CELSIA COLOMBIA S.A. E.S.P.

Condensed consolidated financial statements for the first three-month interim period ending on March 31, 2021.

The interim financial statements and their accompanying notes are not audited or approved by the General Meeting of Shareholders. The opinion on their reasonableness shall be issued by the Statutory Auditor at the cut-off date of December 31, 2021, in accordance with the effective legal terms.

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Statutory Auditor's Report (XX pages)

CELSIA COLOMBIA S.A. E.S.P.

Condensed Consolidated Statement of Financial Position

(Values expressed in thousands of COP)

	Notes	March 2021	December 2020
Assets			
Non-current assets			
Property, plant and equipment, net	6	7,272,602,573	7,140,537,875
Leases and rights of use		68,317,663	68,102,510
Intangible assets, net	7	133,462,877	138,557,491
Goodwill		24,639,642	24,639,642
Investments in associates and joint ventures	8	158,144,834	152,229,188
Other financial investments		3,221,588	3,233,108
Trade debtors and other accounts receivable, net		331,850,002	283,011,012
Deferred tax assets		302,936	-
Total non-current assets		**7,992,542,115**	**7,810,310,826**
Current assets			
Cash and cash equivalents	9	78,754,469	243,921,329
Derivative financial instruments		6,560,261	-
Trade debtors and other accounts receivable, net		626,122,193	512,696,536
Inventories	10	136,389,581	126,737,672
Prepayments and other non-financial assets		34,558,475	42,723,602
Current tax assets		35,738,872	4,619,479
Total current assets		**918,123,851**	**930,698,618**
Total assets		**8,910,665,966**	**8,741,009,444**
Liabilities and shareholders' equity			
Equity	11		
Issued capital		1,211,464,197	1,211,464,197
Share issue premium		377,059,525	377,059,525
Reserves		1,297,156,422	1,186,212,033
Other comprehensive income		(26,085,083)	(36,515,690)
Retained earnings of the period		1,048,377,239	1,289,502,762
Total equity attributable to the controlling shareholders		**3,907,972,300**	**4,027,722,827**
Non-controlling interest		27,126,536	27,292,547
Total equity, net		**3,935,098,836**	**4,055,015,374**
Liabilities			
Non-current liabilities			
Borrowings		2,291,377,308	2,032,143,844
Liabilities for right-of-use assets		45,982,586	51,100,055
Trade creditors and other accounts payable, net		650,070,266	744,020,266
Deferred tax liabilities		318,892,154	322,455,941
Employee benefits		138,521,293	138,608,638
Total non-current liabilities		**3,444,843,607**	**3,288,328,744**
Current liabilities			
Borrowings		426,972,799	418,411,105
Derivative financial instruments		-	43,473,679
Liabilities for right-of-use assets		6,187,002	1,167,790
Trade creditors and other accounts payable, net		704,367,167	576,993,335
Provisions	12	217,822,696	215,642,235
Current tax liabilities		108,083,095	61,437,469
Employee benefits		36,816,944	50,408,991
Other non-financial liabilities		30,473,820	30,130,722
Total current liabilities		**1,530,723,523**	**1,397,665,326**
Total liabilities		**4,975,567,130**	**4,685,994,070**
Total liabilities and equity		**8,910,665,966**	**8,741,009,444**

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

Julián Darío Cadavid Velásquez
Registered Agent

Jorge Tarquino Pérez
Accountant
Professional License no. 30956-T

Michael Smith Quisaboni Sánchez
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(See my report, dated May 7, 2021)

CELSIA COLOMBIA S.A. E.S.P.

Condensed Consolidated Statement of Income and Other Comprehensive Income

Interim periods ending on March 31

(Values expressed in thousands of COP)

	Note	March 2021	March 2020
Revenue			
Revenue	13	858,391,017	798,183,605
Cost of sales	14	(583,308,161)	(544,786,494)
Gross profit		**275,082,856**	**253,397,111**
Other income	15	2,410,919	3,563,894
Administrative expenses	16	(59,307,729)	(50,615,860)
Other expenses	15	(10,571,489)	(11,496,343)
Equity method, net	17	(423,357)	(2,874,575)
Earnings before financial costs		**207,191,200**	**191,974,227**
Financial income	18	7,756,895	2,536,851
Financial costs	18	(50,239,432)	(65,073,721)
Exchange difference, net	18	(2,489,621)	(4,754,020)
Earnings before tax		**162,219,042**	**124,683,337**
Income tax		(49,326,522)	(46,785,873)
Earnings of the period, net		**112,892,520**	**77,897,464**
Net income of the period attributable to:			
Controlling shareholders		112,930,765	77,722,889
Non-controlling interest		(38,245)	174,575
		112,892,520	**77,897,464**
Earnings per share from continuing operations (in COP)	19		
Basic earnings from continuing operations		303.23	209.23
Diluted earnings from continuing operations		303.23	209.23
Other comprehensive income	11		
Items that will not be reclassified in the statement of comprehensive income:			
Earnings (losses) of the net value over investments in equity instruments designated as measured at fair value through other comprehensive income		(11,518)	(339,804)
Share in other comprehensive income of joint ventures		10,441,786	-
Total other comprehensive income		**10,430,268**	**(339,804)**
Other comprehensive income attributable to:			
Controlling interest		10,430,607	(329,771)
Non-controlling interest		(339)	(10,033)
Total other comprehensive income of the period		**10,430,268**	**(339,804)**
Comprehensive income attributable to:			
Controlling shareholders		123,361,372	77,393,118
Non-controlling interest		(38,584)	164,542
Total comprehensive income		**123,322,788**	**77,557,660**

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CELSIA COLOMBIA S.A. E.S.P.

Condensed Consolidated Statement of Changes in Shareholders' Equity

Interim periods ending on March 31

(Values expressed in thousands of COP)

	Note	Issued capital	Share issue premium	Reserves	Other comprehensive income	Retained earnings of the period	Equity attributable to controlling shareholders	Non-controlling interest	Equity, net
Balances at January 1, 2020	**11**	**1,211,464,197**	**375,895,338**	**831,941,160**	**(25,632,335)**	**1,524,266,347**	**3,917,934,707**	**4,119,881**	**3,922,054,588**
Earnings of the period, net		-	-	-	-	77,722,889	77,722,889	174,575	77,897,464
Appropriation of reserves		-	-	588,819,873	-	(588,819,873)	-	-	-
Distribution of dividends		-	-	(234,549,000)	-	-	(234,549,000)	(467,253)	(235,016,253)
Capital issuance		-	1,427,189	-	-	-	1,427,189	3,574,505	5,001,694
Other comprehensive income of the period		-	-	-	(329,771)	-	(329,771)	(10,033)	(339,804)
Balances at March 31, 2020		**1,211,464,197**	**377,322,527**	**1,186,212,033**	**(25,962,106)**	**1,013,169,363**	**3,762,206,014**	**7,391,675**	**3,769,597,689**
Balances at January 1, 2021	**11**	**1,211,464,197**	**377,059,525**	**1,186,212,033**	**(36,515,690)**	**1,289,502,762**	**4,027,722,827**	**27,292,547**	**4,055,015,374**
Earnings of the period, net		-	-	-	-	112,930,765	112,930,765	(38,245)	112,892,520
Appropriation of reserves		-	-	354,056,288	-	(354,056,288)	-	-	-
Distribution of dividends		-	-	(243,111,899)	-	-	(243,111,899)	(127,427)	(243,239,326)
Other comprehensive income of the period		-	-	-	10,430,607	-	10,430,607	(339)	10,430,268
Balances at March 31, 2021		**1,211,464,197**	**377,059,525**	**1,297,156,422**	**(26,085,083)**	**1,048,377,239**	**3,907,972,300**	**27,126,536**	**3,935,098,836**

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

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CELSIA COLOMBIA S.A. E.S.P.

Condensed Consolidated Statement of Cash Flow

Interim periods ending on March 31

(Values expressed in thousands of COP)

	Note	March 2021	March 2020
Cash flows from operating activities			
Earnings of the period, net		112,892,520	77,897,464
Adjustments to reconcile the earnings of the period:			
Income tax		49,326,522	46,785,873
Depreciation of property, plant and equipment, and rights of use	6	62,183,250	58,217,327
Losses from sale and derecognition of property, plant and equipment, net	15	63	98,117
Amortization of intangible assets	7	7,789,032	5,116,858
Earnings from sale of investments	15	-	(16,089)
Pension liability interest	18	2,550,445	2,018,364
Recovery of contingencies	12	(568,034)	(1,408,542)
Financial costs, net, recognized in statement of income of the period		43,887,970	55,048,143
Impairment losses of trade debtors and other accounts receivable	16	7,524,598	1,660,801
Equity method for investments in subsidiaries, associates and joint ventures	17	423,357	2,874,575
Earnings (losses) from transactions in foreign currency		6,140,901	810,400
Loss in hedging instruments valuation	18	(15,783,294)	2,558,177
Changes in working capital			
Trade debtors and other accounts receivable, net		(164,578,330)	(78,151,656)
Inventories		(7,721,561)	(20,922,687)
Other assets		8,165,127	5,813,767
Trade creditors and other accounts payable, net		(217,841,422)	(18,005,468)
Taxes paid		(37,667,011)	(38,379,911)
Employee benefits and provisions	12	(16,322,614)	(5,295,785)
Other liabilities		343,100	(14,445,913)
Cash flow from operating activities, net		**(159,255,381)**	**82,273,815**
Cash flows in investment activities:			
Acquisition of associates and joint ventures		(1,106,712)	(1,916,665)
Acquisition of property, plant and equipment	6	(197,315,404)	(105,257,707)
Sale of property, plant and equipment		-	27,476
Acquisition of intangible assets	7	-	(5,777,396)
Net cash from (used in) investment activities		**(198,422,116)**	**(112,924,292)**
Cash flows from financing activities:			
Share issuance and other capital instruments		-	2,649,339
Loans and other financial liabilities		909,799,338	189,254,362
Payments of financial lease liabilities		(1,870,784)	(2,646,030)
Payments of loans and other financial liabilities		(653,255,554)	(4,269,701)
Dividends paid to shareholders		(14,056)	-
Interest paid		(31,697,859)	(38,817,846)
Payments made to hedging financial derivatives		(34,250,647)	-
Cash flow from (used in) financing activities, net		**188,710,438**	**146,170,124**
Increase in cash and cash equivalents, net		**(168,967,059)**	**115,519,647**
Balances at start of period		243,921,329	159,841,912
Effect of variations in exchange difference on cash held		3,800,199	-
Balances at end of period		**78,754,469**	**275,361,559**

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

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NOTE 1. GENERAL INFORMATION

Celsia Colombia S.A. E.S.P. (hereinafter the "company") was incorporated by Public Deed no. 0914, dated December 12, 1994, issued by the Sole Notary of the Candelaria Circle, Valle del Cauca. It is categorized as a residential public utility company and an electric power generation company subject to the legal system established in the laws for residential and electricity public utilities.

On June 5, 1997, the Colombian Government signed an agreement to sell the shares that it held in the company to Consorcio EDC Colombian Energy Ventures INC., Colombian Electricity Ventures INC. and Valle Energy Ventures INC., starting the privatization process.

Its registered business address is in the municipality of Yumbo, Valle del Cauca, and it is established for an indefinite legal term. The group is domiciled in Colombia.

In November 2019, the General Meeting of Shareholders made the decision to unify the brand and change the name from Empresa de Energía del Pacífico (Epsa E.S.P.) to Celsia Colombia S.A. E.S.P.

Its main corporate purpose is the provision of residential electricity public utilities. To develop its corporate purpose, the Company executes the policies, plans, programs and projects for the generation, transmission, distribution and sale of energy, the administration, management and use thereof, in accordance with the regulations and guidelines issued by the Ministry of Mines and Energy. The actions of Celsia Colombia S.A. E.S.P. (formerly Empresa de Energía del Pacífico S.A. E.S.P. - Epsa) are in compliance with Law 142/1994 and Law 143/1994 and any that amend and/or add to them, as well as the provision of ancillary, complementary and related public utilities, in accordance with the legal regulatory framework.

Power generation consists of generating electricity through hydroelectric power plants connected to the National Electrical Grid (SIN in Spanish).

The national transmission activity is the transportation of electricity in the national transmission system. It is comprised of a set of lines with their corresponding connection equipment, which operate at voltages equal to or higher than 220 kV.

Distribution consists of transporting electricity through the local distribution system or the regional transmission system. It is carried out through a set of lines and substations with their related equipment, which operate at voltages of less than 220 kV.

Sales consist of the purchase of electricity on the Wholesale Energy Market (WEM) and the sale thereof to other market agents or regulated and non-regulated end users. Transactions between generators and resellers are carried out by means of bilateral contracts or on the spot market.

Law 142/1994 establishes general criteria and policies to regulate residential public utilities in Colombia, as well as procedures and mechanisms for their regulation, control and oversight.

Law 143/1994 ensures viability of the constitutional focus and regulates electricity generation, transmission, distribution and sales activities. It creates a market environment with competition, strengthens the sector, and creates guidelines for government intervention.

Decree 1524/1994 delegated the presidential responsibility of creating general policy for managing and controlling the efficiency of residential public utilities to the regulatory commissions.

In Colombia, regulatory commissions are responsible for promoting competition between public utility providers to ensure that competitors provide cost-efficient operations, that they do not abuse a dominant position, and that they produce high-quality services.

The Energy and Gas Regulatory Commission (CREG in Spanish), the technical organization appointed by the Ministry of Mines and Energy (MME), regulates energy sales rates and all matters related to wholesale energy market (WEM) operations, and the provision of electricity and gas services.
The regulated market uses the freely regulated system. Prices are non-negotiable and are calculated with rate formulas established in resolutions issued by the CREG. Industrial, commercial and residential users may participate in this market.

The purchase of energy for the regulated market must be done via public invitations to tender in order to ensure free competition among agents.

Users with a potential demand equal to or greater than 0.1 MW or a minimal monthly consumption of 55 MWh participate in the non-regulated market (CREG Resolution 131/1998). This market is supplied by resellers and generators, which freely negotiate prices, terms and amounts of electricity.

which freely negotiate prices, terms and amounts of electricity.

Celsia Colombia S.A. E.S.P. owns 97.05% of Compañía de Electricidad de Tuluá S.A. E.S.P., which operates three miner power plants with a total capacity of 14.17 MW. In its distribution and sales activities, Celsia Colombia S.A. E.S.P. has 64,461 residential and non-residential customers. Additionally, with its subsidiary Cetsa E.S.P., it has 21,400 km of distribution networks and 78 distribution substations.

Celsia Colombia S.A. E.S.P. is the owner of 100% of Celsia Colombia Inversiones S.A.S. This is a simplified joint-stock company, with the main activity of business and management consultancy as well as connection maturity. After the merger on December 29, 2020, between Celsia Colombia S.A. E.S.P. (absorbing company), Celsia Tolima S.A. E.S.P. and Begonia Power S.A.S. (absorbed companies), Celsia Colombia S.A. E.S.P. has 1,131,885 direct residential and non-residential customers in Colombia and can manage the wind farm projects to be developed in La Guajira.

Celsia S.A. is the controlling company of Celsia Colombia S.A. E.S.P. and its highest controlling company is Grupo Argos S.A.

Generation

To carry out electric power generation, Celsia Colombia S.A. E.S.P. operates 15 hydroelectric power plants with a capacity of 1,105.33 MW: Alto Anchicayá, Bajo Anchicayá, Salvajina, Calima, Cucuana, Hidroprado, Prado 4, Amaime, Alto Tuluá, Bajo Tuluá, Nima, Río Cali, San Andrés de Cuerquía, Río Piedras and Hidromontañitas. The Company has a thermal power plant with a capacity of 167 MW, which Celsia S.A. owns and is located in Barrancabermeja. Additionally, Celsia Colombia S.A. E.S.P. has four solar farms with an installed capacity of 37.66 MW, as follows: Yumbo, Bolívar, Espinal and Carmelo.

Distribution and sales

On June 1, 2019, the Company acquired a commercial establishment from Compañía Energética del Tolima S.A. E.S.P., which includes all the distribution assets and the energy sales business in the Tolima department. With this acquisition, Celsia Colombia S.A. E.S.P. completes 274 km of transmission lines, 42,617 km of distribution networks (22,001 km from Tolima), 165 distribution substations (75 from Tolima) and 11 transmission substations.

The distribution business currently covers more than 1,100,000 customers, including those from the 47 municipalities of the Tolima Department, 41 municipalities of the Valle del Cauca Department, three municipalities of the Cundinamarca Department, and two municipalities of the Chocó Department.

Platforms to increase solar generation and energy transmission

Two very important vehicles were structured in 2019 to strengthen the medium and large-scale solar power generation projects, as well as energy transmission and distribution activities in Colombia, achieving an agreement with Cubico Sustainable Investments to boost these businesses.

Cubico is one of the world's largest investors in the renewable energy sector. It operates in ten countries with its global portfolio and it has an installed capacity of 3.1 GW. Cubico's headquarters are in London and its partners are the Ontario Teachers' Pension Plan –OTPP– and PSP Investments, two of Canada's largest pension funds, which provide a strong basis of resources with long-term investment goals.

The first platform in partnership with Cubico was structured based on collaboration for solar power projects, in which the Company will provide its knowledge of the Colombian electricity market for the development, structuring, construction and operation of the projects, as well as its energy sales capacity. In turn, Cubico will contribute its experience and best practices in the global context of asset management, as well as a multidisciplinary team of experts in the identification of investment opportunities with value creation, and strong relationships with local developers and manufacturers.

The Caoba Inversiones platform was created, which incorporated the operating assets of Plan 5 Caribe and others with voltage levels 3, 4 and 5 in Valle del Cauca and Tolima.

As the Company has a 51% share in Caoba, it continues to commercially represent the assets that are part of Caoba and provides operations and maintenance services that guarantee the same level of excellence that characterizes our operations.

Internet

In 2019, the Company started to operate a new telecommunications business, offering fiber-optic internet plans to homes in the municipality of Palmira, Valle del Cauca. In 2020, it extended its coverage to the municipalities of Jamundí and Candelaria. It currently has just over 7,787 internet service customers, covering 331 km with fiber optics, and with an internet consumption capacity of 10 GB per second.

Integration of subsidiaries and merger process

On December 29, 2020, the bylaw amendment was made for the merger between Celsia Colombia S.A. E.S.P. (absorbing company), Celsia Tolima S.A. E.S.P. and Begonia Power S.A.S. (absorbed companies), through Public Deed no. 3,046 in Notary 7 of Medellín. This merger process had been previously authorized through the resolution notified by the Superintendence of Corporations on December 15, 2020.

As reported to the market on March 19, 2020, the absorbed companies, in which Celsia Colombia S.A. E.S.P. held 100% of the capital, existed as temporary and non-operating vehicles to acquire the energy sales business and distribution assets in the department of Tolima (Celsia Tolima S.A. E.S.P.) and the wind power plant projects to develop in the department of La Guajira (Begonia Power S.A.S.).

Once the merger was completed, the absorbed companies transferred all of their assets, liabilities and equity in a block to Celsia Colombia S.A. E.S.P., with which they were dissolved without liquidation and Celsia Colombia S.A. E.S.P. simplified its corporate structure.

The condensed consolidated interim financial statements include Celsia Colombia S.A. E.S.P. and its subsidiaries, as listed below:

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 term. 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.

Regarding distribution and sales, Cetsa E.S.P. operates three minor power plants with a total capacity of 14.17 MW, and it supplies three municipalities in Valle del Cauca, where it has 64,462 residential and non-residential clients. In addition, it has 811 km of distribution networks and six distribution substations. Celsia Colombia S.A. E.S.P. has a direct interest of 97.05% in the share capital of Cetsa E.S.P.

Celsia Colombia Inversiones S.A.S. (formerly Epsa Inversiones S.A.S.)

Celsia Colombia Inversiones S.A.S. is a simplified joint-stock company with the main activity of being a vehicle for the acquisition of investments, and business 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.

By Minutes no. 12, dated February 28, 2020, of the General Meeting of Shareholders, the company changed its name from Epsa Inversiones S.A.S. to Celsia Colombia Inversiones S.A.S.

Termoeléctrica El Tesorito S.A.S. E.S.P.

It was incorporated by private document no. 1924378 in Book IX of the business registry on March 26, 2015, under the name Promotora de Energía Eléctrica del Archipiélago de San Andrés, Providencia y Santa Catalina S.A.S. E.S.P. By Minutes no. 8, dated June 7, 2019, of the Extraordinary General Meeting of Shareholders, registered in the Chamber of Commerce under no. 21220 in Book IX of the business registry, the company's business name was changed to: Termoeléctrica El Tesorito S.A.S. E.S.P.

Its corporate purpose is electricity generation, transmission, distribution and sales within the terms of Law 142/1994 and Law 143/1994, and the other regulations that add to, amend or regulate them.

On May 10, 2019, Celsia Colombia S.A. E.S.P. and Celsia Colombia Inversiones S.A.S. acquired 23% (comprised of 2,300,000 shares) and 34.5% (comprised of 3,450,000 shares), respectively, for a total investment of USD 6,000,000. Termoeléctrica El Tesorito S.A.S. E.S.P. is in charge of the construction and operation of a gas-fired power plant with a declared capacity of 200 MW, which will be located in the department of Córdoba. Celsia Colombia S.A. E.S.P. has an effective interest in this company of 57.50%.

Celsia Move S.A.S.

Celsia Move S.A.S. was incorporated by private document on November 20, 2019, registered on November 25, 2019, under number 02527083 of Book IX.

Its registered business address is in the municipality of Bogotá D.C., Cundinamarca, and it is established for an indefinite legal term.

Its main corporate purpose is the signing and execution of the concession contract of selection process no. SAM18-2019, which aims to grant the non-exclusive and joint concession with other concession holders for the exploitation of the provision of the automotive, urban and massive land transportation public service of the integrated public transportation system (SITP in Spanish) and the provision of the fleet on its own account and at its own risk.

The share of Celsia Colombia S.A. E.S.P. (formerly Empresa de Energía del Pacífico S.A. E.S.P. – Epsa) in Celsia Move S.A.S. is 100%.

Celsia Tolima S.A. E.S.P.

Celsia Tolima S.A. E.S.P. was incorporated by Public Deed no. 351, dated May 2, 2019, registered with the Cali Chamber of Commerce on May 6, 2019. Its registered business address was in the municipality of Yumbo, Valle del Cauca, and it was established for an indefinite legal term.

Its main corporate purpose was the provision of residential electricity public utilities within the terms of Law 142/1994 and Law 143/1994, and the other regulations that add to, amend or regulate them.

In 2019, the direct share of Celsia Colombia S.A. E.S.P. (formerly Empresa de Energía del Pacífico S.A. E.S.P. – Epsa) in the share capital of Celsia Tolima S.A. E.S.P. was 100%. The company was dissolved on December 29, 2020, without liquidation, through the merger between Celsia Colombia S.A. E.S.P. (absorbing company), Celsia Tolima S.A. E.S.P. and Begonia Power S.A.S. (absorbed companies).

Begonia Power S.A.S.

Begonia Power S.A.S. E.S.P. was a commercial simplified joint-stock company incorporated on August 1, 2013, by a private document and registered in the Medellín Chamber of Commerce on September 16, 2013. Its registered business address was in the municipality of Medellín and it was established for an indefinite term.

Its corporate purpose was electric power generation, sales and distribution within the terms of Law 142/1994 and Law 143/1994, and the other regulations that add to, amend or regulate them. The related, legally-developed activities are also part of the corporate purpose.

In 2018, Celsia Colombia S.A. E.S.P. was the holder of the rights for the development of wind power plant projects in La Guajira with 330 MW in four wind power parks. In July 2019, it completed its shareholding to have 100%. These projects have an environmental license and connection approved by the Mining and Energy Planning Unit (UPME in Spanish) and are at different stages of connection maturity. The company was dissolved on December 29, 2020, without liquidation, through the merger between Celsia Colombia S.A. E.S.P. (absorbing company), Celsia Tolima S.A. E.S.P. and Begonia Power S.A.S. (absorbed companies).

NOTE 2. STATUS OF COMPLIANCE AND BASIS OF PRESENTATION

2.1. Status of compliance and applicable accounting standards

Pursuant to the provisions issued by Law 1314/2009, regulated by Decrees 2420/2015, 2496/2015, 2131/2016, 2170/2017, 2483/2018, 2270/2019 and 1432/2020, the Group prepares its consolidated financial statements in accordance with the Accounting and Financial Reporting Standards accepted in Colombia (hereinafter, NCIF), 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 (hereinafter, IASB) in the second half of 2018, and the incorporation of the amendment to IFRS 16 – Leases: COVID-19-Related Rent Concessions, issued in 2020.
These condensed consolidated interim financial statements are prepared based on the interim reporting content required by IAS 34 – Interim Financial Reporting and they do not contain all the reporting disclosures required in the annual financial

statements presented under IAS 1 – Presentation of Financial Statements. These condensed consolidated interim financial statements must be read together with the last consolidated annual financial statements at December 31, 2020.

Additionally, in compliance with the laws, decrees and other effective regulations, the Company applies the accounting criteria pursuant to the tax laws described in the note on taxes included in the last annual financial statements at December 31, 2020.

2.2 Going concern basis

The condensed consolidated interim financial statements have been prepared on the basis of going concern. On March 17, 2020, the Colombian Government declared the state of health emergency due to COVID-19 and the governments of the other countries where we operate have been taking measures that affect the operations of Celsia Colombia S.A. E.S.P. and its subsidiaries. In response, the Group has been implementing mitigation plans to combat the impacts generated by the declaration of the state of emergency. Consequently, it can conclude that even in the current situation, its ability to continue as a going concern has not been affected (see Note 24 Relevant events during the reporting period).

2.3. Basis of preparation

In its bylaws, the Group has established December 31 as the cut-off date for its accounts in order to prepare and disclose its general consolidated financial statements once a year. The items included in the Group's consolidated financial statements are expressed in the currency of the entities' primary economic environment, which is the Colombian peso. The consolidated financial statements are presented "in Colombian pesos", which is the functional currency of the Group and the reporting currency. All the information is presented in millions of Colombian pesos and has been rounded to the nearest unit.

The consolidated financial statements have been prepared on the basis of the historical cost with the exception of the following items included in the statement of financial position:

- The derivative financial instruments are measured at fair value. (See Note 20. Financial instruments)
- The non-derivative financial instruments at fair value through profit and loss are measured at fair value. (See Note 20. Financial instruments)
- The contingent consideration assumed in a business combination is measured at fair value. (See Note 22. Business combinations)
- With respect to employee benefits, the defined benefit assets are recognized as the net total of the plan's assets, plus the costs of unrecognized past services, and the unrecognized actuarial losses, less the unrecognized 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.

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 all the financial assets and liabilities is established on the date the financial statements are submitted for recognition or disclosure in the notes to the financial statements.

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

2.4. Principles for the consolidation of financial statements

The condensed consolidated interim financial statements include the financial statements of the Company, as well as the entities controlled by the Company and its subsidiaries. Control is achieved when the company:

- has power over an investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to affect those 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.

When the Company has less than the majority of the 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 contracts; 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. Specifically, 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 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.

If necessary, adjustments are made to the financial statements of the subsidiaries to adapt their accounting policies to those used by the Company.

All inter-company transactions, balances, income and expenses are eliminated in the consolidation.

The financial statements of the Controlling Company and its subsidiaries are presented using uniform accounting guidelines for transactions and other similar events. Consolidation is based on the global integration method, which incorporates all the assets, liabilities, equity, and income of the controlled companies in the financial statements, after deducting the Company's investment in the equity of the controlled companies, as well as the reciprocal balances and transactions at the cut-off date of the consolidated financial statements.

The condensed consolidated interim financial statements appropriately disclose the magnitude of the resources under exclusive control in order to establish an approximate factor of the economic level of the responsibility of Celsia Colombia S.A. E.S.P.

At the cut-off date of the financial statements, the Organization had the following controlled companies: Compañía de Electricidad de Tuluá S.A. E.S.P., Cetsa E.S.P., Celsia Colombia Inversiones S.A.S., Termoeléctrica El Tesorito S.A.S. E.S.P. and Celsia Move S.A.S.

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 equity 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 recognized directly in equity and it is attributed to the shareholders of the Controlling Company.

When the Company loses control of a subsidiary, the profit or loss is recognized in the income statement and calculated as the difference between (i) the aggregate of the fair value of the consideration 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 non-controlling interest. The amounts previously recognized in other comprehensive income related to this subsidiary are recorded as if the Company had directly sold the relevant assets (that is, reclassified to profit or loss, or transferred to another equity category as specified/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 Celsia Colombia S.A. E.S.P. and its subsidiaries at March 31, 2021, and December 31, 2020, certified pursuant to the legal regulations in force:

March 2021				
Name of the subsidiary (figures in thousands)	**Assets**	**Liabilities**	**Equity**	**Income**
Celsia Colombia S.A. E.S.P.	8,835,181,609	4,927,209,310	3,907,972,300	112,930,765
Compañía de Electricidad de Tuluá S.A. E.S.P.	196,179,527	50,844,180	145,335,347	5,114,431
Termoeléctrica El Tesorito S.A.S.	62,404,631	3,474,037	58,930,594	32,096
Celsia Colombia Inversiones S.A.S.	30,415,296	1,511,308	28,903,987	125,205
Celsia Move S.A.S.	129,541,161	121,253,816	8,287,345	1,822,244
Total	**9,253,722,224**	**5,104,292,651**	**4,149,429,573**	**120,024,741**
Eliminations	(343,056,258)	(128,725,521)	(241,457,273)	(7,093,976)
Non-controlling interest	-	-	27,126,536	(38,245)
Total	**(343,056,258)**	**(128,725,521)**	**(214,330,737)**	**(7,132,221)**
Consolidated, net	**8,910,665,966**	**4,975,567,130**	**3,935,098,836**	**112,892,520**

December 2020				
Name of the subsidiary (figures in thousands)	**Assets**	**Liabilities**	**Equity**	**Income**
Celsia Colombia S.A. E.S.P.	8,571,849,700	4,544,126,873	4,027,722,827	354,056,288
Compañía de Electricidad de Tuluá S.A. E.S.P.	196,942,523	52,394,166	144,548,357	19,934,267
Termoeléctrica El Tesorito S.A.S.	56,489,328	2,790,830	53,698,497	(786,286)
Celsia Colombia Inversiones S.A.S.	30,282,443	1,503,661	28,778,783	(511,215)
Celsia Move S.A.S.	151,647,576	145,182,476	6,465,100	6,487,789
Total	**9,007,211,570**	**4,745,998,006**	**4,261,213,564**	**379,180,843**
Eliminations	(266,202,126)	(60,003,936)	(233,490,737)	(25,124,555)
Non-controlling interest	-	-	27,292,547	457,278
Total	**(266,202,126)**	**(60,003,936)**	**(206,198,190)**	**(24,667,277)**
Consolidated, net	**8,741,009,444**	**4,685,994,070**	**4,055,015,374**	**354,513,566**

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 recognized 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.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied to these condensed consolidated interim financial statements at March 31, 2021, are the same as the ones applied by Celsia Colombia S.A. E.S.P. in its consolidated financial statements for the year ending on December 31, 2020. The Company has not adopted new IFRS in 2021. However, there are IFRS issued at the date of these financial statements that have not been incorporated by decree in Colombia, which are described in Note 4.

NOTE 4. STANDARDS ISSUED BY THE IASB

Standards issued by the IASB not incorporated in Colombia

The following standards have been issued by the IASB, but they still have not been incorporated by decree in Colombia:

Financial reporting standard	Amendment topic	Details
IFRS 9 – Financial Instruments; IAS 39 – Financial Instruments: Recognition and Measurement; and IFRS 7 – Financial Instruments: Disclosures	Interest Rate Benchmark Reform (amendments to IFRS 9, IAS 39 and IFRS 7)	Paragraphs 6.8.1 to 6.8.12 of IFRS 9 are added regarding temporary exceptions from applying specific hedge accounting requirements. Paragraphs 102A to 102N and 108G are incorporated into IAS 39 regarding temporary exceptions from applying specific hedge accounting requirements. Paragraph 24H about the uncertainty arising from interest rate benchmark reform, as well as paragraphs 44DE and 44DF (Effective

Financial reporting standard	Amendment topic	Details
		date and transition) are added to IFRS 7. The amendment applies as of January 1, 2020, and its early application is permitted (although it is not expected to have a significant impact for Colombian entities) and its requirements shall be applied retroactively only to the hedging relationships that existed at the start of the reporting period in the entity that applies said requirements for the first time.
	Interest Rate Benchmark Reform – Phase 2	Adds paragraphs: 5.4.5 to 5.4.9 Changes to the basis for determining contractual cash flows as a result of the interest rate benchmark reform (measurement at amortized cost); paragraph 6.8.13 End of the application of the temporary exception in hedge accounting; paragraphs 6.9.1 to 6.9.13 Additional temporary exceptions that arise from the interest rate benchmark reform; paragraph 7.1.10 Effective date; and paragraphs 7.2.43 to 7.2.46 Transition for the interest rate benchmark reform phase 2 to IFRS 9. Paragraph 102M End of application of the temporary exception in hedge accounting is amended; paragraphs 102O to 102Z3 Additional temporary exceptions arising from interest rate benchmark reform; and paragraphs 108H to 108K Effective date and transition are added to IAS 39; as well as new headings. Paragraphs 24I and 24J Additional disclosures related to interest rate benchmark reform; paragraphs 44GG and 44HH Effective date and transition, and new headings are added to IFRS 7. Paragraphs 20R and 20S Changes in the basis for determining contractual cash flows as a result of interest rate benchmark reform; paragraphs 50 and 51 Effective date and transition, and new headings are added to IFRS 4. Paragraphs 104 to 106 Temporary exception arising from interest rate benchmark reform are amended; and paragraphs C20C and C20D Interest Rate Benchmark Reform – Phase 2 are added to IFRS 16. The amendment was issued in August 2020, it applies as of January 1, 2021, and its early application is permitted.
IAS 1 – Presentation of Financial Statements	Amendments are made related to the classification of liabilities as current or non-current	Said amendment was issued in January 2020 and subsequently amended in July 2020. 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." In the added paragraph 72(a), it clarifies that "the right of an entity to defer the settlement of a liability for at least twelve months after the reporting period must be substantial" and, as illustrated in paragraphs 73 to 75, the end of the reporting period must exist. The amendment applies as of January 1, 2023, and its early application is permitted. The effect of its application on comparative information shall be carried out retroactively.

Financial reporting standard	Amendment topic	Details
IFRS 3 – Business Combinations	Changes in Reference to the Conceptual Framework	Amendments are made to the references in order to align them with the Conceptual Framework issued by the IASB in 2018 and incorporated into Colombian legislation. Consequently, the identifiable assets acquired and the liabilities assumed in a business combination on the transaction date correspond to those that meet the definition of assets and liabilities described in the Conceptual Framework. Paragraphs 21A, 21B and 21C are incorporated regarding the recognition principle for liabilities and contingent liabilities within the scope of IAS 37 and IFRIC 21. Paragraph 23A is incorporated to define a contingent asset and to clarify that the acquirer in a business combination will not recognize a contingent asset on the acquisition date. The amendment applies as of January 1, 2022, and its early application is permitted. Any effect on its application shall be realized prospectively.
IAS 16 – Property, Plant and Equipment	It is amended regarding proceeds obtained before intended use	The amendment treats the costs directly attributable to the acquisition of the asset (which are part of PPE) and refer to the "costs of testing whether the asset is functioning properly" (that is, if the technical and physical performance of the asset is such that it can be used in the production or the supply of goods or services to lease to third parties or for administrative purposes[6]). Paragraph 20A expresses that the production of inventories while the PPE item is in the condition intended by management, when sold, will affect the income of the period, together with its corresponding cost. The amendment applies as of January 1, 2022, and its early application is permitted. Any effect on its application is shall be carried out retroactively, but only to the PPE items that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management from the start of the first period presented in the financial statements in which the entity applies the amendments for the first time. The accumulated effect of the initial application of the amendments shall be recognized as an adjustment to the opening balance of the retained earnings (or other component of equity as applicable) at the start of the first presented period.
IAS 37 – Provisions, Contingent Liabilities and Contingent Assets	Onerous Contracts – Cost of Fulfilling a Contract	It clarifies that the cost of fulfilling a contract includes the costs directly related to the contract (costs of direct labor and materials, and the allocation of costs that relate directly to the contract). The amendment applies as of January 1, 2022, and its early application is permitted. The effect of the application of the amendment shall not involve the restatement of comparative information. Instead, the accumulated effect of the initial application of the amendments shall be recognized as an adjustment to the opening balance of the retained earnings or other component of equity, as applicable, on the initial application date.
Annual Improvements to IFRS Standards 2018-2020	Amendments to IFRS 1 – First-time Adoption of International Financial	Amendment to IFRS 1. Subsidiary as a first-time adopter. Adds paragraph D13A to IFRS 1, incorporating an exemption for subsidiaries that adopt the IFRS for the first time and takes the book

Financial reporting standard	Amendment topic	Details
	Reporting Standards, IFRS 9 – Financial Instruments, and IAS 41 – Agriculture	values included in the controlling company's financial statements as balances in the opening statement of financial position (paragraph D16(a) of IFRS 1) so that cumulative translation differences can be measured using the book value of said entry in the consolidated financial statements of the controlling company (also applies to associates and joint ventures). Amendment to IFRS 9. Fees in the "10 per cent" test for derecognition of financial liabilities. Text is added to paragraph B3.3.6 and paragraph B3.3.6(a) is added, which especially clarifies the recognition of the fees paid (to income if it is the payment of a liability, or as the lower value of the liability if it is not treated as a payment). Amendment to IAS 41. Taxation in fair value measurements. Removes the requirement for entities "to exclude taxation cash flows" in paragraph 22 of IAS 41, because "before the Annual Improvements to IFRS Standards 2018-2020, IAS 41 had required that an entity use pre-taxation cash flows when measuring the fair value, but the use of a pre-taxation discount rate was not required to deduct these cash flows". Therefore, the requirements of IAS 41 are aligned with those of IFRS 13. The amendment applies as of January 1, 2022, and its early application is permitted.
Amendments to IFRS 4 – published by the IASB in June 2020	Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)	Paragraphs 20A, 20J and 20O of IFRS 4 are amended to permit the temporary exemption, but it does not require that the insurance entities apply IAS 39 – Financial Instruments: Recognition and Measurement instead of IFRS 9 for the annual periods beginning on or after January 1, 2023 (because as of said date, there is a new international requirement in IFRS 17).

The Company and its subsidiaries will quantify the impact on the financial statements once the decree that incorporates them into the Colombian Technical Regulatory Framework is issued.

NOTE 5. RELEVANT ACCOUNTING ESTIMATES AND JUDGMENTS

In its application of the accounting policies, Management must issue judgments, estimates and assumptions 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 underlying estimates and assumptions are regularly reviewed. 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. Celsia Colombia S.A. E.S.P. and its subsidiaries make estimates and assumptions about the future. By definition, the resulting accounting estimates are very rarely the same as the real results.

5.1. Significant judgments and estimates 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 significant judgments and estimates made by Management during the process of applying the accounting policies and that have a significant effect on the amounts recognized in the consolidated financial statements are presented below. These judgments and estimates are different to the estimates considered in paragraph 125 of the same IAS, because in Management's judgment, it is not identified that they represent a significant risk of resulting in material adjustments in the following financial year.

5.1.1 Interests in other entities

Celsia Colombia S.A. E.S.P. and subsidiaries hold equity investments in companies that are classified as subsidiaries, associates, joint ventures and financial instruments under the IFRS according to the degree of the relationship held with the investee: control, significant influence and type of joint venture. The degree of the relationship was determined according to IFRS 10 – Consolidated Financial Statements, IAS 28 – Investments in Associates and Joint Ventures, and IFRS 11 – Joint Arrangements. The significant judgments and assumptions applied when making this classification are described below:

Subsidiaries - Entities over which the Group has control

In the control assessment, Celsia Colombia S.A. E.S.P. assesses the existence of power over the entity; the exposure, or rights to equity returns from its involvement in the entity; and the ability to use its power over the entity to influence the amount of returns. The judgment is applied upon establishing the relevant activities of each entity and the ability to make decisions about these activities. To do this, it assesses the purpose and design of the entity, identifies the activities that affect its performance the most and assesses whether decisions are made on the relevant activities. In the assessment of decision-making, it considers aspects including the existing voting rights, potential voting rights, contractual agreements signed between the entity and other parties, and the rights and power to appoint or dismiss key members of management. The judgment is also applied in the identification of variable returns and exposure to them. Variable returns include, but are not limited to, dividends and other distributions of economic rewards from the entity, remuneration from management of the entity's assets or liabilities, commission, and exposure to losses from providing credit or liquidity support.

The judgments and assumptions made to determine whether Celsia Colombia S.A. E.S.P. controls a company even when it holds less than half of the votes are as follows:

Caoba Inversiones S.A.S.: Due to the joint governance mechanisms established in the incorporation of the company, Management established that it does not exercise control over the company even when it maintains a shareholding of more than 50%.

Associates - Entities over which Celsia Colombia S.A. E.S.P. has significant influence

This judgment is applied in the assessment of significant influence. It is understood that Celsia Colombia S.A. E.S.P. has significant influence over the associate when it has the power to participate in decisions on financial policy and on its operation. To do this, Celsia Colombia S.A. E.S.P. considers the existence and effect of the potential voting rights that are exercisable or convertible, including potential voting rights held by other entities to assess whether it exercises significant influence over an investment. Those that cannot be exercised or converted until a future date or until the occurrence of a future event must not be considered.

Joint arrangements - As a joint operation or as a joint venture
Once the existence of a joint arrangement is determined through the assessment of a contractual arrangement in which two or more parties exercise joint control in an arrangement, Celsia Colombia S.A. E.S.P. applies significant judgments and assumptions that will enable it to determine whether the arrangement is a joint venture or a joint operation, that is, i) if a joint operation exists despite having a separate vehicle, for example, if Celsia Colombia S.A. E.S.P. is granted the right to the assets and obligations with respect to the relative liabilities to the arrangement and not the right to the net assets of the arrangement; or ii) if there is a joint venture through a contractual arrangement that is structured through a separate vehicle or not and it is granted rights to the net assets of the arrangement, but not the right to the assets and obligations related to the arrangement. Celsia Colombia S.A. E.S.P. must consider the following aspects to recognize a joint venture when this is constituted through a separate vehicle: i) the legal form of the separate vehicle, ii) the terms of the contractual arrangement, and iii) when relevant, other facts and circumstances.

5.1. 2 Cash-generating units (CGUs)

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 Company. 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 Company'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 Colombia S.A. E.S.P. and subsidiaries determine the allocation of capital to invest per business and make their analysis of the capacity for return on investment from the same perspective. For the purposes 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.

5.1.3 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, Celsia Colombia S.A. E.S.P. 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. Celsia Colombia S.A. E.S.P. and subsidiaries also sign 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, Celsia Colombia S.A. E.S.P. and subsidiaries estimate 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.

5.1.4 Current income tax

Celsia Colombia S.A. E.S.P. 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 to consider the changes in the applicable laws.

Uncertain tax positions are situations where the tax treatment is not clear, whether 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 permit the legal assurance of the action for the taxpayer. Celsia Colombia S.A. E.S.P. 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 regulation in force in the applicable jurisdiction.

5.1.5 Provision for expected credit losses of trade accounts receivable

For the calculation of expected credit losses, Celsia Colombia S.A. E.S.P. 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. The historical information of Celsia Colombia S.A. E.S.P. and subsidiaries about credit losses and their economic projections cannot be representative of the risk of non-compliance of a current client in the future.

5.1.6 Pension plans and other post-employment defined benefits

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. Any change in the actuarial assumptions directly impacts the value of the pension and other post-employment benefits obligation.

5.1.7 Fair value of financial instruments and financial derivatives that are not Level 1

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

5.1.8 Estimation of the useful life and residual values of property, plant and equipment, and intangible assets

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

5.1.9 Estimate of income

Celsia Colombia S.A. E.S.P. 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 Company recognizes 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 concepts other that the provision of residential public utilities, the companies estimate and recognize the value of income from the sale of goods or provision of services based on the interest rate conditions, and the term, among other items, of each sales agreement.

In the month after the estimated income is reported, its value is adjusted by the difference between the value of the already known actual income and the estimated income. (See Note 13. Revenue)

5.2. Key data of uncertainty in the estimates that present a significant risk of material adjustments in the following period

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

5.2.1 Provisions, contingent liabilities and contingent assets

Certain contingent conditions can exist on the date the financial statements are issued that can result in a loss for Celsia Colombia S.A. E.S.P. and subsidiaries, and in the case of contingent assets, in a gain for the Company, but they will only be resolved in the future when one or more future events occur or can occur.

Celsia Colombia S.A. E.S.P. and subsidiaries consider that a past event has given rise to a present obligation if, taking account of all available evidence, it is probable that a present obligation exists regardless of the future events. The provision is recognized when the probability of an event occurring is higher that the probability of it not occurring. Possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Celsia Colombia S.A. E.S.P. and subsidiaries are not recognized in the statement of financial position, but they are disclosed as contingent liabilities. The occurrence of events estimated to be remote are not recorded or disclosed. The occurrence of events that give rise to contingent assets is not recorded, but it is disclosed.

To determine the possible occurrence of a present obligation, the professional judgment of specialist internal and external lawyers is used. In the estimate of the provision, Management considers assumptions including, but not limited to, the inflation rate, the lawyer's appraisals, estimated duration of the litigation or lawsuit, and statistical information of proceedings with similar features.

5.2.2 Assessment of impairment of goodwill

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

5.2.3 Impairment of assets, property, plant and equipment, and intangible assets

On each annual cut-off date of the statement of financial position or at any other time, Celsia Colombia S.A. E.S.P. and subsidiaries assess whether any indication of impairment of the assets exists. If said indication exists, the Company 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 Colombia S.A. E.S.P. 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 indicator that the value of the assets has significantly decreased during the period more than expected 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.

5.2.4 Deferred income tax

Celsia Colombia S.A. E.S.P. and subsidiaries recognize deferred income tax amounts in the consolidated financial statements given the volume of their 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.

NOTE 6. PROPERTY, PLANT AND EQUIPMENT, NET

At March 31, 2021 and December 31, 2020, property, plant and equipment, net, were as follows:

	March 2021	December 2020
Land	180,457,001	180,457,064
Constructions underway and machinery in assembly	973,823,522	854,626,061
Constructions and buildings	267,428,150	267,474,463
Waterlines, plants and networks	5,450,614,800	5,450,343,017
Machinery and production equipment	152,463,316	142,681,514
Office furniture and fittings, and equipment	27,285,665	24,211,243
Communications and computer equipment	78,455,868	76,888,574
Transportation equipment	142,074,251	143,855,939
	7,272,602,573	**7,140,537,875**

The changes in property, plant and equipment and depreciation at March 31, 2021, and December 31, 2020, are presented below:

March 2021	Land	Constructions underway and machinery in assembly	Constructions and buildings	Waterlines, plants and networks	Machinery and production equipment	Office furniture and fittings, and equipment	Communications and computer equipment	Transportation equipment	Total
Balance at January 1, 2021	180,457,064	854,626,061	291,998,653	6,286,429,112	188,797,754	41,379,499	130,997,985	150,557,715	8,125,243,843
Additions	-	197,315,404	-	-	-	-	-	-	197,315,404
Transfers from (to) other accounts	-	(78,117,943)	1,467,981	46,959,483	15,639,884	4,288,032	5,545,478	49,341	(4,167,744)
Sales and withdrawals	-	-	-	-	(1,930,348)	-	-	-	(1,930,348)
Other changes	(63)	-	-	-	-	-	45,355	(45,355)	(63)
Cost	**180,457,001**	**973,823,522**	**293,466,634**	**6,333,388,595**	**202,507,290**	**45,667,531**	**136,588,818**	**150,561,701**	**8,316,461,092**
Balance at January 1, 2021	-	-	24,524,190	836,086,095	46,116,240	17,168,256	54,109,411	6,701,776	984,705,968
Depreciation of the period	-	-	1,514,294	45,611,235	4,389,884	1,282,116	4,233,279	1,785,674	58,816,482
Sales and withdrawals	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	1,076,465	(462,150)	(68,506)	(209,740)	-	336,069
Depreciation and impairment	**-**	**-**	**26,038,484**	**882,773,795**	**50,043,974**	**18,381,866**	**58,132,950**	**8,487,450**	**1,043,858,519**
Total	**180,457,001**	**973,823,522**	**267,428,150**	**5,450,614,800**	**152,463,316**	**27,285,665**	**78,455,868**	**142,074,251**	**7,272,602,573**

December 2020	Land	Constructions underway and machinery in assembly	Constructions and buildings	Waterlines, plants and networks	Machinery and production equipment	Office furniture and fittings, and equipment	Communications and computer equipment	Transportation equipment	Total
Balance at January 1, 2020	176,551,399	796,165,554	286,139,400	5,764,332,658	199,895,131	33,359,224	77,113,637	24,301,299	7,357,858,302
Additions	-	767,242,545	-	-	163,158	-	224,509	126,012,633	893,642,845
Transfers from (to) other accounts	3,905,665	(708,782,038)	6,713,613	553,922,560	27,076,085	7,849,719	55,223,373	655,887	(53,435,136)
Sales and withdrawals	-	-	(854,360)	(30,953,819)	(39,002,518)	(800)	(1,392,178)	(618,493)	(72,822,168)
Other changes	-	-	-	(872,287)	665,898	171,356	(171,356)	206,389	-
Cost	**180,457,064**	**854,626,061**	**291,998,653**	**6,286,429,112**	**188,797,754**	**41,379,499**	**130,997,985**	**150,557,715**	**8,125,243,843**
Balance at January 1,	-	-	17,421,610	661,455,819	31,501,435	12,912,460	36,820,383	4,803,914	764,915,621

2020									
Depreciation of the period	-	-	7,102,580	176,825,307	14,364,156	4,520,322	17,511,001	2,157,455	222,480,821
Sales and withdrawals	-	-	-	(2,157,038)	(16,982)	(800)	(213,405)	(261,873)	(2,650,098)
Other changes	-	-	-	(37,993)	267,631	(263,726)	(8,568)	2,280	(40,376)
Depreciation and impairment	**-**	**-**	**24,524,190**	**836,086,095**	**46,116,240**	**17,168,256**	**54,109,411**	**6,701,776**	**984,705,968**
Total	**180,457,064**	**854,626,061**	**267,474,463**	**5,450,343,017**	**142,681,514**	**24,211,243**	**76,888,574**	**143,855,939**	**7,140,537,875**

At March 31, 2021, property, plant and equipment presented significant variations from the previous period in constructions underway and equipment in assembly, machinery and production equipment, and office furniture and fittings, and equipment, as indicated below:

Additions

The additions of the period were recorded in constructions underway and machinery in assembly of COP 197,315,404. The projects with relevant executions are listed below by business:

- Transmission and distribution executed COP 135,690,942 in development of the strategies to increase assets in solar farms, and the Sahagún substation construction; COP 11,780,131 in activities for the construction of the Tesorito thermal power plant; and COP 534,287 for the reliability of the San Pedro-Palo Blanco line, investments and expansion of electricity assets in Tolima, and continuity of investments in smart metering. Additionally, investments of COP 20,185,836 were made in replacing equipment to ensure the quality and continuity of the service.
- In generation, COP 18,048,717 were executed, with those made in hydraulic dredging in the Bajo Anchicayá reservoir and in the Camelias and Acacias II wind farms located in La Guajira standing out. Activities were also carried out including the construction and adaption of the Gran Manzana cooling district.
- Human resources and management amounting to COP 6,932,525 in the technological upgrade of computers and new user licenses.
- Internet infrastructure amounting to COP 3,688,245 to increase the capacity for new clients in Palmira, Jamundí and Buga.
- Innovation amounting to COP 454,721, with data science and micro networks as its main projects.

Projects under construction in the first quarter of 2021 included the capitalization of borrowing costs amounting to COP 2,655,265. In December 2020, they amounted to COP 10,702,235 in accordance with IAS 23.

Transfers from (to) other accounts

The transfers of COP 78,117,943 correspond to the capitalization of projects that were completed during the quarter, with the relevant types of assets listed below:

- COP 46,959,483 in waterlines, plants and networks, with the recognition of the following standing out: amphibious mechanic and hydraulic dredge in Bajo Anchicayá; replacement of equipment in the Calima power plant; completion of the CIAT II solar power plant project; expansion of distribution networks in Valle del Cauca and Tolima; and the establishment of an investment plan for the substations of Cetsa E.S.P., notably El Lago, Farfán and Variante.
- Machinery and production equipment amounting to COP 15,639,885 from the acquisition of AMI meters of the smart demand management project, and in the department of Tolima, 100% fulfillment of the proposed installation of this new technology.

Projects were capitalized during the period, which included intangible assets amounting to COP 2,358,350 and improvements made to right-of-use assets (buildings) amounting to COP 1,809,394, which are reflected in the same concept.

Sales and withdrawals

At March 31, there were withdrawals of machinery and production equipment amounting to COP 1,930,348, consisting of the smart metering equipment, solar modules and other items required for the development of projects being managed.

At December 31, 2020, property, plant and equipment presented significant variations from the previous period in waterlines, plants and networks, constructions underway and transportation equipment, as indicated below:

Additions

The additions at December 31, 2020, are reflected in machinery and equipment with COP 163,158, due to the increase in equipment available for project development; and in communications equipment with COP 224,509. Likewise, the purchase of 11 electric vehicles was reported for COP 407,006, which were required for commercial operations of the electric mobility initiative, and the purchase of electric buses by the Celsia Move company for COP 125,605,627. Furthermore, there was an addition of constructions underway and machinery in assembly of COP 767,242,545, equivalent to a 16.06% increase from the additions the previous year. The projects with relevant execution are listed below by business:

- **Transmission and distribution** executed COP 434,802,204 in development of their expansion strategies of solar roof assets, investments and electricity assets in Tolima and Valle del Cauca. To continue the service, additional investments amounting COP 114,810,795 were made in the power plants and the replacement of transmission and distribution networks in Valle del Cauca and Tolima.
- **Generation** executed COP 150,863,630, with the following investments standing out: the San Andrés hydroelectric power plant project, which is already in operation; hydraulic dredging in the Bajo Anchicayá reservoir; the Gran Manzana cooling district; cogeneration with Entrepalmas; executions in the Camelia and Acacias II wind power plant projects; and the Tesorito hydroelectric power plant project.
- Investments of COP 42,649,332 were made in other projects to expand the companies' IT infrastructure and businesses, of COP 12,161,896 in internet to increase the capacity for new customers, and of COP 3,943,164 in the implementation of innovation projects.

Projects under construction in 2020 included the capitalization of borrowing costs amounting to COP 10,702,235. In December 2019, they amounted to COP 12,830,137 in accordance with IAS 23.

Transfers from (to) other accounts

Transfers of COP 708,782,038 correspond to the capitalization of projects, mainly in waterlines, plants and networks of COP 553,922,560. The following of which stand out: start-up of the San Andrés hydroelectric power plant, with a capacity of 19.9 MW; the Espinal and Carmelo solar farms; solar roofs installed in the City, Business and Home segments; changes of electricity pylons in Tolima; repowering of the Salvajina power plant; and the expansion and upgrade of the medium and low-voltage network infrastructure in the departments of Valle del Cauca and Tolima.
In communications and computer equipment, amounting to COP 55,223,373, the majority is for the start-up of the Nova backup control center, located Buga, and the remaining equipment of the Nova control center.
In capitalizations, there is a difference of COP 53,435,136 in the balance between the assets that started operations and the completed projects, because some projects include intangible assets of COP 29,103,917 and right-of-use assets of COP 24,331,219 from improvements made to buildings.

Sales and withdrawals

At December 31, 2020, sales and withdrawals, net, amounted to COP 70,172,070, comprised of:

- Derecognition from the sale of level 3 and 4 transmission and distribution electricity assets, located in the Tolima Department, to the Caoba Inversiones S.A.S. company, amounting to COP 45,288,808.
- Derecognition due to the donation of a building to the Yaporogos indigenous community, amounting to COP 854,360.
- Derecognition due to the contribution of 96 Segways and seven electric motorbikes to Muverang for a total value of COP 356,620.
- Derecognition due to the theft of a piece of injection test equipment for protection relays amounting to COP 62,623.
- Withdrawal of machinery and equipment in storage amounting to COP 23,609,175.

Additionally, electromechanical equipment and fittings that were fully depreciated were derecognized and 93 computers were sold at a cost of COP 128,275.

The Company 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 7. INTANGIBLE ASSETS, NET

At March 31, 2021, and December 31, 2020, intangible assets, net, were as follows:

	March 2021	December 2020
Licenses	11,171,894	11,532,017
Software	52,048,186	56,231,904
Easements	38,140,642	38,336,787
Other intangible assets	32,102,155	32,456,783
	133,462,877	**138,557,491**

The changes in intangible assets at March 31, 2021, are presented below:

March 2021	Licenses	Software	Easements	Other intangible assets	Total
Balance at January 1, 2021	39,442,073	100,438,217	39,823,235	33,662,292	213,365,817
Transfers from (to) other accounts	1,720,907	637,443	-	-	2,358,350
Cost	**41,162,980**	**101,075,660**	**39,823,235**	**33,662,292**	**215,724,167**
Balance at January 1, 2020	27,910,056	44,206,313	1,486,448	1,205,509	74,808,326
Amortization of the period	2,081,030	5,040,563	312,811	354,628	7,789,032
Other changes	-	(219,402)	(116,666)	-	(336,068)
Cumulative impairment and amortization	**29,991,086**	**49,027,474**	**1,682,593**	**1,560,137**	**82,261,290**
Total	**11,171,894**	**52,048,186**	**38,140,642**	**32,102,155**	**133,462,877**

The changes in intangible assets at December 31, 2020, are presented below:

December 2020	Licenses	Software	Easements	Other intangible assets	Total
Balance at January 1, 2020	35,989,684	93,464,730	35,880,757	19,780,599	185,115,770
Additions	5,777,396	-	-	-	5,777,396
Transfers from (to) other accounts	3,452,389	7,823,685	3,942,478	13,885,365	29,103,917
Sales and withdrawals	(5,777,396)	(850,198)	-	(3,672)	(6,631,266)
Cost	**39,442,073**	**100,438,217**	**39,823,235**	**33,662,292**	**213,365,817**
Balance at January 1, 2020	20,387,807	25,888,499	735,444	-	47,011,750
Amortization of the period	9,273,996	18,351,227	751,004	1,219,077	29,595,304
Sales and withdrawals	(1,765,315)	(33,413)	-	-	(1,798,728)
Other changes	13,568	-	-	(13,568)	-
Cumulative impairment and amortization	**27,910,056**	**44,206,313**	**1,486,448**	**1,205,509**	**74,808,326**
Total	**11,532,017**	**56,231,904**	**38,336,787**	**32,456,783**	**138,557,491**

Intangible assets at March 31, 2021, present capitalizations that were recognized in intangible assets from constructions underway of COP 2,358,350 for investment in licenses and software.

Intangible assets at December 31, 2020, show an increase from the previous year's balance. This is due to the capitalizations of projects under construction amounting to COP 29,103,917, of which COP 11,176,273 are comprised of investments in licenses and software required to support the IT infrastructure of the businesses. Additionally, easements were acquired for COP 3,942,479, mainly for the San Andrés hydroelectric power plant, and in other intangible assets, investments were recognized in the management of loss reduction for COP 13,885,365. During the period, sales of special construction units to support voltage levels 3 and 4 were sold to the Caoba Inversiones S.A.S. company for COP 853,870.

Amortization and impairment charge:

Amortizations in the period did not report any change in the accounting estimate with a significant impact in the period that would affect the amortization time or the method used.
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 estimated useful life for licenses and software is five years, for easements its 50 years and for other intangible assets, it is ten years.

For its consolidated financial statements, Celsia Colombia 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 8. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Investments in associates and joint ventures at March 31, 2021, and December 31, 2020, are listed below:

			Cost		Cumulative equity method		Net value	
Entities	**Classification**	**% Share**	**March 2021**	**December 2020**	**March 2021**	**December 2020**	**March 2021**	**December 2020**
CNC del Mar S.A.S. E.S.P. (a)	Joint venture	50.00%	10,273,007	10,301,092	(5,768,338)	(5,682,151)	4,504,669	4,618,941
C2 Energía S.A.S. (b)	Joint venture	50.00%	1,000	1,000	(1,000)	(1,000)	-	-
Caoba Inversiones S.A.S. (c)	Joint venture	51.00%	178,212,135	178,212,135	(27,463,163)	(32,840,612)	150,748,972	145,371,523
P.A. Muverang (d)	Joint venture	33.33%	3,668,797	2,534,000	(1,319,794)	(818,368)	2,349,003	1,715,632
Fideicomiso Plan Luz	Joint venture	50.00%	500,000	500,000	42,190	23,092	542,190	523,092
			192,654,939	**191,548,227**	**(34,510,105)**	**(39,319,039)**	**158,144,834**	**152,229,188**

			Cost		Cumulative equity method		Net value	
Entities	**Classification**	**% Share**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
CNC del Mar S.A.S. E.S.P. (1)	Joint venture	50.00%	10,273,007	10,301,092	(5,768,338)	(5,682,151)	4,504,669	4,618,941
C2 Energía S.A.S.	Joint venture	50.00%	1,000	1,000	(1,000)	(1,000)	-	-
Caoba Inversiones S.A.S. (2)	Joint venture	51.00%	178,212,135	178,212,135	(27,463,163)	(32,840,612)	150,748,972	145,371,523
P.A. Muverang	Joint venture	33.33%	3,668,797	2,534,000	(1,319,794)	(818,368)	2,349,003	1,715,632
Fideicomiso Plan Luz	Joint venture	50.00%	500,000	500,000	42,190	23,092	542,190	523,092
			192,654,939	**191,548,227**	**(34,510,105)**	**(39,319,039)**	**158,144,834**	**152,229,188**

See the effect of the equity method in Note 17.

a) Includes prepayment for future capitalizations of COP 9,923,014 (2020: COP 9,951,099). Once the Company makes an issuance, it will legalize the prepayment.
b) The value of the investment at the first quarter of 2021 is negative by COP 9,197. In accordance with the application of the equity method, the portions of the loss that exceed the amount of the investment are recognized in liabilities.
c) In the first quarter of 2021, there is an increase in income from the investment of COP 5,377,449. In 2020, it includes the investment adjustment of COP 8,433 due to the elimination of the direct interest (51%) in the profit from the sale of assets from Celsia to Caoba pursuant to IAS 28. In 2019, the Company had losses as a result of the recognition of deferred tax.
d) In the first quarter, the Company capitalized the business at COP 1,134,797.

CNC del Mar S.A.S. E.S.P.

Celsia Colombia S.A. E.S.P. has an arrangement for joint control of 50% of this company, which has the corporate purpose of providing the public utilities of distribution and sale of electricity, waterlines, sewage systems and natural gas pursuant to Law 142/1994 and Law 143/1994.

C2 Energía S.A.S.

C2 ENERGIA S.A.S. was incorporated by private document on August 23, 2019, registered on August 23, 2019, under number 02499181 of Book IX. Its registered business address is in the municipality of Bogotá D.C., Cundinamarca, and it is established for an indefinite legal term.

Its corporate purpose is any activity, business or legal action for the management, development and exploitation of renewable energy projects, which is governed by Law 1715/2014, adding Unique Regulatory Decrees 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 in Spanish). In development of this corporate purpose, the company may carry out any legal activity of a civil or commercial nature.

The company is comprised of a 50% share in Celsia Colombia S.A. E.S.P. and a 50% share in Cubico Colombia S.A.S. Since its creation, the company has not had operations, and it is expected to be able to have them in three years or before if its shareholders deem it appropriate.

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.

The transmission business was incorporated into Caoba Inversiones S.A.S. with the assets of Plan 5 Caribe and the national and regional transmission systems of Guajira, Montería, Valledupar, Manzanillo, Caracolí and Norte, as well as the recently acquired Tolima assets with voltage levels 3, 4 and 5. This company shall be in charge of managing and receiving the regulatory revenue from said assets and for the national transmission system and/or regional transmission system projects that Celsia Colombia S.A. E.S.P. implements as network operator in the sales markets of Tolima.

This platform’s strategy is to focus the growth of the transmission business in regions other than Valle del Cauca through the association with Cubico, investor in the renewable energy sector with which there is already a strategic partnership for the development of the medium and large-scale solar business in Colombia. We have been strengthening strategic links that will enable us to access the financial and project structuring skills that have made it into a leader of the businesses where it operates.

Celsia Colombia S.A. E.S.P. will continue to commercially represent the assets that are part of Caoba Inversiones S.A.S. and will provide the operations and maintenance services that guarantee the same levels of operational excellence that characterize our operations. Additionally, the Company will reflect this investment through the equity method due to the co-governance mechanisms established in Caoba Inversiones S.A.S.

P.A. Muverang (formerly P.A. Dinamarca)

Celsia Colombia S.A. E.S.P., Bancolombia and Sura agreed to enter into an agreement in December 2019 through a business trust management and payment fund called P.A. Proyecto Dinamarca with a 33.33% share for each party. It is a transportation project called Proyecto Dinamarca through three initiatives, starting with a pilot project in the city of Medellín of the initiatives called Shared Business Mobility (MEC in Spanish) and Electra, through the Shared Business Mobility system.

According to the analysis of the impact of COVID-19 on the business in the project’s three initiatives, it is concluded that there are new challenges and opportunities for the business, as this is a service that can be offered to different business sectors that seek to personalize transportation that is quick, safe and reliable.

Pursuant to the joint venture’s brand definition, from June 1, 2020, an addendum was signed for the trust contract to change the name of the stand-alone equity from to P.A. Dinamarca to P.A. Muverang.

Fideicomiso Plan Luz

This joint venture was incorporated to ensure the availability of backup equipment for the electricity supply when the public grid fails.

The financial information summarized in the following tables corresponds to the values presented in the financial statements of the associates and joint ventures, prepared in accordance with the Accounting and Financial Reporting Standards accepted in Colombia, and, when appropriate, with the adjustments made for the application of the equity method, such as: adjustments related to the standardization of accounting policies, and eliminations of acquisitions or transfers of assets between companies up to the share percentage, including:

March 2021	CNC del Mar del Mar S.A.S. E.S.P.	C2 Energía S.A.S.	Caoba Inversiones S.A.S.	P.A. Muverang	Plan Luz
Current assets	10,549,908	-	42,173,070	3,489,274	3,506,031
Non-current assets	58,033,701	1,000	1,400,640,808	7,660,562	13,035,479
Total assets	**68,583,609**	**1,000**	**1,442,813,878**	**11,149,836**	**16,541,510**
Current liabilities	27,310,236	19,395	324,217,880	135,603	2,395,131
Non-current liabilities	32,250,784	-	850,869,679	3,902,509	13,062,000
Total liabilities	**59,561,020**	**19,395**	**1,175,087,559**	**4,038,112**	**15,457,131**
Equity	**9,022,589**	**(18,395)**	**267,726,319**	**7,111,724**	**1,084,379**
Revenue	2,268,572	-	42,151,948	161,531	688,933
Net loss of continuing operations	(172,379)	(2,838)	370,537	(1,471,920)	84,391
Total comprehensive income	(172,379)	(2,838)	370,537	(1,471,920)	84,391
Cash and cash equivalents	18,034	-	23,729,910	3,152,373	1,346,846
Current financial liabilities	15,348,641	-	5,340,142	-	-
Non-current financial liabilities	32,200,000	-	811,875,760	3,902,509	-
Financial liabilities	**47,548,641**	**-**	**817,215,902**	**3,902,509**	**-**
Depreciation and amortization expenses	57,910	-	12,004,629	388,836	190,022
Revenue from interest	27,505	-	108,469	-	-
Interest expenses	442,173	-	20,992,623	58,710	-
Income tax expenses	94,811	-	1,191,599	-	-

December 2020	CNC del Mar S.A.S. E.S.P.	C2 Energía S.A.S.	Caoba Inversiones S.A.S.	P.A. Muverang (formerly P.A. Dinamarca)	Plan Luz
Current assets	9,409,463	-	35,535,760	4,711,096	3,366,032
Non-current assets	54,889,189	1,000	1,412,326,120	4,721,112	11,380,170
Total assets	**64,298,652**	**1,000**	**1,447,861,880**	**9,432,208**	**14,746,202**
Current liabilities	29,036,722	16,557	315,973,590	4,285,313	638,018
Non-current liabilities	26,066,961	-	874,584,770	-	13,062,000
Total liabilities	**55,103,683**	**16,557**	**1,190,558,360**	**4,285,313**	**13,700,018**
Equity	**9,194,969**	**(15,557)**	**257,303,520**	**5,146,895**	**1,046,184**
March 2020	**CNC del Mar S.A.S. E.S.P.**	**C2 Energía S.A.S.**	**Caoba Inversiones S.A.S.**	**P.A. Muverang (formerly P.A. Dinamarca)**	**Plan Luz**
Revenue	1,297,090	-	37,480,518	130,043	3,432
Net loss of continuing operations	(983,867)	(17,557)	6,084,683	(200,607)	(10,708)
Total comprehensive income	(983,867)	(17,557)	6,084,683	(200,607)	(10,708)
December 2020					
Cash and cash equivalents	100,642	-	18,683,909	3,648	1,835,109
Current financial liabilities	-	-	5,242,646	-	-
Non-current financial liabilities	26,066,961	-	839,262,433	-	-
Financial liabilities	**26,066,961**	**-**	**844,505,079**	**-**	**-**
March 2020					
Depreciation and amortization expenses	57,785	-	11,496,133	41,861	14,064
Revenue from interest	1,719	-	167,947,598	-	-
Interest expenses	136,323	-	7,209,896	-	-

Income tax expenses	1,273	-	3,637,032	-	-

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 March 31, 2021, and December 31, 2020, 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.

NOTE 9. CASH AND CASH EQUIVALENTS

The balance of cash and cash equivalents at March 31, 2021 and December 31, 2020, was as follows:

	March 2021	December 2020
Cash		
Cash	91,053	79,893
Bank accounts (1)	59,116,862	207,679,265
Current restricted-use cash (3)	4,540,617	2,245,569
Total cash	**63,748,532**	**210,004,727**
Cash equivalents		
Investment funds and collective portfolios (2)	10,988,098	30,055,647
Trust funds (2)	58,374	25,451
Other restricted cash equivalents (3)	3,959,465	3,835,504
Total cash equivalents	**15,005,937**	**33,916,602**
Total cash and cash equivalents	**78,754,469**	**243,921,329**

(1) The decrease is mainly due to payments realized by Celsia Colombia S.A. E.S.P. for suppliers, taxes, bond interest and interest on the loans it has with The Bank of Nova Scotia. Additionally, Cetsa E.S.P. made the corresponding payment to the provision for the Tuluá public lighting lawsuit of COP 7,750,000.

(2) Investment funds, collective portfolios and trust funds are financial assets measured at fair value through profit or loss, comprised of:

	March 2021	December 2020
Credicorp Capital S.A.	6,691,796	3,766,093
Valores Bancolombia	102,866	97,408
Fiducolombia S.A.	10,946	10,183
Corredores Davivienda S.A.	517,287	517,864
Fondo abierto BBVA	51,797	4,397
Fiduciaria Banco de Bogotá	6,498	21,054
BTG Pactual S.A.	1,251	1,247
Stand-alone equity investments (a)	3,659,229	25,658,140
Itaú Money Market collective investment fund	4,716	4,712
Bancolombia collective investment fund	7	-
BBVA EFECTIVO open-ended investment fund	79	-
Total assets measured at fair value	**11,046,472**	**30,081,098**

(a) Consists of the stand-alone equity comprised of Celsia Move S.A.S. and Transmilenio S.A., through which all the necessary resources are channeled for the execution of the contract in the system of the public transportation service in the city of Bogotá.

(3) The value of cash and cash equivalents restricted or not available for use consists of:

	March 2021	December 2020
P.A. Activos and Celsia Colombia joint project	182,367	183,780
Complementary healthcare plan	203,169	304,982
Housing fund for the collective agreement (a)	3,281,535	984,869
Housing fund for the trade union	995,216	972,052
PA Fiduciaria Colpatria CAOBA_CSA Colombia	46,529	56,525
Fiducoldex UPME Toluviejo substation	827,298	827,145
Fiducoldex UPME - Auditing	1,259,081	1,260,702
Patrimonio Autónomo Blanco y Negro	1,167,661	1,032,100
Joint Venture project	438,136	368,819
Other funds	99,090	90,099
Total restricted cash and cash equivalents	**8,500,082**	**6,081,073**

(a) The increase in restricted cash and cash equivalents is mainly due to the transfer of COP 2,000,000 of the negotiation to contribute to the housing fund of the collective agreement.

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

Issuer and counterparty risk: Celsia Colombia S.A. E.S.P. 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 institutions 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 March 31, 2021, and December 31, 2020, all the entities were within the permitted limits.

The average return on the investments at the end of the period was 3.02% (2020: 3.53% AER). Currently, these resources have a minimum rating of AA+ in the credit rating agencies and the counterparties are overseen by the Financial Superintendence of Colombia.

In 2021 and 2020, cash and cash equivalents did not have restrictions or taxes that limited their realization or trading.

NOTE 10. INVENTORIES

The balance of inventories is comprised of energy accessories, materials and supplies. The increase at the close of March 2021 from December 2020 is mainly due to the greater purchases of meters, pylons, cables and reconnection equipment for replacement.

During 2021, the consumption of inventories recognized as expenses was COP 110,426 (2020: COP 1,816,792), as costs was COP 8,715,750 (2020: COP 32,397,949), and as project costs was COP 40,038,138 (2020: COP 186,725,705).

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

NOTE 11. EQUITY

The breakdown of equity at March 31, 2021, and December 31, 2020, is as follows:

Issued capital

The authorized equity of the Company is comprised of 372,300,000 common shares with a par value of COP 3,254 per share. The issued capital amounts to COP 1,211,464,197, and there are 372,299,999 outstanding shares.

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. At March 31, 2021, this reserve had the minimum amount required.

The breakdown of reserves at March 31, 2021, and December 31, 2020, is as follows:

	March 2021	December 2020
Legal reserve	508,471,570	473,065,941
Reserve to protect equity	744,182,771	668,644,011
Reserve for the repurchase of shares	11,091,862	11,091,862
Tax reserve	33,410,219	33,410,219
	1,297,156,422	**1,186,212,033**

Earnings

The net earnings of the period and the retained earnings at March 31, 2021, and December 31, 2020, were as follows:

	March 2021	December 2020
Balance at start of the period	362,381,702	597,145,287
Earnings attributable to controlling shareholders	112,930,765	354,056,288
Appropriated reserves	(110,944,389)	(354,270,873)
Dividends declared (a)	(243,111,899)	(234,549,000)
Balance at end of the period	**121,256,179**	**362,381,702**

(a) At the General Meeting of Shareholders held on March 18, 2021, Celsia Colombia S.A. E.S.P. declared cash dividends for common shares of COP 653 (2020: COP 630) per share, payable in a four installments, as follows: The first installment of COP 163.25 per share on April 20, 2021; the second installment of COP 163.25 per share on July 21, 2021; the third installment of COP 163.25 per share on October 19, 2021; and the fourth installment of COP 163.25 per share on December 9, 2021. The shareholders who hold less than 1% of all the Company's shares shall be paid in a single installment of COP 653 per share on April 20, 2021, for a total of COP 243,111,899.

In 2020, dividends were paid in a single installment on June 11, 2020, for a total of COP 234,549,000.

Other comprehensive income

Consists of the unrealized earnings and losses that have not been recognized in the statement of income from the following:

	Earnings (losses) at March 2021	OCI at March 31, 2021	Earnings (losses) at March 2020	OCI at March 31, 2020
Valuation of investments in equity instruments	(11,518)	(4,118,668)	(339,804)	(4,575,213)
New measurements of defined benefit plans	-	(18,034,927)	-	(21,386,893)
Share in other comprehensive income of joint ventures	10,441,786	(3,931,488)	-	-
	10,430,607	**(26,085,083)**	**(339,804)**	**(25,962,106)**

Non-controlling interest

The breakdown of non-controlling interest at March 31, 2021 and December 2020, is as follows:

	March 2021	December 2020

Balance at January 1	27,292,547	4,119,881
Share in annual earnings	(38,245)	457,278
Share due to other equity activity (1)	(127,766)	22,715,388
	27,126,536	**27,292,547**

(1) In 2020, it is due to the greater capitalization in Termoeléctrica El Tesorito S.A.S. E.S.P.

NOTE 12. PROVISIONS

The provisions at March 31, 2021, and December 31, 2020, are comprised of provisions for administrative and ordinary, labor and tax lawsuits. The breakdown of the variations is provided below:

	March 2021	December 2020
Balance at start of the period	215,642,235	231,208,034
New provisions	-	1,088,748
Recoveries	(722,909)	(13,006,804)
Provisions incurred payable and paid	(92,778)	(9,982,385)
Financial update of existing provisions	2,996,148	6,334,642
Total provisions for administrative and ordinary, labor and tax lawsuits	**217,822,696**	**215,642,235**
Total provisions	**217,822,696**	**215,642,235**

The balance of the provision at March 2021 includes COP 202,681,780 (2020: COP 199,840,507) for the estimate of the class-action lawsuit filed by some Afro-Colombian community councils of the Anchicayá river against Celsia Colombia S.A. E.S.P., formerly Empresa de Energía del Pacífico S.A. E.S.P. – Epsa E.S.P., for reparations for damages caused to the community by the opening of the deep water discharges from the Bajo Anchicayá hydroelectric power plant between July and August 2001. After having restarted the procedure for the possible review by virtue of the decisions issued by the Constitutional Court and the Council of State, Section 3 of the latter decided to suspend the effects of the ruling of the Administrative Tribunal of Valle del Cauca on September 7, 2009. Celsia Colombia S.A. E.S.P. and the representatives of the communities filed a request for the office to set a date and time to establish a reconciliatory initiative, which was not accepted by the Council of State. Through the action of December 5, 2019, the residing judge announced that the office is currently preparing the draft sentence, which shall be subject to the decision of Section 3 of the Council of State.

The increase in the existing provisions of COP 2,841,272 (2020: COP 2,891,714) includes the update of the consumer price index (CPI) for the estimation of the contingency for the legal proceedings underway of Bajo Anchicayá, mainly due to the ruling against the Company in 2009. The contingency estimate has been reflected in the financial statements since 2009. It consists of the value of the possible legal sentence that the Company would have to pay in the class-action lawsuit filed by the communities in the Bajo Anchicayá hydroelectric power plant's area of influence in the event it is ordered in the possible review process by the Council of State in observance of Sentence SU-686 of 2015.

The Company duly attended to its legal affairs. During the first quarter of 2021, the Company received notification of a lawsuit, which was classified as a contingency and because of its amount, did not affect its financial position.

In general, there are no new cases that could affect the Company's financial position and that are not provisioned given their probability of future disbursement.

The contingent assets and liabilities have not presented significant variations in their amount and/or rating from December 31, 2020, to March 31, 2021.

The balance of the recoveries at March 31, 2021, (COP 722,909) are listed below in the following proceedings:

- The value of (COP 414,058) was based on the fact that allegedly, the grouped quarterly distribution index of voltage levels 1, 2 and 3 exceeded the basic average and interference band established in CREG Resolution 173/2010. Therefore, the Company allegedly violated the established regulation related to the users categorized as the "worst served". Additionally, a charge was made for having 26,405 users categorized as "worst served" and whose estimated compensation exceeded the costs of the distribution service billed for the months April to May 2017, July to September 2017, and April to December 2018, paid on December 15, 2020, when the proceeding was completed.

- For the value of (COP 115,479) with the plaintiff Sandra Patricia Salas Betancourt for an electrical incident consisting of the explosion of a porcelain SPD (surge protector) of the Company's infrastructure. The court declared the proceeding over on February 23, 2021. As the provision amounted to COP 206,479, a payment of COP 91,000 was generated.
- For the value of (COP 85,247) with the plaintiff Esteban Suárez Alomia, who was on the third floor of the building located at the address Cra. 63 No. 2A-21, Barrio los Pinos, in Buenaventura and received an electrical shock from the high-voltage cables of the electric power grid when they made contact with a zinc sheet he had in his hands. The court ruled in the second instance against the Company, however it reduced the value of the sentence, which was paid on March 26, 2021.
- Additionally, a value of (COP 108,125) with the plaintiff Diego Patiño, who argues that the execution of the works of the power plants in Alto Tuluá and Bajo Tuluá affect his rights and requests the recognition of damages and loss. On February 22, 2021, the sentence was ruled in the first instance against Celsia Colombia S.A. E.S.P. An appeal was filed and the specific objections were submitted on February 25, 2021.

NOTE 13. REVENUE

At March 31, 2021 and 2020, revenue from the provision of utilities was as follows:

	March 2021	March 2020
Energy sales on the regulated and non-regulated market	495,461,367	436,863,591
Energy sales on the spot market	134,059,360	194,442,899
Energy sales in contracts	80,563,306	27,335,047
Grid use and connection	65,925,674	73,725,297
Reliability charge	45,046,505	45,128,922
Other operating services	37,334,805	20,687,849
	858,391,017	**798,183,605**

The variation in consolidated accumulated income of Celsia Colombia S.A. E.S.P. at March 2021 compared to March 2020 is explained below:

- Retail energy sales increased COP 58,597,776 from 2020 (13.41%), mainly due to the greater demand in the regulated market, +210 GWh, and the higher rate of +COP 37/KWh.
- Income from spot market sales decreased COP 60,383,539 (31.05%), explained by the lower rate of spot market sales of -COP 176/KWh.
- Income from energy sales in contracts increased COP 53,228,259 from 2020 (194.73%), due to greater contract sales of 196 GWh at a higher rate of +COP 10/KWh.
- Grid connection and use was 10.58% less, mainly due to the sale of assets from the calls for tender, and voltage levels 3 and 4 of Tolima.
- Other revenue increased COP 16,646,956 (80.47%) year on year, mainly due to the increase in portfolio sales of products and services developed by the Company.

The utility rate (charging) option is a mechanism created by the CREG through CREG Resolution 012-2020, which permits the resellers to defer rate increases. This provision only applies for the regulated market and it was caused by the forecast increases due to the application of new distribution charges, approved for the grid operators pursuant to CREG Resolution 015/2018. The option has an indefinite term.

During the emergency declared due to the COVID-19 pandemic, CREG Resolution 058/2020 was issued, which temporarily amended the application of the utility rate option, making its application mandatory and amending the sales price variable, leaving it constant at a value of 0% for four months (April to July 2020), which involved freezing of the unit costs.

Currently, Celsia Colombia S.A. E.S.P. is applying the utility rate option in compliance with CREG Resolution 058/2020, causing accounting provisions in income with the cut-off date of March 2021 for COP 33,900,415 and debt of COP 46,248,372. December 2020 closed with an estimate of COP 12,347,957.

Currently, Cetsa E.S.P. is applying the utility rate option in compliance with CREG Resolution 058/2020, causing accounting provisions in income with the cut-off date of March 2021 of COP 1,635,102 and debt of COP 5,088,111. December 2020 closed with an estimate of COP 3,453,009.

Based on Decree 517/2020, the Company granted a 10% early payment discount of the electricity utility for residential users in socioeconomic levels 1 and 2, amounting to COP 2,976,253 at the close of December 2020.

NOTE 14. COST OF SALES

At March 31, 2021, and December 31, 2020, the cost of sales for activities related to the provision of utilities was as follows:

	March 2021	March 2020
Costs of goods and public utilities	396,988,439	381,770,340
Depreciation and amortization	58,877,665	53,341,553
Personnel services	41,497,567	41,568,991
Operation and maintenance	26,358,560	21,142,449
General costs	18,696,568	15,310,480
Licenses and contributions	12,458,708	9,423,137
Materials and other operating costs	12,188,243	7,794,334
Insurance	6,891,034	6,912,506
Tax	4,766,167	4,555,738
Public utilities	1,972,986	1,208,804
Professional fees	1,735,383	1,506,954
Leases	876,841	251,208
	583,308,161	**544,786,494**

The costs of sales at March 2021 were 7% higher than in the same period of 2020, mainly due to the purchase of energy, maintenance of IT systems, brigades, lines, networks and ducts, and environmental management materials.

NOTE 15. OTHER EXPENSES, NET

At March 31, 2021, and December 31, 2020, other expenses, net, were as follows:

	March 2021	March 2020
Recoveries (1)	1,829,767	3,393,282
Other	376,303	68,502
Dividends	138,223	-
Leases	66,626	58,893
Profit from the sale of fixed assets	-	27,128
Profit from the sale of investments	-	16,089
Total other income	**2,410,919**	**3,563,894**
Donations (2)	(6,588,000)	(7,400,000)
Other (3)	(3,983,426)	(3,971,098)
Loss in derecognition of fixed assets	(63)	(125,245)
Total other expenses	**(10,571,489)**	**(11,496,343)**
Total other expenses, net	**(8,160,570)**	**(7,932,449)**

1) The balance in 2021 is comprised of recoveries of costs and expenses that included reimbursement for damages, upgrades, and financial transaction tax refunds for COP 1,106,858.
Additionally, it includes the recovery of provisions amounting to COP 722,909, described in Note 12.

2) Consists of donations made to Fundación Celsia Colombia of COP 6,588,000 (2020: COP 7,400,000), of which COP 6,500,000 were donated by Celsia Colombia S.A. E.S.P., approved at the General Meeting of Shareholders held on March 18, 2021, and COP 88,000 were donated by Cetsa E.S.P., approved at the General Meeting of Shareholders held on March 17, 2021.

3) Other expenses are as follows:

	March 2021	March 2020
Legal expenses (a)	(3,644,191)	-
Assumed taxes	(219,633)	(646,747)

Lawsuit provision (a)	(154,875)	(1,955,328)
Expenses for services in the sale of unusable material	(114,604)	-
Fines and sanctions	(21,363)	(1,015,348)
Shortages and derecognition of inventories	(21,057)	(37,076)
Other	(181)	(23,161)
Adjustment of inventory price	192,478	(293,438)
	(3,983,426)	**(3,971,098)**

a) Expenses from the merger by absorption process between Celsia Colombia S.A. E.S.P. (absorbing company), Celsia Tolima S.A. E.S.P. and Begonia Power S.A.S. (absorbed companies).

NOTE 16. ADMINISTRATIVE EXPENSES

At March 31, 2021, and December 31, 2020, administrative expenses were as follows:

	March 2021	March 2020
Personnel expenses	14,079,243	12,445,280
Depreciation and amortization	11,094,617	9,992,632
Impairment of trade accounts receivable	7,524,598	1,660,801
Charged and effective payments	5,933,569	4,701,007
Maintenance and repairs	4,569,895	3,790,453
Services	3,019,943	2,063,583
Public utilities	2,747,536	2,706,621
Taxes, contributions and rates	2,211,645	3,243,849
Professional fees	1,678,332	3,042,040
Cleaning and cafeteria services	1,590,620	1,279,944
Leases	839,831	807,433
Travel expenses	774,649	1,139,380
Security and surveillance	702,113	423,002
Other expenses	685,876	791,251
Communications and transportation	524,454	759,870
Publicity and advertising	502,199	829,314
Insurance	318,318	191,209
Commission	261,067	220,005
Management of real estate	217,601	491,978
Fuel	31,623	36,208
	59,307,729	**50,615,860**

The growth of administrative expenses are mainly due to the impairment of trade accounts receivable caused by the current COVID-19 emergency, focused in the socioeconomic levels where there have been lower collection percentages. An impairment is recognized during the quarter of COP 7,524,598.

It is also due to the amortizations in IT systems, with the largest including the software of the commercial IT system –Esfera–, and to maintenance and repairs in facilities, mainly in maintenance expenses of IT systems.

NOTE 17. EQUITY METHOD

At March 31, 2021, and December 31, 2020, the equity method in the income of the period and in other comprehensive income was as follows:

		Recognized shareholding 2021		Recognized shareholding 2020	
Business name of the subsidiary	Description	In income of the period	In other comprehensive income	In income of the period	In other comprehensive income
CNC del Mar S.A. E.S.P.	Joint venture	(86,188)	-	(579,442)	-

Caoba Inversiones S.A.S.	Joint venture	146,578	(10,441,786)	(2,638,146)	-
P.A. Muverang	Joint venture	(501,426)	-	(66,869)	-
C2 Energía S.A.S.	Joint venture	(1,419)	-	-	-
Fideicomiso Plan Luz	Joint venture	19,098	-	409,882	-
Total equity method		**(423,357)**	**(10,441,786)**	**(2,874,575)**	**-**

NOTE 18. FINANCIAL COSTS, NET

At March 31, 2021, and December 31, 2020, financial costs, net, were as follows:

	March 2021	March 2020
Interest and returns on accounts receivable (1)	7,153,765	1,954,854
Interest on investments	255,676	375,334
Other revenue from financing	347,454	206,663
Total financial income	**7,756,895**	**2,536,851**
Interest on borrowings (2)	(29,499,402)	(40,446,931)
Interest on related loans (3)	(8,038,564)	(12,863,352)
Other financial costs	(3,369,069)	(3,105,770)
Financial transaction tax	(4,282,430)	(3,172,278)
Pension liability interest	(2,550,445)	(2,018,364)
Commission	(1,337,722)	(1,729,166)
Financial costs for rights of use	(1,161,800)	(1,737,860)
Total financial costs	**(50,239,432)**	**(65,073,721)**
Exchange difference income	(7,835,348)	9,564,304
Income from valuation of derivative financial instruments	49,271,944	2,892,329
Exchange difference expenses	(10,437,567)	(11,760,147)
Expenses from valuation of derivative financial instruments	(33,488,650)	(5,450,506)
Total exchange difference expenses (4)	**(2,489,621)**	**(4,754,020)**
Total financial costs, net	**(44,972,158)**	**(67,290,890)**

(1) In 2021, the greater value is mainly due to the increase in interest from the financing of users of COP 2,174,929 and to the interest from the long-term loan to Caoba Inversiones S.A.S. of COP 4,218,500.

(2) It includes interest expenses from the issuances of ordinary bonds and green bonds, and other loans acquired to finance the growth of Celsia Colombia S.A. E.S.P.

(3) Accounts for the interest recognized during the period on the borrowing acquired in the purchase of generation assets from Celsia S.A. at the close of 2018.

(4) It includes the net effect in the exchange difference of cash, accounts receivable, suppliers, borrowings and others, as well as the valuation of the derivative financial instruments that Celsia Colombia S.A. E.S.P. has contracted to hedge the debt and purchase equipment in foreign currency.

The representative exchange rate used for the reconversion of foreign currency is COP 3,736.91 (2020: COP 4,064.81) per U.S. dollar.

NOTE 19. EARNINGS PER SHARE

The calculation of basic earnings per share at March 31, 2021 and 2020, was based on the profit of COP 112,892,520 (2020: COP 77,897,464) taxable to the shareholders of common shares and a number of outstanding common shares of 372,299,999 (2020: 372,299,999).
The breakdown of earnings per share is as follows:

	March 2021	March 2020
Annual earnings, net	112,892,520	77,897,464
Number of outstanding shares	372,299,999	372,299,999

Earnings per basic share (in COP)	303.23	209.23

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

NOTE 20. FINANCIAL INSTRUMENTS

20.1 Compliance with loan agreements

At March 31, the consolidated companies had not breached any of the financial clauses or other part of the signed loan agreements. Additionally, there were no defaults on the payment of capital or interest on financial liabilities and/or loans payable, or material changes in the calculations of the measurement of the loans or covenants during the reporting period.

20.2 Reclassification of financial assets

During the current and previous period, the Company has not made changes to the business model for management and administration of the financial assets, so financial assets have not been reclassified from the fair value category to amortized cost, or vice versa.

20.3 Categories of financial instruments:

	March 2021	December 2020
Cash and cash equivalents (Note 9)	78,754,469	243,921,329
Financial assets at fair value through other comprehensive income (1)	3,221,588	3,233,108
Financial assets measured at amortized cost (2)	331,850,002	283,011,012
Derivative instruments in hedging relationships	6,560,261	-
Total financial assets	**420,386,320**	**530,165,449**
Financial liabilities measured at amortized cost (3)	3,368,420,373	3,194,575,215
Derivative instruments in hedging relationships	-	43,473,679
Total financial liabilities	**3,368,420,373**	**3,238,048,894**

(1) Equity investments other than prepayments for future capitalizations and shares in subsidiaries, associates and joint ventures.

(2) Long-term accounts receivable, which are measured at amortized cost using the effective interest rate method.

(3) Financial liabilities measured at amortized cost:

	March 2021	December 2020
(3) Financial liabilities measured at amortized cost		
Outstanding bonds	1,755,418,803	1,756,475,945
Borrowings	962,931,304	694,079,004
Trade creditors and other accounts payable (a)	650,070,266	744,020,266
Total financial liabilities measured at amortized cost	**3,368,420,373**	**3,194,575,215**

a. Long-term accounts payable measured at amortized cost.

The book value of the financial 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.

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

	Loans and other financial liabilities	Bonds	Total borrowings	Liabilities for right-of-use assets
Balance at start of the period, January 1, 2021	**418,411,105**	**2,032,143,844**	**2,450,554,949**	**52,267,845**
Changes in cash flows from financing activities				
Loans and other financial liabilities	500,556,683	409,242,655	**909,799,338**	-
New right-of-use liabilities	-	-	**-**	1,772,527
Payments of loans and other financial liabilities	(503,246,363)	(150,009,191)	**(653,255,554)**	-
Payments of liabilities for right-of-use assets	-	-	**-**	(1,870,784)
Interest paid	(30,536,059)	-	**(30,536,059)**	(1,161,800)
Result of conversion from foreign currency	9,941,100	-	**9,941,100**	-
Accrued interest	31,846,333	-	**31,846,333**	1,161,800
Balance at the end of the period, March 31, 2021	**426,972,799**	**2,291,377,308**	**2,718,350,107**	**52,169,588**

	Loans and other financial liabilities	Bonds	Total borrowings	Liabilities for right-of-use assets
Balance at the start of the period, January 1, 2020	**334,111,764**	**1,789,186,578**	**2,123,298,342**	**57,083,844**
Changes in cash flows from financing activities				
Loans and other financial liabilities	189,105,801	148,561	**189,254,362**	-
New right-of-use liabilities	-	-	**-**	443,843
Payments of loans and other financial liabilities	(4,254,084)	(15,617)	**(4,269,701)**	-
Payments of liabilities for right-of-use assets	-	-	**-**	(2,646,030)
Interest paid	(37,079,986)	-	**(37,079,986)**	(1,737,860)
Result of conversion from foreign currency	810,400	-	**810,400**	-
Accrued interest	40,446,931	-	**40,446,931**	1,737,860
Balance at the end of the period, March 31, 2020	**523,140,826**	**1,789,319,522**	**2,312,460,348**	**54,881,657**

20.5 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, Celsia 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, Celsia Colombia S.A. E.S.P. 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, Celsia has uncommitted credit limits with Colombian and foreign banks of a sufficient amount to respond to any situation.

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

The level of current assets is in line with the Company's operations and enables it to meet its short-term debts. At the close of the quarter, total current liabilities exceeded total current assets, mainly due to the dividends declared at the General Meeting of Shareholders. According to our assessment, the Company can generate sufficient cash flows from operations and have cash flows from the lines of credit available that will be sufficient to meet the next liquidity commitments in the short term.

20.5.1 Analysis of the maturity of non-derivative financial liabilities

The following tables show the remaining contract maturity of Celsia Colombia S.A. E.S.P. 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 Celsia Colombia S.A. E.S.P. must make the payments. The tables include the cash flows from both interest and capital. To the extent that the interest is at the variable rate, the undiscounted amount derives from the interest rate curves at the end of the reporting period. The contractual maturity is based on the minimum date by which Celsia Colombia S.A. E.S.P. 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 March 31, 2021						
Financial liabilities that do not accrue interest	N/A	709,587,095	11,985,596	-	721,572,691	721,572,691
Instruments with variable interest rate	5.14%	342,400,256	1,246,280,446	2,469,623,945	4,058,304,647	2,841,259,887
Instruments with fixed interest rate	4.95%	131,807,134	405,354,870	-	537,162,004	509,954,962
Total		**1,183,794,485**	**1,663,620,912**	**2,469,623,945**	**5,317,039,342**	**4,072,787,540**

20.5.2 Maturity of derivative financial instruments

The following table shows the maturity of the derivative financial instruments of Celsia Colombia S.A. E.S.P. 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 return curves at the end of the reporting period:

	One year or less	From 1 to 5 years	Five years or more	Total	Book value
At March 31, 2021					
Forward	6,560,261	-	-	6,560,261	6,560,261
Total	**6,560,261**	**-**	**-**	**6,560,261**	**6,560,261**

	One year or less	From 1 to 5 years	Five years or more	Total	Book value
At March 31, 2021					
Forward	(43,473,679)	-	-	(43,473,679)	(43,473,679)
Total	**(43,473,679)**	**-**	**-**	**(43,473,679)**	**(43,473,679)**

NOTE 21. TRANSACTIONS WITH RELATED PARTIES

The immediate Parent Company of Celsia Colombia S.A. E.S.P. is Celsia S.A., with its main business address in Medellín, Colombia. It holds a direct interest of 18.54% and interest through Colener S.A.S of 46.57%, with a total interest equivalent to 63.28% of the Company.

21.1 Qualitative information about relations between related parties

21.1.1 Relations between Celsia Colombia S.A. E.S.P. and its Parent Company Celsia S.A.

- Transactions mainly account for the account payable for the purchase of generation assets in 2018
- Representation contract of the Meriléctrica power plant
- Dividend payment

21.1.2 Relations between Celsia Colombia S.A. E.S.P. and the subsidiaries of Celsia S.A.

- The transactions mainly account for reimbursements of costs and expenses
- Payment of dividends to Colener S.A.S

21.1.3 Relations between Celsia Colombia S.A. E.S.P. and joint ventures

- The transactions mainly account for the 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

21.1.4 Relations between Celsia Colombia S.A. E.S.P. and the related parties of Grupo Argos S.A.
- The transactions mainly consist of the purchase and sale of electricity and spare parts
- Air travel of employees
- Lease service of constructions and building
- Technical administrative support services
- Insurance policies taken out by the Company to protect its production assets, mainly covering material damage caused by fire, explosion, short circuit, natural disasters, terrorism and other risks

21.2 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	
	March 2021	March 2020	March 2021	March 2020
Parent company	98,408	255,810	19,017,799	43,557,125
Entities with significant influence on the Group	3,760,011	3,789,560	12,581,744	9,438,129
Joint ventures	9,112,382	419,350	-	
Key management staff	-	-	6,205,358	5,913,255
Professional fees for Board members	-	-	56,154	30,020
All related parties	**12,970,801**	**4,464,720**	**37,861,055**	**58,938,529**

	Amounts receivable		Amounts payable and prepayments received		Lease assets		Lease liabilities	
	March 2021	December 2020	March 2021	December 2020	March 2021	December 2020	March 2021	December 2020
Parent company	168,040	50,240	723,414,957	793,060,545	-	-	-	-
Entities with significant influence on the Group	6,033,645	4,966,718	201,293,646	2,803,908	57,243,066	57,243,066	45,470,823	47,032,570
Joint ventures	336,689,846	330,475,897	36,782,441	35,047,678	-	-	-	-
Key management staff	966,971	856,607	-	-	-	-	-	-
All related parties	**343,858,502**	**336,349,462**	**961,491,044**	**830,912,131**	**57,243,066**	**57,243,066**	**45,470,823**	**47,032,570**

At March 31, 2021 and 2020, and December 31, 2020, the Company had not recognized impairment and expenses due to the impairment of the amounts receivable from related parties. The Company has not received or granted guarantees of balances receivable or payable to related parties. 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 the accounts receivable from related parties for the sale of goods is 30 days, and the accounts payable to related parties have an average term of 30 days. The average term of the loans in 2021 is one year.

21.3 Compensation of the Board of Directors and key management staff

Payment of executives and other key members of Management during the period was as follows:

	March 2021	March 2020
Short-term employee benefits	5,432,182	5,274,331
Long-term employee benefits	773,176	638,924
Professional fees	56,154	30,020
Loans granted to key management staff	966,971	958,135
Total compensation of key management staff in the period	**7,228,483**	**6,901,410**

Balances of professional fees consist of the payments for attending meetings of the Board of Directors and its committees.

The balances of loans granted to key management staff at closing of March 2021 and 2020 mainly consist of loans for housing, insurance policies and health care.

NOTE 22. BUSINESS COMBINATIONS

At December 31, 2020, the process of allocating the purchase price related to the acquisition of the commercial establishment had been completed, which includes all the transmission and distribution assets and the electricity sales business in Tolima, formerly operated and owned by Compañía Energética del Tolima S.A. E.S.P.

New business combinations had not been made at March 31, 2021.

NOTE 23. RECLASSIFICATION OF ITEMS IN THE FINANCIAL STATEMENTS

Statement of Comprehensive Income – Income accounts

Regarding the interim period ending on March 31, 2020, income accounts are reclassified to lines that do not affect the profit subtotal, as shown below for the purposes of comparison:

	Presented at March 31, 2020, and March 2021	Balance offset at March 31, 2020	Presented at March 31, 2020
Financial income	2,536,851	(2,892,328)	5,429,179
Financial costs	(65,073,721)	5,450,506	(70,524,227)
Exchange difference, net	(4,754,020)	(2,558,178)	(2,195,842)
	(67,290,890)	**-**	**(67,290,890)**

NOTE 24. RELEVANT EVENTS DURING THE REPORTING PERIOD

In response to the prevalence of COVID-19, on an ongoing basis, Celsia and its subsidiaries continue to identify, analyze and assess risks, evaluate potential impacts, and establish the necessary preventive and containment measures so that its businesses are not affected.

Pursuant to the priorities established, the Company's actions remain focused on the following principles of action:

- Job protection and maintenance
- Supplier support
- Customer support and assistance
- Solidarity support
- Protection of financial flexibility
- of economic resources to support customers and suppliers.

Regarding the public utility portfolio, the Company reviewed and adjusted the method used to determine the expected credit losses or impairment to cover the substantial changes in credit risk caused by the emergency. As a result of this review, an impairment of COP 7,524,598 was recognized in the first quarter of 2021, and an impairment of COP 15,689,042 was recognized in 2020.

NOTE 25. EVENTS THAT OCCURRED AFTER THE REPORTING PERIOD

There were no relevant events that occurred after the closure of the 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 26. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements were authorized for their disclosure by the Board of Directors on April 22, 2021.