

Celsia closes the year with COP 3.54 trillion in revenue and a net profit of COP 338 billion

All energy generated by Celsia in the fourth quarter of 2020 was renewable

- **Consolidated 2020:** Net profit of COP 338 billion; EBITDA of COP 1.23 trillion, and revenue of COP 3.54 trillion.
- **Supporting employment, a priority:** In light of the 2020 situation, the Company proposed maintaining jobs, offering support mechanisms to its clients and suppliers, showing solidarity with the affected communities, and protecting their financial flexibility.
- **Advancement of projects despite the pandemic:** Achievement of the start-up of the San Andrés de Cuerquia small hydroelectric power plant, and the El Espinal (Tolima) and Carmelo (Valle del Cauca) solar farms; and progress in the construction of the El Tesorito thermal power plant in Córdoba and the La Paila solar farm.
- **Celsia's decision to create social and environmental value:** It implemented Obras por impuestos (Works for Taxes) for high-impact social projects amounting to COP 56,900 million in road infrastructure in the departments of Cauca and Tolima and education in Tolima, benefiting more than 32,000 people; it achieved 5.7 million trees planted with the ReverdeC program; and it obtained the Equipares Silver Seal for its gender equality practices.

Medellín, February 23, 2021. *"The year 2020 was one full of challenges and great learning, but thanks to the dedication of the whole team, we progressed in projects to improve the service and increase the supply we provide. Additionally, we keep working to protect our employees, and we remain committed to protecting and creating jobs, supporting our suppliers, and contributing to the communities in our areas of influence. At Celsia, we are convinced that companies and the private sector are essential to drive the economy and to recover the path for growth and employment affected by the pandemic."* As **Ricardo Sierra, Celsia Leader**, assured us when presenting the consolidated results of 2020.

These figures demonstrate the challenges faced:

- **Job protection:** A total of 2,100 employees, and 259 new people and 66 apprentices hired in 2020.
- **Support of clients and suppliers:** In 2020, Celsia not only applied the relief program to the electricity tariff for clients living in socioeconomic levels 1 to 4 according to the Colombian Government's guidelines, but it also extended benefits to other groups of clients. These benefits amounted to COP 34 billion and were initially financed by the Company. The Findeter

mechanisms were activated and the loans to finance them were processed in the fourth quarter.

Regarding suppliers, the Company decided to apply a maximum payment term of 45 days at the end of the year for MSMEs' invoices, one year ahead of the Fair Terms Law enacted by the Colombian Government.

- **Solidarity donations:** The Company reached 9 departments of the country and 92 municipalities, donating intensive care units, biosecurity supplies, hospital equipment, water and nutritional packages. Additionally, as part of the contributions by Grupo Empresarial Argos to strengthen the health system and support the most vulnerable families, Celsia joined different initiatives amounting to COP 10,890 million.

2020 results

Regarding the results, it is important to consider that in 2019, the Company had aimed to have a balanced portfolio, which would enable it to increase profitability and develop new avenues of growth. Therefore, it acquired operation of the electricity utility in Tolima, it sold the Zona Franca Celsia thermal power plant, and it established the Caoba Inversiones platform, to which it transferred some energy transmission assets.

When specifically comparing the figures of the fourth quarter and the year, it is necessary to adjust the income from these transactions. Therefore, as Ricardo Sierra, Celsia Leader, indicates, *"the Company had some positive results in 2020. Alongside the comparable figures of 2019, we reported 17.9% growth in the EBITDA and 68.2% growth in consolidated net profit, which enables us to keep transforming this Company and investing in modern, reliable and sustainable infrastructure."*

Operating results

Consolidated generation amounted to 1,185 GWh in the fourth quarter, down 11.0% year on year. **Power generation was 100% renewable** in this period: 95.9% hydroelectricity, 2.9% wind power, and 1.2% solar power.

In the quarter, in **Valle del Cauca**, the **service quality indicators** for electricity recorded a System Average Interruption Duration Index (SAIDI) of 2.5 hours, up 4.1% year on year, and a System Average Interruption Frequency Index (SAIFI) of 1.6 times, increasing 8.5%. In terms of the quarter's power losses in the grid, the targets established in the ten-year loss plan were met, thanks to the effectiveness of the field activities implemented for this purpose.

In the quarter, in Tolima, the service quality indicators for electricity recorded a System Average Interruption Duration Index (SAIDI) of 12.9 hours, improving 39.7% year on year and a System

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Average Interruption Frequency Index (SAIFI) of 9.3 times, improving 21.2%. The improvements made are the result of intensive work to strengthen the grid, renew assets and repower the substations to improve the quality of the utility so that Tolima's customers feel an improvement in the service. The power loss rate was 15.51% at the end of the period, exceeding the period's target proposed in the ten-year loss plan.

At the close of 2020, Celsia served **1,258,242 customers**.

Financial results

Consolidated net profit

Quarter 4 - 2020	Compared with 2019	Adjusted	Consolidated	Compared with 2019	Adjusted
COP 86 billion	-54.7%	+97.7%	COP 338 billion	-43.8%	+68.1%

- The net income attributable to the controlling shareholders reported a gain of COP 56 billion (-52.1% Y/Y and -13.3% adjusted). In 2020, it amounted to COP 249 billion (-47.3% Y/Y and +55.1% adjusted).

Consolidated EBITDA

Quarter 4 - 2020	Compared with 2019	Adjusted	Consolidated	Compared with 2019	Adjusted
COP 335 billion	-11.4%	+5.5%	COP 1.23 trillion	-2.1%	+17.9%

- By region, in the quarter, Colombia contributed 84.5% of the EBITDA, amounting to COP 284 billion and Central America contributed 15.5%, amounting to COP 52 billion.
- By business, the consolidated generation EBITDA amounted to COP 174 billion, and distribution and sales in Valle del Cauca to COP 100 billion and in Tolima to COP 61 billion.

Consolidated revenue

Quarter 4 - 2020	Compared with 2019	Adjusted	Consolidated	Compared with 2019	Adjusted
COP 897 billion	-7.20%	+2.0%	COP 3.54 trillion	-5.1%	+11.6%

- Revenue in Colombia accounted for 89% of the consolidated total, and in Central America, it accounted for 11%.

Debt/EBITDA ratio

The Company ended the year with a consolidated debt of COP 3.86 trillion and a leverage ratio of 2.8 times net debt to EBITDA. Compared to 2019, the effect of the devaluation of the Colombian peso on consolidation of the Central American debt was COP 47 billion.

Investments

In 2020, Celsia made investments of COP 777 billion: COP 730 billion in Colombia and COP 47 billion in Central America. Investments in energy distribution stand out, which amounted to COP 388 billion in continuity plans and in an expansion project, with special emphasis on Tolima in the construction, repowering and modernization of substations, circuits and control systems to make them more reliable and safe. All of these actions will have a positive impact on the electricity service's quality in the region in the upcoming years.

Online General Meeting of Shareholders

The Company will hold the General Meeting of Shareholders on March 24 at 10:00 am. Considering the restrictions of capacity and the prevention and care measures related to Covid-19, shareholders will not attend the meeting in person, but they can represent themselves and exercise their political rights through suggested proxies. At the meeting, an ordinary dividend will be proposed to the shareholders of COP 206 per share and an extraordinary one of COP 56. The total dividends to distribute will amount to COP 280 billion.

Environmental, social and corporate governance (ESG) results

- In the fourth quarter of 2020, 100% of the Company's energy generation was renewable: 96% hydroelectricity, and 4% from wind and solar power.
- As part of the **Obras por impuestos (Works for Taxes)** program, the Company executed COP 4.5 billion in a project in Tolima that benefited 10,000 children and young people, and 17 schools at 191 campuses in the municipalities of Prado, Villarrica and Villahermosa. It is also implementing two road works in the department of Cauca: the Suarez – La Betulia road, which consists of improving 10.2 km of tread plate, amounting to COP 24 billion, and will benefit more than 7,600 people; and the Morales – Pan de Azúcar road with the construction of more than 7.5 km of tread plate, amounting to COP 20 billion, and benefiting 10,500 inhabitants. In Tolima, 2.56 km are being improved on the Ataco road, amounting to COP 8.4 billion, and which will benefit 4,750 people. In 2021, the Organization already has around COP 35 billion in approved projects.
- In an unusual year, Celsia's **ReverdeC** ecological restoration program met the target of planting 1 million trees a year and achieved a total of **5.7 million** native trees planted, as well as expanding to the departments of Antioquia and Tolima. More than 3,000 hectares benefited in 41 municipalities.
- Additionally, we achieved notable acknowledgments such as: **Bronze Class Distinction of the RobecoSAM and S&P Global Sustainability Yearbook**, which assesses the

performance of more than 4,700 companies throughout the world in the **Dow Jones Sustainability Index of the Latin American Integrated Market (MILA, for the Spanish original)**; and the Pacific Alliance, which acknowledges companies from Chile, Peru, Mexico and Colombia with best economic, social, and environmental practices, ranking the Company in second place in Colombia, third in the region and 12th globally. Furthermore, Celsia received the **Equipares Silver Seal**, an initiative of the United Nations Development Program (UNDP) and the ministries of labor of Colombia and Panama, which acknowledges companies that effectively implement gender equality policies, with fair and equitable practices for men and women.

Other important events of the year

- **Opening of the first solar farm in Tolima:** The Celsia Solar El Espinal solar farm has an installed capacity of 9.9 MW and produces clean energy equivalent to the average consumption of 6,000 Colombian families. The solar farm is comprised of more than 37,000 solar panels and will prevent the emission of 194,000 tons of CO₂ over 25 years, contributing to conservation of the environment by mitigating the effects of climate change. It was built on 17 hectares of land and covers 43% of the electricity requirements of the Arroz Diana company.
- **Start-up of Celsia Solar El Carmelo, 9.8 MW, in Candelaria, Valle del Cauca:** The solar farm covers 45% of the electricity requirements of the Pollos Bucanero plant. During its construction peak, 140 people were employed, the majority from the local workforce. These employees are residents of the area and 23% are women, who carried out different work, such as assembly of modules and securing of structures to hold more than 33,000 solar panels.
- **Opening of the San Andrés de Cuerquia SHPP:** The power plant has two power generation units, which provide 19.9 MW to the country's energy matrix, equivalent to the energy consumption of 25,000 households. In the last quarter, this power plant generated 40.9 GWh and it has a capacity factor of more than 90%.
- **Progress in the El Tesorito thermal power plant project of 200 MW:** Civil works are advancing to access the project and the yard of the Sahagún substation of 500 kV to which the power plant will be connected. We are also working on detailed engineering for the power plant and substation. The 11 pieces of generation equipment, both engines and generators, have already been tested and are ready for dispatch from the factory.

Presentation of results by teleconference

On Wednesday, February 24, 2021, at 8:00 a.m., Bogota time, the quarterly results presentation will be broadcast online. To connect, please click on the following link: [Presentation of 2020 fourth quarter results](#). The passcode to enter the meeting is 027616.

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Consolidated Statement of Financial Position

As at December 31, 2020 and 2019

Values expressed in millions of Colombian pesos

	2020	2019
Assets		
Non-current assets		
Property, plant and equipment, net	8.353.654	7.854.190
Right-of-use assets	77.313	67.416
Intangible assets, net	353.692	370.788
Goodwill	958.924	931.542
Investments in associates and joint ventures	152.358	177.764
Other financial investments	98.140	83.100
Other non-financial assets	98.423	115.237
Trade debtors and other accounts receivable, net	289.372	9.240
Deferred tax assets	2.189	7.560
Total non-current assets	10.384.065	9.616.837
Current assets		
Cash and cash equivalents	399.547	384.672
Trade debtors and other accounts receivable, net	599.488	1.123.732
Inventories	167.136	180.211
Other non-financial assets	59.137	42.191
Current tax assets	24.079	25.054
Non-current assets held for sale	177.207	-
Total current assets	1.426.594	1.755.860
Total assets	11.810.659	11.372.697
Shareholders' equity and liabilities		
Equity		
Issued capital	267	267
Share issue premium	1.822.196	1.822.196
Reserves	2.306.188	2.498.010
Annual earnings, net	249.320	473.447
Other comprehensive income	390.318	326.728
Retained losses	302.435	(50.395)
Retained earnings in opening balance sheet	20.585	20.585
Other equity interests	(542.983)	(542.983)
Equity attributable to controlling shareholders	4.548.326	4.547.855
Non-controlling interest	1.192.329	1.126.742
Total net equity	5.740.655	5.674.597
Liabilities		
Non-current liabilities		
Borrowings	3.382.519	3.370.810
Liabilities for right-of-use assets	58.430	61.867

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Trade creditors and other accounts payable	106.865	99.359
Deferred tax liabilities	325.585	324.264
Employee benefits	140.894	148.176
Total non-current liabilities	4.014.293	4.004.476
Current liabilities		
Borrowings	483.336	586.271
Derivative financial instruments	43.474	-
Liabilities for right-of-use assets	2.795	10.943
Trade creditors and other accounts payable	692.408	616.081
Provisions	217.789	232.420
Current tax liabilities	70.448	147.011
Employee benefits	59.718	53.988
Other liabilities	30.179	46.910
Liabilities associated with assets held for sale	455.564	-
Total current liabilities	2.055.711	1.693.624
Total liabilities	6.070.004	5.698.100
Total liabilities and equity	11.810.659	11.372.697

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Consolidated Statement of Income and Other Comprehensive Income

As at December 31, 2020 and 2019

Values expressed in millions of Colombian pesos

	2020	2019
Revenue		
Revenue	3.536.007	3.725.762
Cost of sales	(2.377.976)	(2.580.674)
Gross earnings	1.158.031	1.145.088
Other income	49.621	658.856
Administrative expenses	(302.815)	(296.341)
Other expenses	(27.472)	(134.531)
Equity method, net	(4.650)	(19.293)
Earnings before financial costs	872.715	1.353.779
Financial income	28.846	21.200
Financial costs	(354.771)	(411.890)
Exchange difference, net	(3.556)	909
Earnings before tax	543.234	963.998
Income tax	(204.355)	(360.677)
Annual earnings, net	338.879	603.321
Earnings attributable to:		
Controlling shareholders	249.320	473.447
Non-controlling interest	89.559	129.874
	338.879	603.321
Earnings per share from continuing operations (in COP)		
Basic earnings from continuing operations	316,72	563,87
Diluted earnings from continuing operations	316,72	563,87
Other comprehensive income		
Items that will not be re-classified in the report:		
(Losses) earnings of the net value on investments in equity instruments expressed at their fair value through other comprehensive income	(2.826)	(143)
Actuarial losses	3.104	(5.639)
Items that will be re-classified after the report:		
Exchange difference in conversion of subsidiaries abroad	72.671	10.627
Hedge accounting	(9.359)	5.751
Total other comprehensive income	63.590	10.596
Total annual comprehensive income	402.469	613.917
Comprehensive income attributable to:		
Controlling shareholders	312.910	484.043
Non-controlling interest	89.559	129.874
Total comprehensive income	402.469	613.917

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Separate Statement of Financial Position

As at December 31, 2020 and 2019

Values expressed in millions of Colombian pesos

	2020	2019
Assets		
Non-current assets		
Property, plant and equipment, net	122.583	133.471
Right-of-use assets	9.211	10.565
Intangible assets, net	198	1.057
Investments in subsidiaries	4.754.799	4.658.471
Investments in associates	128	143
Other financial investments	86.139	72.380
Prepayments and other non-financial assets	-	537
Trade debtors and other accounts receivable, net	868.285	927.342
Total non-current assets	5.841.343	5.803.966
Current assets		
Cash and cash equivalents	5.000	56.042
Trade debtors and other accounts receivable, net	33.763	15.772
Inventories	2.431	2.349
Prepayments and other non-financial assets	2.200	1.320
Current tax assets	15	112
Total current assets	43.409	75.595
Total assets	5.884.752	5.879.561
Shareholders' equity and liabilities		
Equity		
Issued capital	267	267
Share issue premium	1.822.196	1.822.196
Reserves	2.621.105	2.812.927
Current period net earnings	282.524	120.617
Other comprehensive income	376.817	323.177
Retained earnings	13.615	13.615
Retained earnings in opening balance sheet	20.585	20.585
Total net equity	5.137.109	5.113.384
Liabilities		
Non-current liabilities		
Borrowings	452.115	509.997
Liabilities for right-of-use assets	7.330	9.471
Trade creditors and other accounts payable, net	106.865	99.360
Deferred tax liabilities	9.755	4.069
Employee benefits	452	-
Total non-current liabilities	576.517	622.897
Current liabilities		
Borrowings	1.723	2.294
Liabilities for right-of-use assets	1.628	1.635
Trade creditors and other accounts payable, net	118.365	67.398
Provisions	34.173	33.594
Current tax liabilities	8.584	32.364

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	2020	2019
Employee benefits	6.605	5.707
Other non-financial liabilities	48	288
Total current liabilities	171.126	143.280
Total liabilities	747.643	766.177
Total liabilities and equity	5.884.752	5.879.561

Separate Statement of Income and Other Comprehensive Income

As at December 31, 2020 and 2019

Values expressed in millions of Colombian pesos

	2020	2019
Revenue	366.616	335.223
Cost of sales	(23.312)	(24.912)
Gross earnings	343.604	310.311
Other income	295	6.018
Administrative expenses	(32.955)	(44.274)
Other expenses	(6.931)	(36.896)
Earnings before financial costs	303.713	235.159
Financial income	44.410	54.387
Financial expenses	(46.748)	(75.286)
Exchange difference, net	(2.590)	22.890
Earnings before tax	298.785	237.150
Income tax	(16.261)	(116.533)
Earnings of the period, net	282.524	120.617
Earnings per share from continuing operations (in COP)		
Basic earnings from continuing operations	264,05	112,73
Diluted earnings from continuing operations	264,05	112,73
Other comprehensive income		
Items that will not be re-classified after the report:		
Earnings (losses) of the net value over investments in equity instruments designated as measured at fair value with changes in other comprehensive income	(2.826)	(143)
Actuarial (losses) gains	3.104	(5.640)
Items that will be re-classified after the report:		
Exchange difference in transactions with foreign currency	62.721	9.750
Hedge accounting	(9.359)	5.751
Total other comprehensive income	53.640	9.718
Total annual comprehensive income	336.164	130.335

1. Celsia's Separate Financial Statements

In the fourth quarter of the year, COP 90,211 million in income was recorded in Celsia's Separate Financial Statements.

Generation revenue amounted to COP 15,278 million (-29.6% Y/Y). The decrease is explained by COP 8,626 million less revenue from activities associated with the Organization's insurance management, revenue that is netted against the cost of insurance in subsidiaries when the financial statements are consolidated. The income derived from the energy and capacity representation agreement with Celsia Colombia for the Meriléctrica asset amounted to COP 9,470 million in the quarter, down 15.0% from 4Q2019. Among other factors, this was mainly due to damage in the Meriléctrica power plant that affected the income from the Reliability Charge. The decreases were partly mitigated by revenue from other services of COP 3,857 million, which the Company did not have in 4Q2019. The equity method amounted to COP 80,274 million.

Cost of sales amounted to COP 6,872 million, an increase of 0.4% Y/Y. Variable costs decreased 19.3% Y/Y, while fixed costs increased 1.2% Y/Y.

Administrative expenses recorded COP 8,459 million, 18.0% less than the amount presented in 4Q2019, thanks to lower expenses for professional fees, less expenses in publicity and less expenses in maintenance contracts.

The EBITDA in the quarter was COP 3,921 million (-50.6% Y/Y) with an EBITDA margin of 4.1%.

The following stands out in non-operating expenses:

- Financial expenses amounted to COP 8,690 million, down 56.6% year on year, thanks to less debt stock from December 2019 onward.
- The net exchange difference recorded expenses of COP 18,860 million, up 122.1% year on year, mainly due to the account receivable in U.S. dollars with Prime from the sale of Zona Franca Celsia and the investments of activities related to insurance management.
- Net profit in the quarter recorded a gain of COP 67,138 million.

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.

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2. Financial ratios

Celsia Consolidated Financial Statements

Liquidity and debt ratios	Unit	4Q2020	Dec 2019
Liability/Asset (level of debt)	%	51%	50%
Current liability / Total liability (short term)	%	34%	30%
Current ratio (current assets / current liabilities)	Times	0.69	1.03
Cash and cash equivalents	COP million	399,547	384,672
Profitability ratios	Unit	4Q2020	4Q2019
Gross margin	%	33%	38%
Operating margin	%	26%	29%

There were lower margins than those presented in 4Q2019 when there were favorable market conditions to sell more electricity at better prices. The operating margins were higher than in the other quarters of 2020.

Celsia's Separate Financial Statements

Liquidity and debt ratios	Unit	4Q2020	Dec 2019
Liability/Asset (level of debt)	%	13%	13%
Current liability / Total liability (short term)	%	23%	19%
Current ratio (current assets / current liabilities)	Times	0.25	0.51
Cash and cash equivalents	COP million	5,000	56,042
Profitability ratios	Unit	4Q2020	4Q2019
Gross margin	%	93%	80%
Operating margin	%	84%	50%

Celsia S.A. changed from a public utilities company to a holding company.