

Q2 2021 Results

Celsia Continues to Create Value for Its Shareholders; Year to Date, It Has Posted Consolidated Growth of 1 % in EBITDA and 11.5 % in Net Profit.

- Q2 results: Consolidated revenue for the quarter totaled COP 940 billion, consolidated EBITDA was COP 313 billion, and consolidated net profit was COP 89 billion.
- Year-to-date results: consolidated revenue of COP 1.92 trillion, EBITDA of COP 650 billion and net profit of COP 204 billion.
- “These results are the result of the investments made to improve customer service, good asset management, the employees’ commitment, the positive contribution of suppliers and the consolidation of our goods and services portfolio,” pointed out Ricardo Sierra, Celsia’s leader.
- In ESG matters, some highlights include the progress made in gender equality through the development of training programs for women as electricity technicians, the increase in the number of women in succession planning processes and the number of women promoted to middle management.

Medellín, August 10, 2021. Celsia, Grupo Argos’ energy company, presents the financial results of the year’s second quarter, at a time of major operating and logistics challenges in the country for serving its customers, which was made possible by its employees and suppliers, who were able to overcome the obstacles and maintain reliable and high-quality service, as well as make progress in project implementation.

Financial Results

Consolidated revenue totaled COP 940 billion (up 5.5 % from 2020). Colombia accounted for 87 % and Central America for 13 %. Year-to-date, consolidated revenue totaled COP 1.92 trillion, up 5.6 % compared to the same period last year.

Consolidated EBITDA totaled COP 313 billion, which is very similar to the amount reported in the same quarter last year. **Year-to-date consolidated EBITDA totaled COP 650 billion**, up 1 %, with an EBITDA margin of almost 34 %. **Excluding non-recurring events in the first half of 2020, the increase in EBITDA was 6.5 %.**

Consolidated net earnings totaled COP 89 billion (-8.1 %). When deducting the minority interest, the net income attributable to controlling shareholders totals COP 57 billion (-21 %). The reduction is mainly the effect of the base of comparison, because in the same period in 2020 extraordinary non-recurring income took place.

Year-to-date consolidated net earnings totaled COP 204 billion, up 11.5 %. If adjusted for non-recurring transactions in 2020, the increase is 49.3 %. Income attributable to the controlling shareholders is COP 141 billion, an increase of 2 % and of 53.4 % adjusted.

“In these results, we highlight the consolidated year-to-date growth of 6.5 % in EBITDA and 49.3 % in net profit compared to 2020, excluding recurring income from that period, particularly the transaction with Prime Termoflores. These positive results are a result of the investments made, good asset management, the employees’ commitment, and the positive response of customers to the services and products we offer,” said Sierra Fernández.

At the end of Q1 2021, the company reported **consolidated debt of COP 4.32 trillion and a leverage ratio of 3.3 times the net debt to EBITDA**. Compared to 2020, the effect of the devaluation of the Colombian peso in the consolidation of the Central American debt was COP 92 billion.

Creation of Value for Shareholders

The following are the highlights of the progress achieved with the projects and strategic investments made by the company:

2 years in Tolima

- Startup of operations: June 2019.
- **32,000 new customers:** The company started with 498,000 customers, and now has 530,000.
- **7 % improvement in SAIDI and 19 % in SAIFI:** In terms of quality indicators, the operation was received with a SAIDI (duration of interruptions) of 52.6 hours, and now it approaches the 48.8 hours. On the other hand, SAIFI (frequency of interruptions) was at 40 times and is now below 32.4 times.
- **Annual growth rate of 16.4 % in EBITDA:** Celsia invested COP 1.68 trillion in this operation, with an EBITDA of COP 175 billion. The operation is now generating an annual EBITDA of approximately COP 230 billion.
- **COP 303 billion in investments:** Since the operation began, the company has made investments aimed at improving infrastructure and customer service, which is also compensated through higher revenues.

Investments in non-conventional renewable energy

- **In 2021, Celsia’s non-conventional renewable energy capacity will increase by a factor of 18 in Colombia:** In 2017, the company started out with 9.8 MW in solar plants, and this year it launched Celsia Solar El Carmelo with a capacity of 9.8 MWp, and will soon launch Celsia Solar La Paila with 20 MWp. In the second half of this year, it plans to begin the construction of additional 140 MWp. This is how the partnership with Cubico moves forward to reach 650 MWp in non-conventional renewable energy.

Backing for the energy mix

- **The El Tesorito Thermal Power Plant Project (200 MW) will begin to operate in the first quarter next year:** Progress was made in building the plant, the internal roads and

in the improvement of the access roads, and the social and environmental management is maintained with the community.

Investments to strengthen the distribution network

- **COP 157 billion invested year-to-date in 2021:** Over COP 81 billion have been invested in Valle, and in Tolima continuity and expansion investments have totaled COP 76 billion. The investments focus on building, repowering and upgrading substations, circuits and control systems to make them safer and more reliable.

ESG Commitments

Celsia is committed to removing sticky floors and glass ceilings for women by means of: training programs for women as electrical technicians in partnership with National Learning Service (SENA, for the Spanish original); increase in the number of women in succession planning processes from 28 % in 2019 to 40 % in 2021; increase in the number of external women candidates to heavily male positions, increasing from 7.8 % in 2020 to 12.5 % in 2021, and increase in the number of women promoted to middle management positions.

In terms of environmental indicators, Celsia's goal is to reduce CO₂ emissions by designing effective measures for mitigation, offsetting and adaptation, and innovative initiatives that contribute to making progress in managing the risks and opportunities of climate change.

In order to fulfill this purpose, it focuses on:

- ✓ Advancing in its ReverdeC ecological restoration program. To date, over 6.4 million trees have been planted.
- ✓ Develop an increasingly cleaner energy mix, with high participation of non-conventional renewable energies, growing in small hydroelectric power plants and solar and wind projects.
- ✓ Carry out projects based on energy efficiency to ensure that customers engage in consumer awareness.
- ✓ Move forward in the registration of projects in carbon markets to keep promoting renewable energy growth.
- ✓ Strengthen actions and initiatives derived from the circular economy.
- ✓ Promote sustainable, efficient and electric mobility.
- ✓ Implement demand management initiatives through products such as remunerated disconnection and efficient consumption.

**RELEVANT INFORMATION
CELSIA S.A.**



Presentation of results by teleconference

On Wednesday, August 11 at 8:00 a.m., Bogotá time, the quarterly results presentation will be broadcast online. To connect, please click on the following link: [Presentation of 2021 Second Quarter Results](#). The passcode to enter the meeting is 053312.

RELEVANT INFORMATION CELSIA S.A.



Financial statements

Celsia S.A.

Condensed consolidated statement of financial position

(Amounts in thousands of COP)

	June 2021	December 2020
Assets		
Non-current assets		
Property, plant and equipment, net	8.773.237.612	8.353.654.257
Right-of-use assets	75.284.404	77.313.470
Intangible assets, net	354.775.666	353.692.109
Goodwill	1.016.058.371	958.924.117
Investments in associates and joint ventures	161.772.920	152.357.433
Other financial investments	129.726.658	98.140.361
Other non-financial assets	108.041.809	98.423.454
Trade and other accounts receivable, net	381.697.624	289.371.518
Deferred tax assets	2.784.556	2.188.736
Total non-current assets	11.003.379.620	10.384.065.455
Current assets		
Cash and cash equivalents	236.749.189	399.547.205
Derivative financial instruments	8.945.475	-
Trade and other accounts receivable, net	709.535.770	599.487.203
Inventories	147.738.129	167.135.929
Other non-financial assets	35.141.085	59.137.183
Current tax assets	108.427.719	24.079.474
Non-current assets held for sale	177.542.849	177.207.057
Total current assets	1.424.080.216	1.426.594.051
Total assets	12.427.459.836	11.810.659.506
Liabilities and shareholders' equity		
Equity		
Issued capital	267.493	267.493
Share issue premium	1.822.194.921	1.822.194.921
Reserves	2.308.379.050	2.306.188.200
Earnings of the period, net	140.797.437	249.319.973
Other comprehensive income	572.413.373	390.318.148
Retained earnings	269.231.065	302.434.751
Retained earnings in opening balance sheet	20.585.359	20.585.359
Other equity interests	(542.983.070)	(542.983.070)
Equity attributable to controlling shareholders	4.590.885.628	4.548.325.775
Non-controlling interest	1.229.499.575	1.192.329.790
Total equity, net	5.820.385.203	5.740.655.565

RELEVANT INFORMATION CELSIA S.A.



Liabilities		
Non-current liabilities		
Financial debt	3.380.203.642	3.382.519.223
Right-of-use asset liabilities	55.413.052	58.430.104
Trade and other accounts payable	109.243.100	106.865.094
Deferred tax liabilities	336.712.316	325.584.935
Employee benefits	141.355.586	140.893.398
Total non-current liabilities	4.022.927.696	4.014.292.754
Current liabilities		
Financial debt	952.113.067	483.336.146
Derivative financial instruments	-	43.473.679
Right-of-use asset liabilities	4.653.534	2.795.382
Trade and other accounts payable	762.664.080	692.407.600
Provisions	222.150.069	217.789.030
Current tax liabilities	119.808.699	70.447.932
Employee benefits	48.910.021	59.718.490
Other liabilities	29.874.543	30.178.962
Liabilities associated with assets held for sale	443.972.924	455.563.966
Total current liabilities	2.584.146.937	2.055.711.187
Total liabilities	6.607.074.633	6.070.003.941
Total liabilities and equity	12.427.459.836	11.810.659.506

RELEVANT INFORMATION CELSIA S.A.



Celsia S.A.

Condensed consolidated statement of income and other comprehensive income
Interim periods ending on June 30
(Amounts in thousands of COP)

	YTD		Quarter	
	2021	2020	2021	2020
Revenue				
Revenue from ordinary activities	1.920.372.974	1.819.462.234	939.896.770	891.068.600
Cost of sales	(1.326.392.828)	(1.218.115.771)	(660.708.701)	(595.956.581)
Gross earnings	593.980.146	601.346.463	279.188.069	295.112.019
Other revenues	4.090.431	18.738.718	1.439.757	15.114.725
Administrative expenses	(144.440.285)	(141.820.153)	(69.433.706)	(76.362.538)
Other expenses	(23.667.669)	(19.483.013)	(3.205.570)	(1.610.365)
Equity method, net	(867.841)	(3.093.717)	(443.629)	(266.969)
Earnings before financial costs	429.094.782	455.688.298	207.544.921	231.986.872
Financial income	15.322.994	13.063.262	6.938.982	9.807.311
Financial costs	(148.615.179)	(175.812.970)	(77.277.228)	(85.285.245)
Exchange difference, net	11.505.790	7.869.423	387.043	(9.371.806)
Earnings before taxes	307.308.387	300.808.013	137.593.718	147.137.132
Income tax	(102.753.725)	(117.404.855)	(48.805.787)	(50.487.947)
Earnings of the period, net	204.554.662	183.403.158	88.787.931	96.649.185
Earnings attributable to:				
Controlling shareholders	140.797.437	138.120.576	57.293.366	73.092.367
Non-controlling interest	63.757.225	45.282.582	31.494.565	23.556.818
	204.554.662	183.403.158	88.787.931	96.649.185
Earnings per share from continuing operations (in COP)				
Basic earnings from continuing operations	191	171	83	90
Diluted earnings from continuing operations	191	171	83	90
Other comprehensive income				
Items that will not be reclassified to income:				
Valuation of investments in equity instruments	31.435.972	(1.551.608)	31.447.491	(1.223.148)
Items that will be subsequently reclassified to the income of the period:				
Exchange difference in translation of subsidiaries abroad	116.574.237	176.099.248	11.721.673	(111.836.886)
Share in other comprehensive income of joint ventures	13.995.060	-	3.553.273	-
Total other comprehensive income	162.005.269	174.547.640	46.722.437	(113.060.034)
Other comprehensive income attributable to:				
Controlling interest	182.095.225	207.526.768	47.552.824	(131.664.946)
Non-controlling interest	(20.089.956)	(32.979.128)	(830.387)	18.604.912
Total other comprehensive income	162.005.269	174.547.640	46.722.437	(113.060.034)
Comprehensive income attributable to:				
Controlling shareholders	322.892.662	345.647.344	104.846.190	(58.572.579)
Non-controlling interest	43.667.269	12.303.454	30.664.178	42.161.730
Total comprehensive income	366.559.931	357.950.798	135.510.368	(16.410.849)

RELEVANT INFORMATION CELSIA S.A.



Celsia S.A.

Condensed separate statement of financial position

(Amounts in thousands of COP)

	June	December 2020
Assets		
Non-current assets		
Property, plant and equipment, net	118.601.127	122.583.252
Right-of-use assets	8.085.499	9.210.960
Intangible assets, net	215.896	197.796
Investments in subsidiaries	4.969.445.723	4.754.798.540
Investments in associates	326.767	128.245
Other financial investments	84.871.019	86.138.748
Prepayments and other non-financial assets	324.055	-
Trade debtors and other accounts receivable, net	749.142.116	868.284.935
Total non-current assets	5.931.012.202	5.841.342.476
Current assets		
Cash and cash equivalents	7.968.425	4.999.980
Trade debtors and other accounts receivable, net	137.644.147	33.762.597
Inventories	2.188.779	2.431.496
Prepayments and other non-financial assets	1.681.999	2.199.637
Current tax assets	6.076.357	15.397
Total current assets	155.559.707	43.409.107
Total assets	6.086.571.909	5.884.751.583
Shareholders' equity and liabilities		
Equity		
Issued capital	267.493	267.493
Share issue premium	1.822.194.921	1.822.194.921
Reserves	2.623.296.364	2.621.105.514
Earnings of the period, net	139.699.623	282.523.659
Cumm. earnings	13.615.656	13.615.656
Other comprehensive income	534.514.894	376.816.987
Retained earnings	20.585.359	20.585.359
Total equity, net	5.154.174.310	5.137.109.589
Liabilities		
Non-current liabilities		
Borrowings	452.154.614	452.115.040
Liabilities for right-of-use assets	7.330.048	7.330.048
Trade creditors and other accounts payable	109.243.100	106.865.094
Deferred tax liabilities	13.062.194	9.755.011
Employee benefits	-	452.221
Total non-current liabilities	581.789.956	576.517.414
Current liabilities		
Borrowings	1.517.010	1.722.506
Liabilities for right-of-use assets	633.111	1.627.592
Trade creditors and other accounts payable	307.171.183	118.364.868
Provisions	37.317.501	34.173.052
Current tax liabilities	-	8.583.573
Employee benefits	3.920.599	6.604.750

RELEVANT INFORMATION CELSIA S.A.



Other non-financial liabilities	48.239	48.239
Total current liabilities	350.607.643	171.124.580
Total liabilities	932.397.599	747.641.994
Total liabilities and equity	6.086.571.909	5.884.751.583

RELEVANT INFORMATION CELSIA S.A.



CELSIA S.A.

Condensed Separate Statement of Income and Other Comprehensive Income

Interim periods ending on June 30

(Values expressed in thousands of COP)

	YTD		YTD	
	2021	2020	2021	2020
Revenue	224.588.994	202.947.263	128.105.209	115.185.235
Cost of sales	(16.950.193)	(10.629.130)	(10.522.905)	(5.211.235)
Gross earnings	207.638.801	192.318.133	117.582.304	109.974.000
Other income	37.776	64.042	28.701	55.621
Administrative expenses	(14.164.299)	(16.456.203)	(7.974.050)	(8.084.968)
Other expenses	(65.133.463)	(5.748.651)	(59.971.977)	(763.054)
Earnings before financial costs	128.378.815	170.177.321	49.664.978	101.181.599
Financial income	17.468.373	24.552.193	9.075.533	11.536.634
Financial costs	(21.090.558)	(24.896.868)	(11.862.110)	(12.031.699)
Exchange difference, net	14.598.225	12.654.013	907.309	(9.460.785)
Earnings before tax	139.354.855	182.486.659	47.785.710	91.225.749
Income tax	344.768	(25.097.662)	4.844.159	(4.985.566)
Earnings of the period, net	139.699.623	157.388.997	52.629.869	86.240.183
Earnings per share from continuing operations (in COP)				
Basic earnings from continuing operations	130,56	147,10	49,19	80,60
Diluted earnings from continuing operations	130,56	147,10	49,19	80,60
Other comprehensive income				
Items that will not be subsequently reclassified to the income of the period:				
Losses of investments in equity instruments expressed at their fair value through other comprehensive income	31.652.146	(1.478.342)	31.659.537	(1.260.331)
Items that will be subsequently reclassified to the income of the period:				
Exchange difference in transactions with foreign currency	116.933.171	180.493.332	7.403.010	(114.604.293)
Hedge accounting	9.112.590	-	2.313.639	-
Total other comprehensive income of the period	157.697.907	179.014.990	41.376.186	(115.864.624)
Total comprehensive income of the period	297.397.530	336.403.988	94.006.055	(29.624.441)

Celsia's separate financial statements

In the second quarter of the year, revenue of COP 128,105 million was reported in Celsia's separate financial statements (+10.9 % Y/Y). Year-to-date revenues totaled COP 224,589 million (+10.3 % Y/Y).

Revenues from ordinary activities totaled COP -1,265 million, compared to COP 38,640 million reported in Q2 2020. The reduction is because the previous period included price-driven generation at Meriléctrica and triggering of the option included in the contract with Prime (Termoflores). It should be noted that the expected recurring revenues in this line of revenues derives from activities related to the organization's insurance management and price-driven generation at Meriléctrica, which is commercially represented by Celsia Colombia. Additionally, until May this year, the Meriléctrica Power Plant was unavailable due to damages in its power transformer, which required purchasing electricity in the secondary market.

The equity method added COP 129,370 million (+68.3 % Y/Y), thanks to the good results of the companies in which equity interests are held.

Costs of sales totaled COP 10,523 million, a 101.9 % increase compared to the same period last year, mainly due to the costs of repairing the power transformer of Meriléctrica, including accelerated depreciation of the equipment.

Administrative expenses totaled COP 7,974 million, down 1.4 % Y/Y, mainly due to lower tax accruals in the period and lower amortization expenses.

EBITDA in the quarter was COP 11,720 million (-140.8 % Y/Y), with an EBITDA margin of 9.1 %. The reduction compared to the previous year was due to non-recurring effects in 2020 and the extraordinary costs incurred in 2021, as described earlier. Year-to-date EBITDA totaled COP 8,288 million (-115.6 % Y/Y).

The main non-operating item was other expenses, which totaled COP 59,972 million, compared to COP 763 million in Q2 2020. The higher expense is due to greater impairment on investment, which is equivalent to the capitalization made in BLM in June 2021 to move forward in the process of asset disposal and repayment of liabilities at the company.

The income tax provision totaled COP 4,844 million (-197.2 % Y/Y). The recovery of the income tax expense in the period is because taxable income is negative, which requires the reimbursement of taxes recognized in prior periods.

Net profit in the quarter totaled COP 52,630 million (-39.0 % Y/Y). The reduction is due to recognition of impairment on an investment made in June 2021, related to a plan approved in 2020 to dispose of assets and pay off liabilities at BLM. Year-to-date earnings totaled COP 139,700 million (-11.2 % Y/Y).

RELEVANT INFORMATION CELSIA S.A.



It is important to mention that in Celsia's separate financial statements, after the sale of the generation assets to Celsia Colombia, income is always expected to cover operating costs and expenses, and financial expenses are covered by the payments made by Celsia Colombia as a result of the payment structure for the same sale of assets. Consequently, the Celsia Holding Company is not withholding resources from the controlling shareholders, and the dividends it receives can be transferred to its shareholders.

Financial ratios

Celsia's consolidated financial statements

Liquidity and debt indicators	Units	2T2021	Dic.-2020
Liability/Asset (level of debt)	%	53%	51%
Current liability/Total liability (short term)	%	39%	34%
Current ratio (current assets / current liabilities)	times	0,56	0,69
Cash & equivalents	COP mill.	236.749	399.547
Profitability ratios	Units	2T2021	2T2020
Gross margin	%	30%	33%
Operating margin	%	22%	25%

Slightly greater debt compared to the same period last year to finance investments.

Celsia's separate financial statements

Liquidity and debt ratios	Units	2Q2021	Dec.-2020
Liability/Asset (level of debt)	%	15%	13%
Current liability/Total liability (short term)	%	37%	23%
Current ratio (current assets / current liabilities)	times	0,44	0,25
Cash and equivalents	COP mill.	7.968	5.000
Profitability ratios	Units	2Q2021	2Q2020
Gross margin	%	92%	95%
Operating margin	%	86%	88%

The proportion of current liabilities is higher compared to December 2020, due to the reduction of long-term debt in Q4 2020.

1.