity of 100 %.
Optional payment method	None.
Employee contributions	None. CETSA E.S.P. assumes the total cost of the plan.

Sponsor	**CELSIA COLOMBIA S.A. E.S.P.**
Eligibility	Closed group of retirees (and their beneficiaries) comprised of employees who are entitled to receive an additional monthly payment of health and/or pension contributions.
Pensionable service	The contributions are calculated over the monthly pension payment that the pensioner receives from Celsia Colombia S.A. E.S.P.
Health payments	Consists of the payment of a specific percentage of 7.00 %, 7.95 % 7.9545, 9.33 %, 9.67 % y 12.00 %, calculated over the monthly pension payment charged to the Company, paid 12 times a year.
Pension payments	Consists of a monthly payment of 16 % of the monthly pension payment charged to Celsia Colombia S.A. E.S.P., paid 12 times a year, for pensioners who expect to receive a pension from Colpensiones.
Normal payment method	The pension payment benefit consists of a temporary annuity effective until the time that the Company shares the monthly pension payment with Colpensiones. The health payment benefit consists of a joint and survivor annuity of 100 %.
Optional payment method	None.

Provisions of the health insurance plan (COMFANDI and SOS)
This valuation reflects the provisions of the plan at December 31, 2023 and 2022. A summary of the main provisions of the plan used to determine the financial position is provided below. They must not be used to establish the individual benefits under the plan.

Sponsor	**CELSIA COLOMBIA S.A. E.S.P.**

Eligibility	Closed group of retirees and their spouses, parents and/or dependent children who are entitled to receive a monthly subsidy for medical plans from Celsia Colombia S.A. E.S.P.
Pensionable service	The benefit granted by the health insurance plans does not depend on the salary or pension of the beneficiary.
COMFANDI health insurance plan	The payment of the monthly premium of the COMFANDI health insurance plan charged to Celsia Colombia S.A. E.S.P., which is paid 12 times a year. The value of the premium for 2023 was COP 625,863. Said value was reported by the Company. The value of the premium for 2024 was COP 685,946. Said value was reported by the Company.
SOS health insurance plan	The payment of the monthly premium of the SOS health insurance plan charged to Celsia Colombia S.A. E.S.P., which is paid 12 times a year. The value of the premium for 2023 was COP 576,797. Said value was reported by Celsia Colombia S.A. E.S.P. The value of the premium for 2024 was COP 632,170 Said value was reported by Celsia Colombia S.A. E.S.P.
Normal payment method	The payment of health insurance plans varies according to the type of beneficiary, as shown below: retirees, widows, dependent parents and disabled children: Consists of a life annuity. Dependent children: Consists of an annuity payable until they turn 25.
Optional payment method	None.

Description of the pension gap plan

The benefit of this payment consists of granting a one-off premium at the time of departure from the Group to enjoy the retirement pension. Its value consists of the money necessary to fund an annuity pension for the executive (without including the substitution of beneficiaries) equal to the outstanding balance with respect to the maximum legal pension of 70 % of 25 legal minimum monthly salaries to achieve an ideal pension, for which the amount depends on the number of years worked in the Group, with a maximum of 35 % of the salary accrued at the time of retirement (this maximum is achieved with 30 or more years of service).

Information on the beneficiaries of the retirement pension plan

Defined benefit obligation at December 31, 2023 and the estimated cost and obligations for the fiscal year ending December 31, 2024, are based on information from participants as of October 31, 2023.

Pension		Average value	
Participating owners	**Number**	**Age**	**Monthly pension**
At December 31, 2023	405	81.32	12
At December 31, 2024	405	82.32	13

Pension		Average value	
Substitute beneficiaries	**Number**	**Age**	**Monthly pension**
At December 31, 2023	312	77.96	15
At December 31, 2024	312	78.96	17

Information on the beneficiaries of the CETSA E.S.P. retirement pension plan

Defined benefit obligation at December 31, 2023 and the estimated cost and obligations for the fiscal year ending December 31, 2024, are based on information from participants as of October 31, 2023.

Pension		Average value	
Holder beneficiaries	**Number**	**Age**	**Annual pension**
At December 31, 2023	4	85.09	17

At December 31, 2024	4	86.09	19

Beneficiaries with health insurance payments	Number	Age	Monthly pension
At December 31, 2023	2	79.05	15
At December 31, 2024	2	80.05	17

Information on the beneficiaries of the health and pension social security plan Celsia Colombia S.A. E.S.P.
Defined benefit obligation at December 31, 2023 and the estimated cost and obligations for the fiscal year ending December 31, 2024, are based on information from participants as of October 31, 2023.

	Average value		
Beneficiaries with health insurance payments	**Number**	**Age**	**Annual contribution**
At December 31, 2023	281	83.97	1
At December 31, 2024	281	84.97	1
Beneficiaries with pension payments	**Number**	**Age**	**Monthly pension**
At December 31, 2023	04	67.36	6
At December 31, 2024	04	68.36	6

Information on the beneficiaries of the (COMFANDI and SOS) health insurance plan Celsia Colombia S.A. E.S.P.
Defined benefit obligation at December 31, 2023 and the estimated cost and obligations for the fiscal year ending December 31, 2024, are based on information from participants as of September 30, 2023.

	Average Value		
COMFANDI beneficiaries	**Number**	**Age**	**Average annual value benefit**
At December 31, 2023	60	71.70	8
At December 31, 2024	60	71.70	8

	Average Value		
SOS beneficiaries	**Number**	**Age**	**Annual value benefit**
At December 31, 2023	164	73.95	7
At December 31, 2024	164	73.95	8

Omission Calculation Reserves
Payments to be made in 2023 amount to COP 17,650

The methodologies are established in current regulation in that respect: Decree 1296 of 2022.

Disclosure required by Decree 2131/2016 on defined benefit plans Celsia Colombia S.A. E.S.P.
In accordance with Decree 2131/2016 and the main assumptions used for the purposes of the actuarial assessments in accordance with Decree 1625/2016:
Under the previous local regulation, the interest rate used was the one established by regulation (technical interest rate: 4.80 %), while in the new regulation, the rate corresponds to a market expectation given the term of the obligation. The difference as a result of this change is COP 14,300 (2022: COP 21,114).

The results of the pension calculation are specifically as follows:

Pension	2023		2022	
	With regulated rate	With market rate	With regulated rate	With market rate
Celsia Colombia S.A. E.S.P.	97,003	82,703	87,697	66,583
Discount rate	13.9193 %	11.50 %	8.9710 %	13.00 %
Inflation	8.7017 %	9.60 % first year, 5.44 % second year and 3.50 % thereafter	3.9800 %	7.00 % first year and 3.50 % thereafter
Technical interest	4.80 %	1.73 % first year, 5.75 % second year and 7.73 % thereafter	4.80 %	5.61 % first year and 9.18 % thereafter

Disclosure required by Decree 2131/2016 on defined benefit plans CETSA E.S.P.

In accordance with Decree 2131/2016 and the main assumptions used for the purposes of the actuarial assessments in accordance with Decree 1625/2016:

Under the previous local regulation, the interest rate used was the one established by regulation (technical interest rate: 4.80 %), while in the new regulation, the rate corresponds to a market expectation given the term of the obligation. The difference as a result of this change is COP 54 (2022: COP 92).

The results of the pension calculation are as follows:

Pension	2023		2022	
	With regulated rate	With market rate	With regulated rate	With market rate
Cetsa E.S.P.	541	487	561	469
Discount rate	13.9193 %	11.25 %	8.9710 %	13.00 %
Inflation	8.7017 %	9.60 % first year, 5.44 % second year and 3.50 % hereinafter	3.9800 %	7.00 % first year and 3.50 % thereafter
Technical interest	4.80 %	1.51 % first year, 5.51 % second year and 7.49 % thereafter	4.80 %	5.61 % first year and 9.18 % thereafter

NOTE 20. PROVISIONS

The provisions at December 31, 2023 and 2022, are comprised of provisions for administrative and ordinary, labor and tax lawsuits. The breakdown of the variations is provided below:

	2023	2022
Balance at start of the period	22,470	159,928

New provisions	15,179	9,840
Recoveries	(6,951)	(1,957)
Provisions paid directly by the Company	(6,865)	(142,896)
Increase or decrease in existing provisions	109	(973)
Effect of conversion	14	306
Others (reclassification)	1,778	(1,778)
Balance at end of the period	**25,734**	**22,470**

The main changes that occurred in 2023 are presented below:

New provisions: of COP 15,179 labor litigation of COP 1,750 and other litigation of COP 13,429, The most representative provision being COP 12,010 for the process that was sanctioned in the District of Barranquilla, declaring the nullity of the liquidation of the ICA 2018, for which a tax, penalty and moratory interests were determined.

Recoveries: of COP 6,951 for labor lawsuits of COP 733 and other lawsuits of COP 6,218, the most representative of the latter being the following judicial lawsuits:

- Judicial, COP 2,802 by the ruling in favor of the Company in the declaratory judgment of the Eighteenth Civil Court of the Oral Circuit of Medellin for the alleged detriment to equity due to the inclusion of the equity revaluation clause and its effect of reducing the intrinsic value of the shares.
- COP 878 for administrative file 20202401227571. On September 23, 2019, the SSPD initiated an investigation to Zona Franca Celsia S.A. E.S.P. (now Prime Termoflores S.A. E.S.P. for the alleged violation of Article 168 of Law 142/1994, section 2 of Annex 1 of Resolution CREG 062 of 2013 and CREG Resolution 025/1995 modified by CREG Resolution 026/2001, considering that the company declared the availability of generation resources it did not have due to lack of fuel supply, failing to comply with the instructions of the NDC (National Dispatch Center) for backup generation. As a result of the investigation, totaling COP 878 was imposed. The decision was promptly appealed by the company, arguing that Prime Termoflores complied with the regulations in force during the maintenance period undertaken by SPEC and that the declarations of unavailability and partial availability of the plants were due to an extraneous cause that made it impossible to guarantee the safety generation according to the NDC's instructions. Although the sanction is final, it was transferred to be assumed by Prime Termoflores S.A. E.S.P., an independent company that was sold by Celsia S.A. in August 2019.

Paid provisions: of COP 6,865 labor litigation of COP 762 and other litigation of COP 6,103. The most representative one being the Supreme Court of Justice of Panama, Third Chamber, as regulator of the electrical sector of Panama and national authority of public utilities, by judicial order, indicated that Bontex SA must pay the amount of USD 369,699.24, equivalent to COP 1,793, through a certified check in favor of Corporación Carrillo 's S.A.

Increase of existing provisions totaling COP 109 for a labor lawsuit of COP 50 related to a request for a pension bond for time worked, and a judicial lawsuit for COP 59 corresponding to a case of injuries; this increase corresponds to the interest adjustment to be made to the value that was stipulated in the first instance.

Conversion effect of COP 14 corresponding to the payment made on March 2 in Central America by Bontex SA in favor of Corporación Carrillo 's S.A.

Others (reclassification): In 2023, payment of COP 1,778 was made for the provision corresponding to Central America as liabilities associated with a group of assets classified as held for sale, as indicated in Note 16 Assets and liabilities associated with non-current assets held for sale.

The main changes that occurred in 2022 are presented below:

New provisions, of COP 9,841 correspond to:

- Legal proceeding number 2009-00398, plaintiff Inversiones Angel Posada S.A.S. For COP 2,802 in which the first instance sentence was issued on November 30, 2022, the company filed an appeal on December 14, 2022 and is awaiting a decision in the second instance.
- Resolutions issued by the Superintendence of Residential Public Utilities (SSPD) for COP 1,932 for penalties related to having applied average billing rather than monthly or bimonthly billing periods to some customers in the departments of Valle del Cauca and Tolima between the months of March and June 2020. In addition for the case of Celsia Tolima S.A.

E.S.P. (now merged with Celsia Colombia S.A. E.S.P.), charges are allegedly issued for having established the consumption of some customers with mechanisms different from those established in its uniform conditions contract and the regulation in force.

- Penalty received from the SSPD for COP 1,700 for Celsia Colombia S.A. E.S.P. for the alleged late operation of the circuit breakers of the Nueva Barranquilla, Cuestecitas, Bolívar substations and the Manzanillo and Norte radial substations, where no voltage was detected, due to an event in the system of the area identified as Caribe 2 caused by a flashover in the Sabanalarga substation operated by Intercolombia S.A. E.S.P.
- Nullity and reestablishment of rights proceedings being processed in the administrative contentious jurisdiction against the CREG and the SSPD for COP 241.
- Labor lawsuits for COP 1,558.
- Legal proceedings for COP 1,608.

Recoveries for COP 1,958 corresponding to:

- Proceedings of José Darío Jiménez; COP 112 were recognized as a recovery due to the fact that a favorable lower court judgment was obtained for the company, which was not appealed by the plaintiff, and therefore the decision became final.
- Legal proceedings for COP 1,846 from plaintiffs Jhon Jairo Ruales, Antonio Montaño, Lía Aguilar, Rubiela Castro, Anthony Gonzalez, Fernando Lombana and Karen Eliana Hurtado, the latter being the most representative for COP 1,656.

Paid provisions of COP 142,896 correspond to:

- Within the framework of the class action lawsuit in Bajo Anchicayá filed by some Community Councils of the Black Community of the Anchicayá River against Celsia Colombia S.A. E.S.P., the Ministry of Environment and the Corporación Autónoma Regional del Valle del Cauca - CVC, a payment for **COP 142,773** was made on March 22, 2022, transferring the resources to the Fund for the Defense of Collective Rights and Interests of the Ombudsman's Office, so that this entity, as determined by the ruling, makes the payment of compensation to the persons benefited by the decision. The value of the payment corresponded to the percentage of the sentence ordered by the Council of State in the eventual review judgment of June 10, 2021, notified on June 16, 2021, which became enforceable on March 9, 2022, in which it was declared that the damages derived from the maintenance work performed in 2001 are attributable to Celsia Colombia S. A. E.S.P. as an "exceptional risk", given the nature of the hazardous activity of hydroelectric generation operation undertaken by the company, an activity that it qualified as lawful and necessary for life in society, that is to say, it was not condemned for lack of skill, negligence or fault in the maintenance of the generation infrastructure. Determining a sentence in equity in favor of the communities, due to the fact that the evidence provided on the magnitude of the effects of the discharge of these sediments on the river and on the riparian zones that were the reason for the lawsuit, were very controversial and did not demonstrate what was requested by the communities, establishing, in addition, that it is impossible to practice new tests that allow determining the impact generated, which was declared temporary and reversible by the environmental authority in May 2002. At the time of the occurrence of the facts that are the subject of the lawsuit, Empresa de Energía del Pacífico belonged to the previous owners.
- Payment of the employment lawsuit filed by Richard Bryon Díaz of COP 83.
- Payment of the lawsuit filed by Lía Aguilar Bora of COP 20.
- Payment of the Fonprecon proceedings of COP 20, in the framework of which, days after the payment, the company was notified that there was an error in the sentence issued by the Labor Court, with a favorable result for Celsia Colombia S.A. E.S.P., such decision has not been executed to date to demand its compliance, reason for which there is no certainty as to the amount that Fonprecon must reimburse us. In view of this, we will proceed to leave the value reported in provisions.

Financial update of existing provisions, totaling COP 974, and primarily consisting of:

- General proceedings for COP 391.
- Employment lawsuits for COP 583, of which the most representative figure corresponds to the adjustment - remediation of the lawsuit identified with file number 2008-1205 of the plaintiff Julia González Serna and others, for COP 160.
- Additionally, it includes the update of CPI (Consumer Price Index) provisions, readjustment to the minimum wage and other associated rates, including the DTF that may apply in each particular case, based on which the estimate of the contingency for legal proceedings in progress is made.

Others (reclassification): In 2022, provisions of COP 1,778 corresponding to the Central America segment were classified as liabilities associated to a group of assets classified as held for sale, as indicated in Note 16. Assets and liabilities associated with non-current assets held for sale). The conversion effect of this provision was COP 306.

In general, there are no new cases that could affect the Group’s financial position and that are not provisioned.

The Group duly addressed its legal affairs and did not receive any notification of lawsuits or penalties that could affect its financial position.

There have not been any significant changes in contingent assets in terms of amount and/or rating between December 31, 2022 and December 31, 2023.

NOTE 21. TRADE LIABILITIES AND OTHER ACCOUNTS PAYABLE

The trade creditors and other accounts payable at December 31 were as follows:

	2023	2022
Colombian suppliers (1)	758,115	631,165
Foreign suppliers (2)	646,505	45,073
Sundry creditors (3)	372,481	355,123
Accounts payable to related parties (4)	489,640	409,614
Suppliers related parties	3,296	46
Dividends payable to minority shareholders	74,579	57,080
	2,344,616	**1,498,101**

	2023	2022
Less current creditors	2,320,962	1,375,461
Non-current	23,654	122,640
	2,344,616	**1,498,101**

(1) The increase corresponds mainly to higher accounts payable to suppliers of energy services, domestic goods and services, gas supplies and transportation and long-term usufructs.
(2) The increase is due mainly to purchases of wind turbines from Nordex Energy Spain for construction of Wind Farms.
(3) Sundry creditors in 2023 primarily include the following:
  - Account payable for COP 49,654 (2022 - COP 122,381) to Integral S.A. corresponding to the commitment acquired in the agreement for the arbitration process of the sale and purchase agreement of the shares of the company Porvenir IIS.A.S. that had begun in December 2022.
  - Account payable for COP 272,943 (2022 - 188,842) to Cúbico Colombia S.A.S. for the contributions generated by virtue of the growth in the platform structured since 2019 to strengthen medium solar power generation projects.
  - Accounts payable to Credicorp Capital Fiduciaria S.A. for COP 19,011 (2022 - 8,359) recorded in Celsia Colombia S.A.
(4) Includes mainly accounts payable to:
  - Grupo Argos S.A. For dividends totaling COP 40,070 (COP 43,751).
  - Termoeléctrica El Tesorito S.A.S. E.S.P. for COP 125,274 (2022 - COP 91,799) registered in Celsia Colombia S.A. E.S.P. and Celsia Colombia Inversiones S.A.S. for loans to partners and shareholders and energy transactions.
  - Caoba Inversiones S.A.S. for COP 82,486 (2022 - COP 32,508) for energy transactions.
  - C2 Energía S.A.S. for COP 232,662 (2022 - COP 238,614). This company entered the common business by making preferential contributions phase I, such contribution was disbursed directly to Celsia Colombia S.A. E.S.P. as responsible for the development of the projects as an advance payment and once C2 Energía's status as Trustor is formalized, the parties made the corresponding adjustments with Fiduciaria Credicorp.

In 2023, commercial liabilities and other accounts payables totaling COP 627 (2022 - COP 62,314) corresponding to the Central America segment are classified as assets held for sale as indicated in Note 16 Assets and liabilities associated with non-current assets held for sale.

The current payment policy where the average credit period or terms for payments to suppliers is stipulated:

- 30 days - General services payment.
- 45 days - Equipment and materials MSME
- 90 days - Equipment and materials large companies

The term for payment between related parties or economic associates depends on the conditions established in the contract; however, on average, the term is 30 days.

The term of the loans with associates in 2023 was 2.2 years at Libor 3M + 2.75 %, and in 2022 was 2.3 years at Libor 3M + 2.50 %.

The Group has implemented financial risk management policies to ensure that all the accounts payable are paid in accordance with the agreed credit terms.

NOTE 22. OTHER LIABILITIES

At December 31, other non-financial liabilities were as follows:

	2023	2022
Collections for third parties (1)	41,389	35,734
Taxes other than income tax (2)	62,994	62,390
Other prepayments received (2)	47,768	47,332
	152,151	**145,456**

(1) Payments received for public lighting and sanitation that must be reintegrated to comply with the contracts signed with the municipalities.

(2) Mainly consists of municipal tax, income tax withholdings, value added tax (VAT), and industry and commerce withholdings.

(3) The increase corresponds mainly to deposits received from other third parties for prepayments on sales of goods and services.

NOTE 23. REVENUE

The Group mainly generates revenue from energy sales through bilateral contracts on the regulated and non-regulated markets, on the spot market, through the automatic generation control (AGC) service, and through the reliability charge.

At December 31, 2023 and 2022, revenue from the supply of public utility services was as follows:

	2023	2022
Sales on the regulated and non-regulated market (1)	2,749,909	2,618,553
Electricity sales on the spot market (2)	1,488,467	909,459
Electricity sales in contracts (3)	465,914	723,047
Grid use and connection (4)	635,136	431,937
Reliability charge (5)	366,981	304,628
Other operating services (6)	523,515	596,922
Total revenue	**6,229,922**	**5,584,546**

Income at December 2023 amounted to COP 6,229,922, increasing COP 645,376 (+12 %) from the same period of 2022.

(1) An increase in retail electricity sales by COP 131,356 compared to 2022 (+5 %), mainly due to the higher rates in the regulated market of +93.9 COP/kWh, and higher demand 182.0 GWh, and higher rates of +3.6 GWh in the non-regulated market; and higher demand +3.2 GWh. Additionally, revenues from the rate option path decreased compared to the previous year until November, mainly because the rate of the rate option was higher than the calculated UC (unit cost) due to a higher monthly growth rate which is explained by higher indexes compared to the monthly growth rate of the calculated rate. In December, Resolution CREG 101 028 of 2023 is applied, which introduces a modification in the tariff formula to incorporate a new variable (Cost of the Tariff Option - COT), which ensures the collection of the balance of the tariff option in a maximum term of 10 years, for Valle it will be a maximum of 21 months.

(2) Revenues from sales on the stock exchange increased by COP 579,008 compared to 2022 (+64 %), in Colombia explained by higher sales rate +376.6 $/kWh which compensates the lower volume of energy -802.9 GWh equivalent to -30.4 % effect of the El Niño phenomenon, together with the above given the hedging instrument, income from the weather derivative is received for COP 9,010 and in Central America higher sales in +313.67 GWh.

(3) Revenues from energy sales in contracts were COP 257,133 (-36 %) lower due to a lower amount of energy sold -289 GWh and a lower tariff of -2.9 $/kWh and in Central America due to lower energy sales -583.22 GWh as a result of the fact that only the generation of Honduras was sold in contracts and the generation of Cativá was sold to spot due to the termination of the PPA contracts with the distributors, and that in 2023 the generation assets of Panama and Costa Rica were transferred. As a result, accumulated generation was lower by -42.89 GWh.

(4) Revenues from grid use and connection were higher by COP 203,199 (+47 %), mainly explained by higher revenues in the STN, and STR and SDL-ADD due to indexes year-over-year, new assets in commercial operation and the adjustment to the regulatory Weighted Average Cost of Capital (WACC), which increased from 11.64 % to 12.09 % as of May 2022, higher invoicing of reactive energy to other companies, and higher revenues from public bidding processes given that in 2023 revenues for 13 months were recognized for Toluviejo vs. 2022 which was only recognized since August.

(5) Reliability charge revenues increased by COP 62,353 (+21 %), mainly due to higher firm energy offer transactions +1,193 GWh, due to the commercial stat-up of Tesorito at the end of 2022.

(6) Other operating revenues were COP 73,407 (-12 %) lower than the previous year, due to lower sales of assets to Caoba under the BOT contract, offset by higher revenues from the new product and services portfolio, and the sale of the Mesa del Sol substation to ESSA for COP 28,872.

Revenue by geographical area is as follows:

	2023	2022
Colombia		
Sales on the regulated and non-regulated market	2,730,487	2,604,224
Electric power generation	1,865,956	1,362,476
Grid use and connection	635,136	431,937
Other operating services	503,812	593,358
	5,735,391	**4,991,995**
Central America		
Electric power generation	455,407	574,658
Sales	19,421	14,329
Other operating services	19,703	3,564
	494,531	**592,551**
Total revenue	**6,229,922**	**5,584,546**

NOTE 24. COST OF SALES

At December 31, 2023 and 2022, the cost of sales for activities related to the provision of utilities was as follows:

	2023	2022
Costs of goods and public utilities	3,228,210	2,760,069
Depreciation and amortization	331,029	374,433
Personnel services	240,659	194,821
Operation and maintenance	209,373	185,935
General costs	160,219	123,597
Materials and other operating costs	65,416	68,504
Insurance	52,409	40,524
Licenses and contributions	60,413	62,385
Taxes	27,657	26,147
Professional fees	19,441	13,084
Public utilities	16,598	17,187
Leases	7,045	5,904
	4,418,469	**3,872,590**

Cost of sales reflects an increase of COP 545,879, equivalent to 14 % compared to December 2022, mainly for:

- The costs of public goods and services increased 17 % because of higher generating costs due to the El Niño weather phenomenon, as hydroelectric power plants are not generating at full capacity due to the low level of water resources.
- Fees increased by 49 %, mainly due to the insulation coordination study for nine 34.5/13.2 kV substations, within the framework of compliance with the technical regulations for electrical installations and complementary technical standards. In addition, study and design for the water supply system for the La Toma community council and for the improvement of the Simón Bolívar road, and bathymetry and topographic service fees for the generation plants. In the Internet business, higher expenses for license support to have traceability of modems and support of the Internet business operation system.

- Personnel services increased by 24 % due to the costs of signing with the new labor union, and there was also a decrease in the capitalized value of investment projects.
- General costs increased by 30 % mainly due to the recognition of Cubic's share cost of COP 15,265 and Cubic's preferential profit of COP 43,552.

NOTE 25. OTHER INCOME (EXPENSES), NET

At December 31, 2023 and 2022, the balance of other income (expenses) was as follows:

	2023	2022
Recoveries (1)	47,623	8,209
Miscellaneous (2)	86,523	28,578
Profit on sale of economic rights energy supply contracts (3)	3,156	21,436
Income from the sale of property, plant and equipment (4)	2,573	1,150
Income from leases	529	470
Dividends of equity investments	522	471
Total other income	**140,926**	**60,314**
Other expenses (5)	(63,705)	(16,341)
Losses from sale of investments (6)	(56,054)	-
Impairment of goodwill on investments (7)	(55,706)	(31,062)
Impairment of property, plant and equipment (7)	(23,819)	(271)
Donations (8)	(17,671)	(18,465)
Provision for legal proceedings (9)	(15,296)	(6,911)
Loss from derecognition of property, plant and equipment (10)	(4,232)	(51)
Non-current assets held for sale (11)	(3,463)	-
Trust fund impairment (7)	-	(21,200)
Total other expenses	**(239,946)**	**(94,301)**
Total expenses, net	**(99,020)**	**(33,987)**

(1) Mainly includes portfolio recovery of COP 27,193, of which COP 10,098 is for conventional energy trade debtors, and COP 17,095 for CNC del Mar S.A.S E.S.P. and Centro Hospitalario Serena del Mar by virtue of the agreements for the payment of debts to Celsia Colombia by CNC del Mar S.A.S. E.S.P., Hospital Serena del Mar and Neo Domus. This negotiation contemplates the assignment of CNC del Mar S.A.S. E.S.P. shares to Novus Civitas, the current counterparty in the joint venture, and the recovery of the aforementioned portfolio through the dation in payment of certain fixed assets. It also includes recoveries of provisions for legal and labor lawsuits of COP 6,951, and recovery of costs and expenses for the sale of industrial surplus and material resulting for disposal of COP 10,402 (2022 - COP 8,195).

(2) Includes mainly; income of COP 73,062 corresponding to the derecognition of the account payable from Celsia S.A. to Integral S.A.S. for the purchase of the Porvenir project according to the agreement signed between the parties; income of COP 8,123 for reconciliation of accounts payable liabilities and employee benefits of the Central American companies; income from surplus for COP 543 (2022 - COP 2,132) and sale of unserviceable material for COP 1,923 (2022 – COP 24).

(3) Corresponds to the profit on the sale of economic rights on solar photovoltaic energy contracts to PA Laurel, net of the elimination of the unrealized profit corresponding to transactions between related parties.

(4) Corresponds to the sale of assets of Celsia Colombia S.A. E.S.P. to Neo Domus, partner in the joint venture CNC del Mar, and profit on sale of BMW 13 automobile of the company Celsia Centroamérica S.A.

(5) Mainly includes:
   - COP 35,624 for expenses in analysis and accompaniment in the closing of the sale transaction of the hydroelectric generation assets in Panama and non-conventional renewable energy in Costa Rica registered in Celsia Centroamérica S.A.
   - COP 12,979 for a settlement agreement with Nordex for the early termination of the contract for concrete towers for the construction of wind farms.
   - COP 2,904 (2022 - COP 1,922) for inventory shortages and write-offs.
   - COP 5,987 for the execution of the guarantee in favor of XM Compañía de Expertos en Mercados S.A. E.S.P.
   - COP 3,560 (2022 - COP 9,032) assumed taxes, penalties and interest.

(6) Corresponds mainly to the loss in the closing of the sale of the hydroelectric generation assets in Panama and non-conventional renewable energy in Costa Rica registered in Celsia Centroamérica S.A.

(7) In November 2023, impairment was recorded on Porvenir S.A.S. E.S.P. of COP 79,525, of which COP 55,706 (2022 - COP 31,062) directly affected goodwill and COP 23,819 affected UGE assets, more specifically, construction underway.

(8) Corresponds to:
Donations approved at the shareholders' meeting held in March 2023, as follows:

- From Celsia Colombia S.A. E.S.P. for Fundación Reverdece of COP 4,500 and to Fundación Celsia Colombia of COP 6,371 (2022 - COP 6,866).
- From CETSA to Fundación Celsia Colombia for COP 100 (2022 - COP 93).
- From Celsia S.A. to Fundación Grupo Argos for COP 5,974 (2022 - COP 5,281).

Donations made by Celsia Colombia S.A. E.S.P. of:

- COP 20 as support for the Ministry of the Interior
- COP 15 to Corporación Colegio Cristóbal Colón
- COP 370 to Fundación Para El Desarrollo Integral Del Pacífico (2022 - COP 120).
- COP 40 to Agencia De Promoción De Inversion Invest Valle Del Pacífico.
- COP 175 to Corporación Colombiana Crea Talento- CoCrea.

Donation made by Celsia Colombia S.A. of:

- COP 15 to Corporación Museo de Arte
- COP 91 a la Fundación Para el Desarrollo de Antioquia.

(9) Corresponds mainly to the judicial discussion on the audit process initiated by the District of Barranquilla associated with the industry and commerce tax of 2018 for COP 12,010, where the nullity of the liquidation of the ICA 2018 was declared and for which the tax, penalty and moratory interest registered in Celsia S.A. was determined. Additionally, it includes other labor lawsuits of COP 3,286.

(10) Corresponds mainly to a loss in the process of property reorganization in Alto Anchicayá and Salvajina for COP 4,025 and the write-off of batteries for COP 83 from Celsia Colombia S.A. E.S.P.

(11) Corresponds to impairment of investment in the joint venture CNC del Mar S.A.S. E.S.P. by valuation at net realizable value by virtue of its classification as non-current assets held for sale.

NOTE 26. ADMINISTRATIVE EXPENSES

At December 31, 2023 and 2022, administrative expenses included:

	2023	2022
Personnel expenses	101,306	99,242
Depreciation and amortization	50,356	54,019
Fees (a)	56,326	43,726
Charged and effective payments	33,067	30,611
Taxes, contributions and rates (b)	22,907	17,199
Impairment of trade and other accounts receivable (1)	14,925	37,192
Maintenance and repair (2)	14,330	21,119
Services (3)	9,917	12,816
Miscellaneous	8,432	7,625
Cleaning and cafeteria services	6,822	7,388
Travel expenses	7,176	6,643
Security and surveillance	4,334	4,361
Administration of real estate (c)	2,525	1,649
Leases (4)	3,074	4,003
Inventory impairment	2,016	2,320
Insurance (d)	2,248	1,807
Communications and transportation	2,493	2,851
Publicity and advertising	2,282	5,048
Total administrative expenses	**344,536**	**359,619**

Administrative expenses decreased by COP 15,083, equivalent to -4 %, the main items that showed a variation were:

Reduction in the following categories:

(1) In 2023, there was more income from the recovery of portfolio impairment than expenses for portfolio impairment, which resulted in a net impairment of debtors and other accounts receivable of COP 14,925. The foregoing is due to the recovery of CNC del Mar S.A.S.S. E.S.P. and Centro Hospitalario Serena del Mar's portfolio by virtue of the agreements for the payment of debts to Celsia Colombia by CNC, Hospital Serena del Mar and Neo Domus. As well as the recovery of the portfolio of conventional energy trade debtors. However, a significant impairment was recognized in Celsia Centroamérica S.A. for COP 13,884 (USD 3,511,261) corresponding to the derecognition of accounts receivable from Divisa Solar 10MW S.A. and Celsolar S.A. in accordance with the agreement of the closing of the sale of the hydroelectric generation assets in Panama and non-conventional renewable energy in Costa Rica.

(2) Mainly due to reduced expenses in maintenance of information systems.

(3) Mainly due to a decrease in energy, lighting and telecommunications utility expenses.

(4) Mainly due to decreases in construction and building leasing and transportation equipment.

Increases in the following categories:

(a) Includes mainly legal fees for the sale transaction of hydroelectric generation assets in Panama and renewable non-conventional energy in Costa Rica registered in Celsia Centroamérica S.A. Additionally, it includes tax advisory fees for investments registered in Celsia S.A., and tax audit fees for special projects in Celsia Centroamérica S.A.

(b) Corresponds mainly to the recording of special contributions for the 2023 fiscal year in favor of the Superintendence of Residential Public Utilities (SSPD, for the Spanish original) and the CREG in charge of the companies Celsia Colombia S.A. E.S.P., CETSA E.S.P., and Enerbit S.A.S. E.S.P., as well as property tax and industry and commerce expenses. Additionally, it includes a contribution to the Rural electrification Fund in Central American companies.

(c) Corresponds mainly to higher expenses recorded in Celsia S.A. and Celsia Centroamérica S.A. for administration of the administrative offices.

(d) Corresponds mainly to higher third-party liability and all-risk insurance expenses.

NOTE 27. EQUITY METHOD

At December 31, 2023 and 2022,the balance of the equity method in the income of the period and in other comprehensive income was as follows:

Business name of the subsidiary	Description	Reported shareholding 2023		Reported shareholding 2022	
		In income of the period	In other comprehensive income	In income of the period	In other comprehensive income
PA Laurel	Joint venture	2,058	-	(777)	-
Fideicomiso Plan Luz	Joint venture	462	-	640	-
CNC del Mar S.A. E.S.P.	Joint venture	135	-	2,922	-
C2 Energía S.A.S.	Joint venture	(124)	-	(532)	-
Caoba Inversiones S.A.S.	Joint venture	(849)	(22,421)	7,461	16,028
P.A. Muverang	Joint venture	(3,020)	-	(1,079)	-
Termoeléctrica El Tesorito S.A.S. E.S.P.	Associate	43,535	68,651	(5,798)	(11,394)
SUMMA Servicios Corporativos Integrales S.A.S.	Associate	24	-	6	-
Total equity method		**42,221**	**46,230**	**2,843**	**4,634**

NOTE 28. FINANCIAL REVENUE (COSTS), NET

At December 31, financial revenue (expenses) was as follows:

	2023	2022
Interest of investments (1)	21,781	6,127
Interest and returns on accounts receivable (2)	10,485	5,535
Interests and surcharges due to late payment	7,890	2,021

Miscellaneous (3)	3,898	701
Other financial revenue (4)	35	31,019
Commissions for collateral provided (5)	-	2,904
Total financial revenue	**44,089**	**48,307**
Interest on borrowings (6)	(784,559)	(489,419)
Interest payable (7)	(30,613)	(17,748)
Bank fees and expenses (8)	(21,148)	(7,790)
Financial transaction tax	(11,143)	(24,124)
Pension liability interest	(12,218)	(9,701)
Other financial costs (9)	(7,553)	(8,055)
Financial costs for rights of use	(5,451)	(7,171)
Financial costs from sale of debt (10)	(626)	(64,136)
Total financial costs	**(873,311)**	**(628,144)**
Exchange difference income	252,316	89,574
Exchange difference expenses	(295,820)	(71,755)
Income from appreciation of derivatives	106	2,489
Expenses from appreciation of derivatives	-	(4,036)
Exchange difference, net (11)	**(43,398)**	**16,272**
Total financial revenue (costs), net	**(872,620)**	**(563,565)**

(1) It mainly includes interest revenue from the yields on deposits and the cash and cash equivalents portfolio. The increase compared to the same period the previous year is due to the average yields on cash, which at December 2023 was 11.40 % EAR, compared to 6.63 % in December 2022.

(2) Corresponds mainly to interest on user financing of COP 9,869 (2022 - COP 5,045).

(3) Includes mainly recovery of the amortized cost of COP 2,346 corresponding to the write-off of the account payable from Celsia S.A. to Integral S.A.S. for the purchase of the Porvenir project according to the agreement signed between the parties.

(4) 2022 includes mainly income recorded in Celsia Colombia S.A. E.S.P. for COP 31,005 corresponding to the valuation of the accounts receivable of the tariff path for Valle and Tolima.

(5) In 2022, these are revenues received by Celsia Colombia S.A. E.S.P. for the loan structuring fee for Termoeléctrica el Tesorito S.A.S. E.S.P.

(6) These are the interests recognized during the period on existing obligations. The increase compared to the same period in the previous year is due to new borrowings from different financial institutions, primarily in Celsia Colombia S.A. E.S.P. And Celsia S.A. during the year. In addition, these loans are indexed to the CPI and IBR, indexers that have increased substantially compared to the previous year.

(7) Includes mainly interest on accounts payable to Termoeléctrica el Tesorito S.A.S. for COP 8,573 (2022 - COP 236), and to Integral S.A. for COP 13,299 (2022 - COP 10,707).

(8) Includes, mainly, a commission of COP 10,826 from the IFC (International Finance Corporation) for the structuring and availability of the revolving credit facility indexed to compliance with socio-environmental indicators, a commission of COP 2,023 for guarantees from BNP Paribas registered in Celsia Colombia S.A. E.S.P., and COP 8,299 (2022 - COP 7,790) of commissions for other guarantees and sureties.

(9) Mainly includes:
- Financing expenses in favor of XM Compañía de Expertos en Mercados S.A. E.S.P. for accounts payable for energy services according to CREG resolution 101-029 of 2022 recorded in Celsia Colombia S.A. E.S.P. for COP 1,540, and in CETSA E.S.P. for COP 33.
- Expenses for recognition of advance payments made by Caribe Mar de la Costa S.A.S. E.S.P. on the invoicing of the wholesale market operation for COP 1,602 recorded in Celsia Colombia S.A. E.S.P.
- COP 2,729 of expenses for loss on *fijaBit* hedging, which is a non-standardized financial derivative constituted directly by Enerbit S.A.S. E.S.P., a hedge for customers that covers them against inflationary pressures that affect some components of the energy tariff.

(10) In 2022, this corresponds to the financial expense for the sale of the portfolio to the Inter-American Development Bank (IDB).

(11) Includes the net effect of the appreciation of the derivative financial instruments which the Group has acquired to hedge the debt and to purchase equipment in foreign currency.

The representative exchange rate used for the translation of foreign currency is COP 3,822.05 (2022: COP 4,810.20) per U.S. dollar.

NOTE 29. INCOME TAX

According to current tax regulation, the Company is subject to income tax and additional taxes. The applicable rate for 2023 and 2022 was 35 %.

The taxable income from capital gains is taxed at a rate of 15 % and 10 % for 2023 and 2022, respectively.

Starting in tax year 2021, the presumptive income rate is zero percent (0 %).

Through Article 22, Law 1819/2016 established that for the 2017 term and subsequent years, to determine the income tax and related taxes, the payers of this tax obliged to file accounts shall apply the recognition and measurement systems to the value of assets, liabilities, equity, income, costs and expenses, pursuant to the technical, regulatory, accounting frameworks in effect in Colombia, when tax law expressly refers to them, and in the cases in which it does not regulate them. In all cases, the tax law can expressly establish a different treatment, pursuant to Article 4 of Law 1314/2009"

In addition:

i) The income tax returns for tax years 2016, 2017, 2018, 2021 and 2022 are open to inspection by the tax authorities. No additional taxes are expected in the event of an inspection. Income tax returns for taxable years 2019 and 2020 are final.
ii) The CREE tax returns of the year 2016 are subject to audit by the tax authorities. Additional taxes are not expected in the event of an audit.
iii) The tax losses to offset income tax as at December 31, 2023, are listed below.

Year of origin	Value
2021	COP 6,675
2022	COP 21,097

The accumulated tax losses up to 2016 can be offset with the future liquid income of income tax at any time without any kind of percentage limitation. The tax losses of years 2017, 2018, 2019, 2020, 2021 and 2022 can be offset with a maximum of the liquid income of the following twelve (12) years from their occurrence.

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

Year of Tax Return	Term for becoming final
2015	Returns that report and/or offset losses become final within five (5) years from the filing date of the return.
2016 to 2018	Tax returns that report tax losses become final in twelve (12) years; if tax losses are offset, or if they are subject to the transfer pricing regime, the tax returns become final in six (6) years.
2019 and later years	Tax returns that report and/or offset tax losses or that are subject to the transfer pricing regime become final in five (5) years.

29.1 Income tax recognized in the income statement

	2023	2022
Current tax		
For the current year	(208,998)	(301,916)
For previous years	(1,305)	(4,795)
Deferred tax		
Origin and reversal of temporary differences	21,692	(8,135)
Total income tax	**(188,611)**	**(314,846)**

In compliance with the provisions of paragraph 6, article 240 of the Tax Statute, the Company calculated the Group's Purified Tax Rate, the result of which is (31.29 %) for 2023, a result that is higher than the 15 % indicated in the current tax regulation and therefore did not give rise to any additional recognition of current income tax expense.

29.2 Reconciliation of the effective rate

The Group’s effective income tax and related tax rate differs from the applicable nominal rate according to current laws. The reconciliation between the rates is listed below:

	2023		2022	
Profit for the period	**348,887**		**442,782**	
Total income tax expenses	**188,611**		**314,846**	
Earnings before income tax	**537,498**		**757,628**	
Income tax applying the company's local tax rate (the Group)	188,124	35 %	265,170	35 %
Equity Method	14,777	2.75 %	(995)	(0.13 %)
Non-deductible expenses	30,822	5.73 %	40,199	5.31 %
Tax discount 50 % ICA paid - Minciencias	(11,370)	(2.12 %)	(21,827)	(2.88 %)
Tax incentives	(30,949)	(5.76 %)	(9,739)	(1.29 %)
Amortization of tax losses without deferred tax	(17)	0.00 %	(58)	(0.01 %)
Current year losses for which no deferred tax asset has been recognized	5,390	1.00 %	2,476	0.33 %
Unrecognized temporary differences	(9,363)	(1.74 %)	20,017	2.64 %
Deficit of previous periods	1,305	0.24 %	4,799	0.63 %
Others, net	(108)	(0.01 %)	14,804	1.96 %
Total income tax expenses	**188,611**	**35.09 %**	**314,846**	**41.56 %**

29.3 Current tax assets and liabilities

	2023	2022
Current tax assets (1)	118,336	81,625
Current tax liabilities (2)	(47,316)	(125,137)
	71,020	**(43,512)**

(1) VAT tax credit - Income tax credit balances
(2) Income tax payable and self-withholding for December.

29.4 Deferred tax

The difference between the book value of the assets and liabilities and their tax bases gives rise to the following temporary differences generated by the deferred taxes calculated and reported in the periods ending on December 31, 2023 and 2022, based on the current tax bases as a reference for the years in which said temporary differences shall be reversed.

There are no unrecognized temporary differences.

The analysis of the deferred tax presented in the consolidated statements of financial position is presented below:

Income tax recognized in other comprehensive income

	2023	2022
New measurements of defined benefit obligations	4,108	(6,410)

Current tax assets and liabilities

	2023	2022
Deferred tax liabilities	(419,929)	(428,151)

The balances above are broken down as follows:

Related to:	Initial balance as at December 2022	Reported in income	Recognized in other comprehensive income	Other changes	Closing balances at December 2023
Property, plant and equipment, and intangible assets	(387,554)	(2,982)	-	(3,931)	(394,467)
Provisions	7,445	(2,778)	-	16,108	20,775
Defined benefit obligations	9,635	(648)	4,108	(10,325)	2,770
Tax losses	(20,386)	628	-	30,651	10,893
Other	23,430	-	-	(23,430)	-
Other assets (a)	-	9,893	-	(251)	9,642
Other liabilities	-	17,579	-	(24,172)	(6,593)
Financial liabilities	-	-	-	(2,228)	(2,228)
Change in tax reform rate (b)	(60,721)	-	-	-	(60,721)
	(428,151)	**21,692**	**4,108**	**(17,578)**	**(419,929)**

Related to:	Initial balance as at December 2021	Reported in income	Other changes	Closing balances at December 2022
Property, plant and equipment, and intangible assets	(382,892)	(4,662)	-	(387,554)
Provisions	7,445	-	-	7,445
Defined benefit obligations	11,372	4,673	(6,410)	9,635
Tax losses	604	(10,193)	(10,797)	(20,386)

Other	5,802	2,047	15,581	23,430
Change in tax reform rate (b)	(56,986)	-	(3,735)	(60,721)
	(414,655)	**(8,135)**	**(5,361)**	**(428,151)**

(a) Within the deferred tax asset for "other assets" the amount of COP 8,732 was recognized for the benefit established in Law 1715 of 2014 for the Melgar and San Felipe projects, which is not being recognized in the current tax to the extent that the notification of the Resolution by the Mining and Energy Planning Unit (UPME, for the Spanish original) is pending. This deferred tax will be cancelled with the current tax when the certificate is obtained.

(b) For the 2022 fiscal year and in application of Decree 2617 of December 29, 2022, which regulates the accounting recording of the variation in the deferred tax due to the change in the income tax rate and in the occasional rate as from the taxable year 2023 as established in Law 2277, the company opted to record in 2022 the remeasurement of the deferred tax in the retained earnings account of prior years of equity, the effect of which was an expense amounting to COP 3,735.

Considering the increase in the basic income tax rate from 31 % in 2021 to 35 % applicable as of 2022, provided by Law 2155/ 2021 (Social Investment Law), in accordance with the provisions of Decree 1311/2021, the Company opted to record the remeasurement of the deferred tax in the retained earnings account of prior years in equity, the effect of which was an expense amounting to COP 60,721.

According to current tax legislation in Colombia, neither the distribution of dividends nor the retention of profits has an effect on the income tax rate.

In compliance with IAS 12 – Income Taxes, Celsia S.A. did not report deferred tax liabilities related to temporary differences of investments in subsidiaries, mainly due to concepts of undistributed profits and tax readjustments on investments. The above is due to the fact that: i) the Company has control over the subsidiaries and, therefore, it can decide about the reversal of said temporary differences; and ii) Celsia S.A. does not have their realization planned in the medium term, therefore, it is probable that said temporary differences will not be reversed in the foreseeable future.
Deferred tax assets are recognized to the extent that their realization is probable through future tax benefits.

29.5 Uncertainties in open tax positions

Additional taxes are not expected in the event of possible visits from the tax authorities or the existence of uncertainties related to tax positions applied by the Company.

29.6 Transfer prices

In response to Law 788/2002 and Law 863/2003, the Group prepared a study of transfer prices on the operations carried out with foreign related parties during 2022. The study did not lead to adjustments that would affect the Group's tax income, costs and expenses.

Although the study of transfer prices in 2023 is in the process of preparation, significant changes from the previous year are not expected.

29.7 Tax Reform for Equality and Social Justice

The latest tax reform adopted by Law 2277 of December 13, 2022 introduced some changes in income tax matters, as follows:

- The standard income tax rate remains at 35 % for national companies and their equivalents, permanent establishments of foreign entities, and foreign legal entities with or without residence in Colombia that are required to file annual income tax returns.

- Taxpayers whose main business is energy generation from hydroelectric sources and whose taxable income is greater than 30,000 UVT (COP 1,272,360,000 in 2023) must pay a surcharge for tax years 2023 to 2026 of three additional points, for a total income tax rate of 38 %. This surcharge is subject to prepayment of 100 %. This surcharge does not apply to small hydroelectric stations with capacity of less than 1,000 Kw.

• A differentiated rate of 20 % is established for Free Trade Zone users, which applies to the proportion of net taxable income derived from exports of goods and services. On the proportion of net taxable income derived from revenues other than the export of goods and services, the income tax rate will be 35 %.

The above applies to those who in 2023 or 2024 agree to an internationalization plan with a maximum threshold of operating revenues earned in the national tax territory and revenues from activities other than the authorized activity. Such agreement must be signed each year.

• A minimum tax is established for Colombian residents, and an additional tax is established whenever the income tax, including certain adjustments to arrive at a “cleansed” income tax, is less than 15 % of pretax accounting profits, including certain adjustments. In view of the above, taxpayers must: (i) Determine the cleansed tax of the Colombian taxpayer, or the cleansed tax of the group when it belongs to a business group. (ii) Determine the cleansed profit of the Colombian taxpayer, or of the group when it belongs to a business group, and (iii) determine the cleansed tax rate of the Colombian taxpayer or of the group when it belongs to a business group. If the effective rate (cleansed tax/cleansed profit) is less than 15 %, the amount to be added to be tax must be calculated until the tax reaches the fifteen percent rate (15 %) for the taxpayer or the group when it belongs to a business group.

Exceptions to this rule were established for Economic and Social Zones (ZESE, for the Spanish original) during the period when their income tax rate is zero (0 %); taxpayers whose cleansed profit is equal to or less than zero; those ruled by the provisions of Article 32 of the Tax Statute (Concessions); government-owned industrial and commercial companies or public-private companies with gambling, games of chance and liquor monopolies, and hotels and theme parks, as long as they are not required to submit country-by-country reports.

• An annual limit of 3 % of ordinary taxable income is placed on the total of certain types of non-taxable income, special deductions, exempt income and tax credits.

• Article 158-1 was repealed, thus ruling out the possibility of deducting costs and expenses associated to investments in Science, Technology and Innovation, which implies that such investments will only have the right to a tax credit. A tax credit for 30 % of investments in Science, Technology and Innovation that have been approved by the National Council of Tax Benefits (CNBT, for the Spanish original) is allowed; the previous rule established a 25 % credit.

• The tax credit for 50 % of municipal tax (ICA, for the Spanish original) effectively paid before filing the tax return is eliminated. The amount accrued and paid before filing the income tax return will be 100 % deductible.

• The tax deduction continues in place for 100 % of the taxes, duties and contributions effectively paid in the tax year that are directly related to income generation (except income tax), and 50 % of the financial transaction tax will be deductible, regardless of whether or not it is directly related to the income generating activity.

• Social club memberships, domestic servant personnel expenses, other activities unrelated to the income-producing activity, and the personal expenses of shareholders, partners, clients and/or their families will not be tax-deductible, and all such payments will be deemed income received in-kind by their beneficiaries.

• The amounts derived from the sentences of administrative, judicial or arbitration proceedings are defined as non-deductible when they arise from punitive penalties, sanctions or indemnities for damages. (Section 3 of Article 105 of the Tax Statute).

• The capital gains tax rate was set at 15 %.

• An income tax withholding rate of 10 % (previously, 7.5 %) is established on dividends that are classified as neither taxable income nor capital gains received by Colombian companies, which may be passed on to the resident individual or the foreign investor. The exceptions established in the current laws are maintained. The dividends and interests received by the local permanent establishments of foreign companies that are classified as neither taxable income nor capital gains will be taxed at a special rate of 20 %.

• It was established that tax on taxed dividends shall be determined: (i) by applying the income tax rate of the year in which they are declared (35 %); and (ii) on the remainder, the rate applicable to untaxed dividends shall be applied, depending on the beneficiary (if it is a resident individual or the non-settled estate of a resident, the table of Article 241 of the Tax Statute shall apply).

• Dividends declared on profits from 2016 and previous years shall maintain the treatment in effect at that time; and dividends on profits from the years 2017, 2018 and 2019 declared from 2020 onward shall be governed by the rates provided in Law 2010.

NOTE 30. EARNINGS PER SHARE

The calculation of basic earnings per share at December 31 was based on the profit of COP 348,887 (2022: COP 442,782) taxable to the shareholders of 1,069,966,601 outstanding common shares (2022:1,069,972,554).
The breakdown of earnings per share is as follows:

	2023	2022
Annual net income	348,887	442,782
Weighted average of outstanding common shares	1,069,966,601	1,069,972,554
Earnings per basic share (in COP)	**326,07**	**413,83**

The net earnings per diluted share are equal to income from the basic share.

NOTE 31. OPERATING SEGMENTS

31.1. Segmentation criteria

The Group coordinates its activity according to the approach of priority to its basic business, which is comprised of electric power generation, transmission and distribution, and the sale of gas and related services, and it establishes two large lines of business, each one based in a geographical area: Colombia and Central America.

Given that the Group's structure basically coincides with that of the businesses and, therefore, of the segments, the distributions established in the information by segment that is presented below are based on the financial information of the companies that comprise each segment. The companies that comprise the segments are:

Colombia: Includes the companies Celsia S.A., Colener S.A.S., Porvenir II S.A.S. E.S.P., Celsia Colombia S.A. E.S.P., CETSA E.S.P., Celsia Colombia Inversiones S.A.S., Enerbit S.A.S. E.S.P. and Celsia Internet S.A.S. E.S.P.

Central America: Made up of Bahía Las Minas Corp., Celsia Centroamérica S.A., Alternegy S.A., Bontex S.A., Divisa Solar 10MW S.A., and CelSolar S.A., located in Panama; Enerwinds S.A., Planta Eólica Guanacaste S.A., Landco La Gloria S.A., and Celsia Costa Rica S.A., located in Costa Rica; and Celsia Honduras S.A., located in Honduras.
Operations between segments form part of the normal activities in terms of their aim and conditions, as observed in Note 34. Transactions with related parties.

31.2. Information by segment

The information by segment at December 31, 2023 and 2022, is presented below:

Colombia	2023	2022
Operating revenue	5,735,391	4,991,995
Cost of Sales	(4,099,026)	(3,420,739)
Gross profit	**1,636,365**	**1,571,256**
Other income	131,191	34,902
Administrative Expenses	(280,543)	(310,275)
Other expenses	(144,535)	(60,989)
Equity method, net	42,221	2,843
Earnings before financial costs	**1,384,699**	**1,237,737**
Financial income	40,673	47,384
Financial costs	(794,993)	(548,718)
Exchange difference, net	(42,554)	15,608
Earnings before taxes	**587,825**	**752,011**
Income tax	(186,192)	(293,455)
Net earnings of the period	**401,633**	**458,556**
Earnings attributable to:		
Controlling shareholders	244,557	289,969
Non-controlling interest	157,076	168,587

Net earnings of the period	401,633	458,556

Central America	2023	2022
Operating revenue	494,531	592,551
Cost of Sales	(319,442)	(451,851)
Gross profit	**175,089**	**140,700**
Other income	9,735	25,412
Administrative expenses	(63,993)	(49,344)
Other expenses	(95,411)	(33,312)
Earnings before financial costs	**25,420**	**83,456**
Financial income	3,416	923
Financial costs	(78,318)	(79,426)
Exchange difference, net	(844)	665
Profit (loss) before taxes	**(50,326)**	**5,618**
Income tax	(2,419)	(21,391)
Net loss for the period	**(52,745)**	**(15,773)**
(Loss) attributable to:		
Controlling shareholders	(51,076)	(13,523)
Non-controlling interest	(1,669)	(2,250)
Net loss for the period	**(52,745)**	**(15,773)**

Statement of Financial Position	Colombia		Central America	
	2023	2022	2023	2022
Non-current assets	10,671,621	10,115,393	620,474	459,241
Current assets	2,185,829	1,530,253	616,286	3,049,960
Total assets	**12,857,450**	**11,645,646**	**1,236,760**	**3,509,201**
Non-current liabilities	4,526,744	5,092,958	67,071	91,597
Current liabilities	3,911,515	2,186,524	72,148	1,086,364
Total liabilities	**8,438,259**	**7,279,482**	**139,219**	**1,177,961**
Total equity	**4,419,191**	**4,366,164**	**1,097,541**	**2,331,240**
Total liabilities and equity	**12,857,450**	**11,645,646**	**1,236,760**	**3,509,201**

NOTE 32. FINANCIAL INSTRUMENTS

32.1 Fulfillment of Loan Agreements

During the reported periods, the Group did not breach any of the financial clauses or covenants of the signed loan agreements. Additionally, during the reporting period, it did not default on capital payments or interest of financial liabilities and/or borrowings payable.

32.2 Reclassification of financial assets

During the reported and previous period, the Group has not made changes to the business model for the management and administration of its financial assets, and no financial assets have been reclassified from the fair value category to amortized cost, or vice versa.

32.3 Categories of financial instruments

	2023	2022
Cash and cash equivalents (Note 13)	556,498	211,739
Financial assets at fair value through profit or loss (1)	204,160	251,900
Financial assets at fair value through other comprehensive income (2)	11,888	16,144
Financial assets at amortized cost (3)	326,350	128,089
Derivative instruments in hedging relationships (4)	13,691	-
Total financial assets	**1,112,587**	**607,872**

Financial liabilities at amortized cost (5)	5,012,712	4,902,287
Derivative instruments in hedging relationships	-	106
Total financial liabilities	**5,012,712**	**4,902,393**

(1) Corresponds mainly to an investment of USD 30,207,762 delivered as capital by Celsia to the Cautiva cell, and a trust for the liquidation of BLM Corp. for USD 23,208,486 (see Note 11.1 Financial investments with profit or loss).
(2) Consists of equity investments other than prepayments for future capitalizations and shares in associates and joint ventures (Note 11.2 Financial investments measured at fair value through other comprehensive income).
(3) These are long-term accounts receivable, which are measured at amortized cost using the effective interest rate method (see Note 12 Trade debtors and other accounts receivable, net).
(4) Anticipating the impact on the generation of energy from hydroelectric plants as a consequence of the El Niño phenomenon that causes a decrease in rainfall and a reduction in the levels of reservoirs in the country, Celsia Colombia S.A. E.S.P. contracted in September 2023 with the third-party New Reinsurance Company Ltda, for para-climate coverage to protect the company from the impact of spot market electricity prices. The effective date of the contract will be December 1, 2023.
(5) Financial liabilities measured at amortized cost:

	2023	2022
Outstanding bonds (Note 18 Borrowings and bonds)	2,339,323	2,134,925
Borrowings (Note 18 Borrowings and bonds)	2,649,735	2,644,722
Trade creditors and other accounts payable (a)	23,654	122,640
Total financial liabilities at amortized cost (b)	**5,012,712**	**4,902,287**

(a) Trade liabilities and other accounts mainly include commitments with Integral S.A. for COP 23,654 (2022 – COP 111,763) acquired in 2015 in connection with the purchase of Porvenir II (see Note 21 Trade liabilities and other accounts).

(b) Financial liabilities do not include the right-of-use liabilities, which are within the scope of IFRS 16 Leasings and Note 7. Tax assets and liabilities for right-of-use.

The carrying value of the financial assets and liabilities recognized in the financial statements are close to their fair value, so the fair value comparison is not included in the notes to the financial statements.

Short-term accounts receivable and accounts payable are presented at their nominal value.

Description of the Significant Valuation Variables

The significant variables used in the fair value measurements are shown below:

	Hierarchical level	Valuation technique	Technical description of valuation	Significant variables
Financial assets				
Measured at fair value through profit or loss				
Non-equity investments	3	Observed price	(2)	Not applicable
Measured at fair value through other comprehensive income				
Equity investments	1	Quoted price	(1)	Share price
Measured at amortized cost				
Trade debtors and other accounts receivable	2	Discounted cash flows	(3)	Market rate
Financial liabilities				
Measured at amortized cost				
Borrowings	2	Discounted cash flows	(3)	Market rate for loans with similar terms
Outstanding bonds	2	Discounted cash flows	(4)	Discount rate that produces the zero-coupon yield curve

The valuation techniques used for fair value measurement are described below for the purposes of disclosure of the Company's financial assets and liabilities:

(1) Market listing prices: The fair values of the investments and instruments classified as high marketability are determined by reference to the listed prices published on active markets for the financial instrument in question.

Investments in other companies classified in this category are measured at fair value, on a non-recurring basis, only when a market value is available. The Company considers this omission to the recurring measurement of these investments to be immaterial to the presentation of the financial statements.

(2) Observed price: Fair value is determined based on internal valuation techniques using currently available information that integrates the financial information associated with the portfolio and the proportion of rights of return.

(3) Discounted cash flows: future cash flows are discounted to present value at the discount rate for the financial instrument valued at the measurement date according to the days to maturity.

The Group ensured that the fair values of the accounts receivable, dividends receivable and payable, suppliers, accounts payable and other current liabilities are close to their carrying value, largely due to the short-term expiration of these instruments. The future cash flows of the accounts receivable or payable that expire in more than 12 months are discounted at present value with the market rate for loans in similar conditions at the measurement date, according to the days they are due.

(4) The fair value is calculated by discounting the future cash flows with the zero-coupon yield curve of the ordinary bonds issued by the Group according to the days of maturity.

NOTE 33. FINANCIAL RISK MANAGEMENT

33.1 Strategic risks

Risk management approach:

For the Group, risk management is a differentiating factor and fundamental to achieving the business sustainability. Moreover, it is a priority principle for our employees and an aspect that allows us to plan for events that may significantly affect our mission, prepare to mitigate their impacts in order to reduce the perception of uncertainty related to decision making and secure the achievement of our objectives in a safe manner. Similarly, we can identify the opportunities to be strengthened and correctly managed.

Some pillars aimed at supporting the structure of the Enterprise Risk Management System have been defined, which consist of the creation of a governance framework, a process, supporting technology, and the establishment of a risk management culture.

Risk management methodology:

We manage risks under the guidelines of the Enterprise Risk Management System Policy and Manual SGIR; our methodology is aligned with international best practices such as ISO 31000 and the COSO ERM standard, which define similar components, based on an understanding of the business, objectives, environment and trends. Subsequently, the relevant risks are identified and analyzed, mitigation controls are risk is assessed, its treatment is established, and it is reported.

Moreover, we have technology tools that support our risk and opportunity management.

The Comprehensive Risk Management System (SGIR) focuses on identifying the most relevant risks in the strategy to address the incidence and criticality of impacts on our objectives in: processes, projects, new businesses or products, assets. We measured the impacts in economic criteria, as well as persons, reputation, and data loss.

The identified strategic risks, as well as a brief description of their level of exposure and the treatment actions implemented for their management, are presented below:

Strategic risk	Definition	Potential impact of the risk on the business	Mitigation actions
1. To have the human talent that enables the company's strategy.	Impact on the achievement of the strategy due to human resources that do not suit the capabilities and culture required by the Organization. Competitive pressure for	Reputational	Management of employee selection and training processes. Definition of development plans that increase leadership capacity. Annual Culture Plan

Strategic risk	Definition	Potential impact of the risk on the business	Mitigation actions
	scarce talent in a more virtual world (digital nomads). Changes in the operational models due to legislative changes.		
2. Regulatory	Changes or new regulations that adversely affect the operation of the assets and the delivery of products and services. Generation: review of CxC allocation to existing plants; price drop due to potential over installation. Transmission: review of remuneration methodology. Distribution: evolution of remuneration methodology and transition to DSO. Sales: review of remuneration methodology.	Financial	Modeling, analysis and monitoring of the variables that may generate adverse regulatory changes for the Company. Work with professional associations, ministries and the Colombian Government to review the proposals for change.
3. Changes in the political environment and macroeconomic variables	Changes in the legislative agenda that may impact the business. World macroeconomic situation, international conflicts with or without violence, emerging nationalism, weak supply chain.	Financial	Modeling, analysis and monitoring of the variables that may generate adverse changes for the Company. Management with government bodies.
4. Climate change and scarcity of resources	○ Physical risk: Climate resiliency ○ Transition risks ○ Protection of biodiversity	Financial/ Reputational	Mitigation, offsetting, adaptation and communication plans within the climate change strategy. Business Continuity Plans Risk transfer through insurance program Climate solutions
5. Cybersecurity	Cyber-attacks or failures that affect the provision of services or delivery of products (infrastructure attacks/data hijacking/ransomware).	Financial / Reputational / Information	Implementation of cybersecurity plan and tools to detect events in a timely manner and with the ability to remotely isolate compromised operations; as well as testing exercises for better preparedness and response. Security Policies
6. Changes in the dynamics of supply and demand in the energy market	○ Consumer behavior ○ Dilution of borders Emerging competitors	Financial	Diversification and innovation of the energy portfolio and businesses. Positioning of the business and contractual models in light of the other competitors. Commercial Policy
7. Stakeholder Relations	○ Prior consultations ○ Social license to operate ○ Operational continuity ○ Company positioning	Reputational/Financial	Agreement processes with the communities of the areas of influence and strengthening of relations with the different stakeholders.

33.2 Capital risk management:

The Group's capital structure depends on the net financial debt comprised of the short and long-term borrowings, bonds and commercial papers, and equity, comprised of the issued shares, reserves and other equity components, as disclosed in Note 18. Borrowings and Note 17. Equity.

The Group manages its capital to ensure its capacity to continue as a going concern, while it maximizes the return for its shareholders through the efficient enhancement of the capital structure in line with the expansion and investment plans. In the same way, it manages the risk by handling some levels of reasonable debt (mainly measured in the net debt / EBITDA ratio).

The Group is not subject to external capital requirements, so all the leverage and target capital level decisions are made with the premise of value creation for the shareholders.

33.3 Objectives of financial risk management:

The Group's financial policies aim to guarantee a strong financial structure and to maintain the exposure to market, liquidity and credit risk at acceptable levels according to the nature of the business and according to the policies established by the Parent Company.

The Group constantly assesses and quantifies under different capital structures (equity-debt mix, debt interest rate –fixed or variable–, currency and interest rate). The risk is mitigated through the use of natural hedging or financial derivatives to the extent that the market permits it. It is not the Group's policy to use derivatives for speculation.

Special operations such as acquisitions and issuances of shares or bonds can cause them to temporarily exceed the limit established by Management, which is controlled though constant monitoring of the volatility and of the execution of the investment plans associated with the specific operation carried out.

33.3.1 Market risk:

Due to the activities that it carries out and its capital structure, the Group is exposed to changes in the exchange rate and interest rates. Exposure to different market risks is measured by determining the value at risk (VaR) of Celsia's portfolio of electricity assets and complementing this with a sensitivity analysis. Compared to the previous year, the exposure to market risks or the way in which said risks are managed and measured has not changed.

33.3.2 Exchange risk management:

At the close of 2023 and 2022, the Group's profit before tax was exposed to changes in the exchange rate through the components of cost of sales in U.S. dollars and borrowings.

The Group's net exposure based on the notional value of monetary assets and liabilities after exchange rate hedging, mainly with the U.S. dollar, is as follows:

Exposure to the U.S. dollar (in U.S. dollars)	2023	2022
Monetary assets	258,152,792	40,414,814
Monetary liabilities	274,938,577	84,475,258
Net exposure	**(16,785,785)**	**(44,060,444)**

Exposure to the U.S. dollar (in millions of Colombian pesos)	2023	2022
Monetary assets	986,673	194,403
Monetary liabilities	1,050,829	406,343
Net exposure	**(64,156)**	**(211,940)**

Foreign currency sensitivity analysis

The Group conducts sensitivity analyses in order to quantify the impact of the exchange rate on its income. It is mainly exposed to the U.S. dollar.

The following table shows the sensitivity to a 20 % increase or decrease in the Colombian peso against foreign currency. The 20 % change represents the sensitivity percentage used when the exchange rate risk is internally reported to key risk management staff and it represents risk management's assessment of the possible reasonable change in the exchange rates. The sensitivity analysis only includes the pending monetary entries denominated in foreign currency and their conversion is adjusted at the end of the period for a change of 20 % in the exchange rates. A positive figure further on indicates an increase in income, where the Colombian peso becomes 20 % stronger against the relevant currency. If there is a 20 % weakening of the functional currency against the benchmark currency, there will be a comparable impact on income.

	Impact on profit before tax and continuing operations	
Strengthening of the Colombian peso against the U.S. dollar	**[20 %]**	**[-20 %]**
At December 31, 2023	(12,831)	12,831
At December 31, 2022	(42,388)	42,388

The sensitivity analysis on the foreign exchange risk shows that at a 20 % appreciation of the Colombian peso against the U.S. dollar would have the following impact on the conversion into Colombian pesos of the profit before tax and of continuing operations of subsidiaries whose functional currency is not the Colombian peso.

	Appreciation of the U.S. dollar	
	2023	**2022**
Impact on profit before tax and continuing operations	(2,228)	(5,416)
Equity	(15,140)	7,992

A drop of 20 % in the value of the Colombian peso against the U.S. dollar would have produced the opposite effect. For the analysis, it is assumed that all the other variables are constant.

Operations and balances in foreign currency are converted using the representative exchange rate certified by the Financial Superintendence of Colombia. In the preparation of the financial statements, the assets and liabilities, as well as the income, costs and expenses in foreign currency, have been translated into Colombian pesos using the average and closing exchange rates, as follows:

	2023		**2022**	
Against the U.S. dollar	**Closing exchange rate**	**Average exchange rate**	**Closing exchange rate**	**Average exchange rate**
COP	3,822.05	3,954.14	4,810.20	4,787.89

33.3.3 Interest rate risk management:

The Group is exposed to different indicators, such as the CPI and IBR, which enable efficient absorption of changes in monetary policy and the performance of the national and international macroeconomic variables.

The following table shows the liability and agreed interest rate. Exposure occurs on the amounts with a variable interest rate:

	Debt		**Debt**	
Agreed interest rate	**2023**	**2022**	**2023**	**2022**
Fixed interest	368,478	362,002	8 %	6 %
Variable interest	4,514,475	5,233,245	92 %	93 %
Does not accrue interest	109	6,078	0 %	0 %
Total consolidated debt	**5,601,325**	**5,601,325**	**100 %**	**100 %**

Sensitivity analysis of exchange rates and inflation rates

An analysis is prepared for the liabilities at variable rates, assuming that the pending amount of the liability at the end of the reporting period has been the pending liability for the whole year. When internally informing the key risk management staff of the interest rate risk, the increase or decrease of 100 bps on the spot market rate of the indexer is used, keeping the rest of the variables constant, which represents risk management's assessment of the possible reasonable change in the interest rates:

Annual	CPI 2023	CPI 2022	IBR 2023	IBR 2022
Profit before tax and discontinued operations	18,576	18,576	26,569	25,326

Interest rate and inflation index derivatives

The derivatives acquired by the Group to hedge the interest rate risk are designated as cash flow hedging instruments. The value recognized in other comprehensive income (OCI) for the valuation of these derivative instruments is explained in Note 17 - Equity, in the Reserves and Other comprehensive income sections.

As of December 31, 2023, Celsia and its subsidiaries do not have any interest rate and inflation index derivative instruments outstanding:

		Notional underlying value – Amount of derivative instrument			Fair value of derivative instrument asset (liability)
Type of instrument	Hedged item	December 2022	Derivative instrument rate	Maturity of derivative instrument	December 2022
Non-deliverable forward	Liabilities	USD 268,862.53	4,965.58	31-jan-23	36
Non-deliverable forward	Liabilities	USD 537,725.05	4,995.04	28-feb-23	70
					106

Exchange rate derivatives

The following table shows the notional capital amounts and the remaining terms of the currency forwards and swaps at the end of the reporting period:

At December 31, 2023, the group has no foreign exchange derivative instruments outstanding:

	Notional value of the hedged item in Colombian pesos	Fair value of derivative instrument asset (liability)
	December 2022	December 2022
Not designated as hedge accounting		
One year or less	3,879	(106)
Exchange rate derivatives	**3,879**	**(106)**

33.3.4 Credit risk management: Credit risk refers to the risk of one of the parties not meeting its contractual obligations resulting in a financial loss. The Group has adopted a policy to only become involved with solvent parties and to obtain sufficient collateral, when appropriate, as a way of mitigating the risk of the financial loss caused by the non-compliance.

In sales in which the Organization determines its counterparty in advance and agrees to special conditions that allow it to mitigate the risks of the counterparty, the Group adjusts its respective offers (price, payment method, etc.), so that they reflect the assessment made of the counterparty, as well as the amount exposed in each of the operations.

The credit risk of liquid funds and derivative financial instruments is limited because the counterparties are financial institutions with high credit ratings awarded by credit rating agencies. The Group applies a strict practice of distribution of its cash and investments, which mitigates the risk of concentration of its funds in the same entity or security.

33.3.5 Liquidity risk management:

Liquidity risk can be generated when there is insufficient capital structure and/or the return on investments is affected. This risk is managed through financial planning and cash administration exercises, with constant monitoring of cash flow. Additionally, through the design and monitoring of working capital needs and the capital structure, The Group efficiently plans the sources and uses, guaranteeing financial flexibility, risk management and returns.

To mitigate the liquidity risk on the capital maturities and renewals of borrowings, the Group regularly monitors the concentration of the debt maturities, which enables it to manage them in advance. It also has an ample portfolio of liquidity providers in different currencies, index rates and terms, which include Colombian banks, foreign banks, commercial financing companies, and securities market brokers, as well as the issuance of bonds and commercial papers on the capital market as a recurring issuer. Additionally, the Group has uncommitted credit limits with Colombian and foreign banks of a sufficient amount to respond to any situation.

The Group maintains a liquidity policy according to the flow of working capital, executing the supplier payment agreements in line with the established payment policy. This management is supported by the preparation of cash flow budgets, which are regularly reviewed, enabling the establishment of the liquid asset position necessary to respond to liquidity needs.

33.3.6 Rate risk: In light of the volatility risk of the spot market price, electricity wholesale in contracts is a hedging mechanism that allows the Group to maintain a stable or minimum flow of income in light of sales on the spot market, which record high volatility due to water levels and the spot market price. The Group has a commercial policy that limits concentration in spot market sales. The contracts are made with sales and distribution companies in Colombia with financial stability and experience.

33.3.7 Other price risks: The portfolio investments that remain in equity are maintained for strategic reasons and not for sales purposes. The Group does not actively trade these investments

33.4 Analysis of the maturity of non-derivative financial liabilities

The following tables show the Group's remaining contract maturity for its non-derivative financial liabilities with agreed reimbursement periods. The tables have been designed based on the financial liabilities' undiscounted cash flows based on the date on which the Group must make the payments. The tables include the cash flows from both interest and capital. To the extent that the interest is at a variable rate, the non-discounted amount is derived from the interest rate curves at the end of the reporting period. The contractual maturity is based on the minimum date by which the Group must make the payment.

	Effective Weighted Average Rate	One year or less	From 1 to 5 years	Five years or more	Total	Book Value
At December 31, 2023						
Financial liabilities that do not accrue interest	N/A	2,276,770	-	-	2,276,770	2,321,072
Instruments with variable interest rate	COP 15.96 % AER USD 6.81 % AER	1,269,694	3,889,354	2,884,050	8,043,098	4,620,465
Instruments with fixed interest rate	COP 14.99 % AER	143,197	772,185	615,767	1,531,149	392,138
		3,689,661	**4,661,539**	**3,499,817**	**11,851,017**	**7,333,675**

	Effective Weighted Average Rate	One year or less	From 1 to 5 years	Five years or more	Total	Book Value
At December 31, 2022						
Financial liabilities that do not accrue interest	N/A	1,381,346	109	-	1,381,455	1,381,455
Instruments with variable interest rate	COP 15.92 % AER USD 9.30 % AER	1,162,219	3,624,539	3,548,795	8,335,553	4,461,137
Instruments with fixed interest rate	COP 7.23 % AER USD 5.25 % AER	249,940	104,964	210,325	565,229	435,156
		2,793,505	**3,729,612**	**3,759,120**	**10,282,237**	**6,277,748**

The contractual flows from the lease liabilities are disclosed in Note 7. Right-of-use assets and liabilities.

33.5 Analysis of the Maturity of Derivative Financial Instruments

The following table shows the maturity of the Group's derivative financial instruments. The table has been designed based on the net discounted contractual cash flows that are paid on a net base, and the gross discounted cash flow on the derivatives that require gross payment. When the amount payable or receivable is not fixed, the disclosed amount has been determined based on the projected interest rates, as illustrated in the yield curves at the end of the reporting period.

At December 31, 2023, the group has no derivative financial instruments outstanding:

	One year or less	From 1 to 5 years	Five years or more	Total	Book Value
At December 31, 2022					
Forward	106	-	-	106	106
Total	**106**	**-**	**-**	**106**	**106**

NOTE 34. TRANSACTIONS WITH RELATED PARTIES

The immediate parent company of Celsia S.A. is Grupo Argos S.A., with its main business address in Medellín, Colombia, which holds a direct share of 52.93 %, making it the controlling shareholder.

34.1 Qualitative information about relations between related parties

34.1.1 Relations between Celsia S.A. and its parent company Grupo Argos S.A.

- Dividend payment
- Professional fees

34.1.2 Relations between Celsia S.A. and other related parties or entities with significant influence on the Group

- Insurance policies taken out by the companies to protect its production assets, mainly covering material damage caused by fire, explosion, short circuit, natural disasters, terrorism and other risks.
- Air travel of employees
- Lease service of constructions and building
- Energy sales and operating and maintenance services.

34.1.3 Relations between Celsia S.A. and its associates and joint ventures

- Technical administrative support services
- Sale of distribution and transmission assets by Celsia Colombia S.A. E.S.P. to Caoba Inversiones S.A.S.
- Representation contract with Caoba Inversiones S.A.S. for the operation of distribution and transmission assets in Tolima and Plan 5 Caribe.
- Loans to be used as working capital.

34.1.4 Relationships between Celsia S.A. and key management staff

- Short and long-term employee benefits.
- Credit balances granted to the Company's executives mainly for housing and other items, and vehicle and health insurance.
- Professional fees consist of the payments for attending meetings of the Board of Directors and the supporting committees for its management.

34.2 Quantitative information about relations between related parties

The following commercial transactions were made with related parties during the period:

	Sale of assets and other income		Purchase of assets and other expenses	
	2023	2022	2023	2022
Parent Company (24.1.1)	-	-	-	30
Other related parties (24.1.2)	65,686	40,403	83,283	53,602
Associates (24.1.3)	8,423	14,200	239,775	37,598
Joint ventures (24.1.3)	291,450	432,257	197,721	366,296
Key management staff (24.1.4)	-	-	47,948	49,156
Professional fees for Board members (24.1.4)	-	-	1,362	1,274
Total related parties	**365,559**	**486,860**	**570,089**	**507,956**

	Amounts receivable		Amounts payable		Lease assets		Lease Liabilities	
	2023	2022	2023	2022	2023	2022	2023	2022

Parent Company (24.1.1)	-	-	40,070	43,751	-	-	-	-
Other related parties (24.1.2)	24,378	5,152	7,211	963	20,582	30,059	27,168	39,500
Associates (24.1.3)	626	642	129,758	93,327	-	-	-	-
Joint ventures (24.1.3)	11,664	36,012	315,897	271,945	-	-	-	-
Key management staff (24.1.4)	6,636	6,271	-	-	-	-	-	-
Total related parties	**43,304**	**48,077**	**492,936**	**409,986**	**20,582**	**30,059**	**27,168**	**39,500**

Celsia Colombia S.A. E.S.P. serves as guarantor of the obligation with Bancolombia held by C2 Energía S.A.S., where Celsia Colombia S.A. E.S.P. is a 100 % guarantor. This obligation was created to finance the construction, development and start-up of different photovoltaic projects in the country, such as the Melgar plant, La Victoria, San Felipe and the Palmira 3 project. Additionally, Celsia Colombia S.A. ES.P. is a guarantor of the loan to the Plan Luz stand-alone trust fund. Furthermore, it should be noted that starting July 2022 Celsia Colombia S.A. E.S.P. does not guarantee the financial obligations of Termoeléctrica El Tesorito S.A. E.S.P.

The transactions between the reporting Company and its related parties are made in equivalent conditions to those that exist in transactions between independent parties.

The average term of accounts receivable from related parties in connection with the sale of goods is 30 days. The current payment policy, which stipulates the average credit period or terms for payments between related parties or economic affiliates, indicates that this depends on the conditions established in the contract; however, on average it is 30 days.

The term of the loans with associates at December 31, 2023 was 2.2 years at Libor 3M + 2.75 %, and in 2022 was 2.3 years at Libor 3M + 2.50 %.

Payment of executives and other key members of Management during the period was as follows:

	2023	2022
Short-term employee benefits	42,649	44,419
Long-term employee benefits	5,299	4,737
Professional fees	1,362	1,274
Loans granted to key management staff	6,636	6,271
Total compensation of key management staff in the period	**55,946**	**56,701**

NOTE 35. JOINT ARRANGEMENTS

At December 31, 2023, the following joint operations were presented:

With Blanco y Negro Masivo S.A. and with Blanco y Negro Móvil S.A.S.

They are companies dedicated to providing the service and managing and operating the massive transportation system in Cali, with its registered business address in the municipality of Yumbo, Valle del Cauca. Celsia Colombia S.A. E.S.P. signed a business cooperation agreement with the aim to provide the massive passenger transportation public service in Cali with electric buses, by virtue of the transportation agreement that Blanco y Negro Masivo has signed with Metro Cali. The share of Celsia Colombia S.A. E.S.P. in the cooperation agreement is 50 % and its contribution to the business is providing the electric fleet required to operate the transportation service agreement. Like in every cooperation agreement, the parties share the risks and rewards of the business.

With Cubico Colombia S.A.S.

Company whose corporate purpose is to invest jointly in the development, construction and start-up of solar power generation projects with its main registered address in the city of Bogotá. Celsia Colombia S.A. E.S.P. has entered into a joint arrangement with a 50 % share in the business. The main purpose of the cooperation agreement is the joint exploitation of power generation using renewable energy in Colombia and like every cooperation agreement, the parties share the generated risks and rewards. Cubico has global experience in renewable energy projects. In turn, Celsia Colombia S.A. E.S.P. has ample experience in the planning, structuring, construction, management and operation of solar power plants.

With PC Mejía S.A.

An electrical engineering company, which has the corporate purpose of building and installing electricity solutions, more than 20 years on the market, and experience in more than 450 projects of this kind. Celsia Colombia S.A. E.S.P. has entered into a joint arrangement with the company with a 50 % share. The purpose of the business is the exploitation and installation in joint projects of electrical engineering, electricity assets and lighting. By virtue of this, the parties will make different contributions to the business and they will share the generated risks and rewards. Likewise, a structured vehicle was created for 2021 with PC Mejía called Unión Temporal Celsia- PC Mejía Patio Perdono, in order to execute jointly and severally in favor of VGMobility Perdomo S.A.S. the contract for the construction of the electrical support infrastructure of the Perdomo II functional unit, the participation of the project is 50 % for each of the parties.

Con SoluciónAire S.A.S.

Company specialized in integrating and offering comprehensive engineering solutions, especially through compressed air applications for different uses. In order to deliver the compressed air supply to a customer called O-I Peldar, they decided to join forces through a collaboration agreement to implement the project called O-I Falcon located in Zipaquirá. SolucionAire is an expert in compressed air solutions and has the technical, administrative and financial capacity and the necessary and sufficient know-how to develop the Project and Celsia has the technical, administrative and financial resources, as well as the experience for the complete structuring of this type of project, in addition to providing the capacity to technically and operationally support the Project and O-I Peldar. The Parties' participation in the Ordinary Profits will be proportional to their ordinary share; by the end of 2023 it ended for Celsia at 50.8 % and the remaining for SoluciónAire.

NOTE 36. OTHER DISCLOSURES

36.1 Claims and Contingencies

The Group duly addressed its legal affairs and did not receive any notification of lawsuits or penalties that could affect its financial position. The contingent assets and liabilities have not presented significant variations with respect to their amount and/or rating at December 31, 2023.

Notwithstanding, we inform that based on Law 1955 of 2019 (Articles 18 and 314), the Superintendence of Residential Public Utilities officially settled the special payment and additional payment for Celsia Colombia S.A. E.S.P., Celsia Tolima S.A. E.S.P and Compañía de Electricidad de Tuluá S.A. E.S.P. for 2020. These settlements were reported to the companies during the second half of the year and the respective appeals with supplementary appeals were filed, which were resolved unfavorably for all the companies. However, the respective lawsuits for nullity and reestablishment of rights were filed against the aforementioned decisions and are currently being processed before the administrative judges.

The regulations of Law 1955/2019, which supported the issued settlements, were declared unconstitutional by means of Sentences C-464/2020, C-484/2020, and C-147/2021. The effects of such pronouncements had the following scopes: (i) in Ruling C-464/2020 the Court declared Articles 18 and 314 of Law 1955/2018 unenforceable in their entirety, effective as of January 1, 2023; (ii) in Ruling C-484/2020 it declared Article 18 of the aforementioned Law 1955 unenforceable, for disregarding the principles of legality, due process and tax certainty. On this occasion, the Constitutional Court established that this decision was taken with "(...) immediate effects and towards the future"; and iii) in Ruling C-147 of 2021, the Constitutional Court declared Article 314 of Law 1955 of 2019 unconstitutional, with immediate effects and towards the future.

Thus, the legal argumentation in these lawsuits (2020 special and additional contributions) is focused on the double taxation resulting from the payment of the additional contribution, and the integration of the taxable base (non-inclusion of expenses not related to the rendering of the public service) is also discussed, and finally, in the specific case of the 2020 special contribution, it is stated that since this is a period tax, the modifications established in Law 1955 could not be applied to the 2020 special contribution.

Additionally, the Superintendence of Residential Public Utilities officially settled the additional payment for Celsia Colombia S.A. E.S.P., Celsia Tolima S.A. E.S.P and Compañía de Electricidad de Tuluá S.A. E.S.P. for 2021. These settlements were reported to the companies during the second half of 2023 and the respective appeals were filed, which were resolved unfavorably. The respective lawsuits for nullity and reestablishment of rights were also filed against the above administrative acts before the Contentious Administrative Litigation. The substantive discussion is based on Ruling C-147/2021, which expressly stated that the effects of the unenforceability of the articles regulating the additional contribution had disappeared from the legal system, making it illegal, according to the companies, for the SSPD to collect the aforementioned contribution based on the provisions of Law 1955.

The Group has the written opinion of an external lawyer ratifying the high probability of success of this administrative, legal dispute; based on such expert opinion, no related provisions have been recognized.

Moreover, it is stated that on March 14, 2014, through official settlement, the National Directorate of Taxes and Customs (DIAN, for the Spanish original) amended the private liquid income of Celsia Colombia S.A. E.S.P. of the 2010 tax year, considering that the deduction for investment in fixed assets taken for the construction of the Cucuana Hydroelectric Power Plant will not comply with the requirements indicated in current regulation. In accordance with the aforementioned, the tax and the penalty for the inaccuracy, both under discussion according to the settlement of the DIAN, would amount to COP 16,800 and COP 26,880, respectively.

The Group proceeded to file the corresponding appeals, which were ruled against the company's interests. As a result of the above, the appeal for annulment and reestablishment of the right was filed with the Administrative Tribunal of Valle del Cauca against the corresponding administrative proceedings. Subsequently the appeal was amended to include as evidence, a recent ruling of the case law of the Council of State, which confirms that the deduction for investment in real fixed production assets (Art. 158-3 of the Tax Statute) acquired through financial leasing is applicable in the year in which the investment is made or in which the contract is signed. After completing the initial stages of the proceedings and the initial hearing on August 8, 2017, the Group submitted its closing arguments. Currently, the document is under study for the issue of the ruling in the first instance before the Administrative Tribunal of Valle del Cauca.

Finally, Celsia S.A. has been involved in a legal dispute over a tax audit initiated by the District of Barranquilla, associated with the industry and commerce tax for 2018 since 2023. The claim for annulment and reestablishment of rights against the official liquidation issued by the District is based on the inadmissibility of the exception of expiration of the means of control and the incorrect determination of the taxable base of the tax, since the District intends to tax income of the company that has already been taxed in other jurisdictions for this same concept.
For 2023, considering that there is no second instance judgment, the group has provisioned 50 % of the amount in dispute.

36.2 Energy supply commitments

At the end of 2023, these were the relevant commitments:

Celsia Colombia S.A. E.S.P.: At the close of 2023, Celsia Colombia S.A. E.S.P. had commitments with third parties for the electricity supply acquired through the traditional energy sales process (traditional public calls for tender) or through the Centralized System of Public Calls for Tender Information (SICEP in Spanish) until 2030. In turn, and as a result of the UPME auction process for non-conventional renewable energy sources, it has energy sales contracts until 2037. Said commitments are financial contracts and they do not have the obligation of physical delivery from any power plant in particular. In the event that the seller does not generate energy from its own portfolio, it is supplied from the exchange.

All of the contracts with third parties are “contract pay” agreements where the amounts are established according to the hours and the majority of the prices are set in COP/kWh of a month and are indexed on a monthly basis to the Producer Price Index. For the contracts resulting from the UPME auction, an additional correction is made to the rate due to the actual evolution of the real equivalent cost of energy (CERE in Spanish).

On December 15, 2023, Celsia Colombia S.A.E.S.P. received notification from the Center of Arbitration and Conciliation of the Bogotá Chamber of Commerce of the commencement of an international arbitration dispute filed by Vientos del Norte S.A.S. E.S.P and Eolos S.A.S. E.S.P. (EDP Renewables group companies), proposing the revision of the supply contracts and requesting the displacement of the supply periods. EDPR Group's energy was contracted through the FNCER auction of 2019 and corresponds to 113.07 GWh-yr, for a period of 15 years from January 1, 2022 to December 31, 2036, eventually in the event that EDP Renewables decides to unilaterally terminate the contracts, this energy in the short term would become part of the purchases in the stock exchange and in the future will be covered with new long-term contracts.

CETSA E.S.P.: At the close of 2023, CETSA E.S.P. does not have commitments for the supply of electricity with third parties. Until 2035, it has commitments with one related company (Celsia Colombia S.A. E.S.P.). The amounts of the contract with Celsia Colombia S.A. E.S.P. will depend on the generation of CETSA E.S.P.’s power plants in ideal dispatch versus the signed contracts, and they will be equal to the surplus. Said commitments are financial contracts and they do not have the obligation of physical delivery from any power plant in particular. In the event that the seller does not generate energy from its own portfolio, it is supplied from the exchange.

On December 15, 2023, Compañía de Electricidad de Tuluá S.A.E.S.P. received notification from the Center of Arbitration and Conciliation of the Bogotá Chamber of Commerce of the commencement of an international arbitration dispute filed by Vientos del Norte S.A.S. E.S.P and Eolos S.A.S. E.S.P. (EDP Renewables group companies), proposing the revision of the supply contracts and requesting the displacement of the supply periods. EDPR Group's energy was contracted through the FNCER auction of 2019 and corresponds to 7.86 GWh-yr, for a period of 15 years from January 1, 2022 to December 31, 2036, eventually in the event that EDP Renewables decides to unilaterally terminate the contracts, this energy in the short term would become part of the purchases in the stock exchange and in the future will be covered with new long-term contracts.

ENERBIT S.A.S. E.S.P. : Has commitments in force for the purchase of energy supply until 2036 through Contract Pay agreements (CP) with fixed hourly quantities and with a fixed price in $/kWh indexed monthly with the Producer Price Index (PPI) for domestic supply. Signed contracts are for the regulated market, as a result of the public bidding processes carried out through SICEP (Centralized System of Public Calls for Tender Information), and for the non-regulated market. Commitments in force are entered into with Celsia Colombia S.A. E.S.P. (related company), EPM, ESPROD, BTG Pactual Comercializadora, ISAGEN and COENERSA, generating and trading agents duly registered in the Wholesale Energy Market and seek to cover the energy supply for ENERBIT S.A.S. customers. E.S.P.

Celsia Centroamérica S.A.:

- Power Purchase Agreements for 48 MW until December 31, 2025.
- Contracts of commitments for the supply of only power with distribution companies, and power and energy reserve contracts with other power generation companies

NOTE 37. RELEVANT EVENTS DURING THE REPORTING PERIOD

Celsia S.A., through its subsidiary Celsia Centroamérica S.A., announced in 2023 that it reached an agreement with the company Grupo Ibereólica Renovables to acquire the 218 MW Caravelí Wind Project, located in the Lomas District, province of Caravelí - Arequipa, Peru. The transaction is expected to close in early 2024 with the support of Ibereólica, at which time Celsia would begin construction and start-up of the project.

For the development of the Caravelí wind farm, Celsia will take advantage of equipment and agreements with suppliers already contracted for wind projects that have been delayed in La Guajira, Colombia, and whose licensing and consultation processes are underway. In this way, the construction schedule in Peru can be moved forward in an expedited manner.

The project will have the latest wind-generation technology. Celsia continues to diversify its international presence with renewable energy projects that represent an attractive return for its shareholders.

NOTE 38. SUBSEQUENT EVENTS FROM THE REPORTING PERIOD

There were no relevant events that occurred after the closure of the consolidated financial statements and until the date of their approval that could significantly affect the financial position of the Company reflected in these financial statements.

NOTE 39. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been authorized for their disclosure by the Registered Agent and the Board of Directors pursuant to the meeting held on February 20, 2024.