

Third Quarter 2021 Results

Celsia Contributes to the Economic Recovery through Investments of nearly COP 1.0 Trillion and Growth in EBITDA and Net Income

- Celsia has made investments worth nearly COP 1.0 trillion year-to-date, including COP 278 billion to strengthen the network to service its customers in Valle del Cauca and Tolima.
- The company was awarded 225 GWh–year at the renewable energy auction held by the national government, which will be generated by Celsia Solar Escobal 6, a solar farm to be built in Ibagué and which will have capacity of 99 MW.
- ESG matters: The company has managed to reduce the intensity of its CO₂ emissions by 76 % compared to 2015; while the ReverdeC program has planted 1.5 million trees in 2021 and recovered 4,452 hectares.
- Third quarter results: The company reported consolidated revenues of COP 978 billion (+19.4 %), consolidated EBITDA of COP 316,400 million (+22.9 %), consolidated net income of COP 105 billion (+51.8 %) and net income of controlling shareholders of COP 76.500 million (+37.4 %).
- Year-to-date results: The company reported consolidated revenues of COP 2.89 trillion (+9.8 %), consolidated EBITDA of COP 966 billion (+7.3 %), consolidated net income of COP 309,200 million (+22.5 %) and net income of controlling shareholders of COP 217,300 million (+12.1 %).

Medellín, November 04, 2021. Celsia, the Grupo Argos energy company, presents outstanding results in the main financial indicators at the end of the third quarter of the year. The main highlights of the period include the progress made in network investments and a major award in the recent renewable energy auction held by the national government.

Financial Results

Consolidated revenues for the quarter totaled COP 978 billion, up 19.4 % compared to last year. Year-to-date revenues totaled COP 2.89 trillion, up 9.8 % year on year. Out of the consolidated total, Colombian revenues accounted for 88 % and Central America accounted for 12 %.

Consolidated EBITDA in the third quarter totaled COP 316,400 million, up 22.9 % compared to last year. The results were largely driven by the contributions of the transmission, distribution and generation businesses, businesses associated with the energy efficiency portfolio, and good performance in Central America. Year-to-date, EBITDA totaled COP 966 billion, up 7.3 %.

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Consolidated net income totaled COP 105 billion, up 51.8 %, and net income attributable to controlling shareholders totaled COP 76,500 million, up 37.4 %.

Year to date, consolidated net income totaled COP 309,200 million; up 22.5 %. Net income attributable to controlling shareholders totaled COP 217,300 million, up 12.1 %.

Lastly, at the end of the third quarter consolidated debt totaled COP 4.52 trillion, with a net debt to EBITDA leverage ratio of 3.3 times.

“In our year-to-date results, we highlight growth of EBITDA by 7.3 %, growth of consolidated net income by 22.5 % and growth in net income attributable to controlling shareholders by 12.1 %. These positive results are the outcome of the investments made, good asset management, the employees’ commitment, and the customers’ positive acceptance and response to the services and products we offer,” said Ricardo Sierra, Celsia’s leader.

Driving Colombia’s Energy Transition

At the renewable energy auction held by the national government through the Ministry of Mines and Energy, the company was awarded 225 GWh–year, which will be generated by Celsia Solar Escobal 6, a solar farm to be built in Ibagué with capacity for 99 MW. It will begin to operate in December 2024.

“Celsia Solar Escobal is part of our target of having over 25 % of our installed power capacity in non-conventional renewable energies. By next year, we will achieve an 18-fold increase in our non-conventional renewable energy capacity compared to 2017,” added Sierra Fernández.

Also, as commercialization company, Celsia participated in the auction with the objective of covering demand by its regulated customers in Valle and Tolima.

Network Investments

Investments to strengthen the distribution network during the year totaled COP 278 billion, with a positive effect on electric power service for the company’s over 1.2 million customers. In Valle, investments exceeded COP 158 billion, while in Tolima, investments in continuity and expansion amounted to COP 120 billion. Works continue on building, repowering and upgrading substations, circuits and control systems to make them safer and more reliable.

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ESG Commitments

Celsia's climate change strategy focuses on mitigating and offsetting CO₂ emissions and on the adaptation of its operations and businesses. In this regard, the Company is working on a cleaner and more balanced energy matrix, with a high share of renewable energies.

In terms of mitigation, the company has managed to reduce CO₂ emissions intensity by 76 % compared to 2015, thanks to the strategy of diversifying its electric power generation portfolio, improving loss indicators and implementing energy efficiency projects.

Additionally, the ReverdeC program, whose objective is to protect and restore water basins by planting 10 million trees to restore ecosystems in Colombia, has managed to plant over 7.2 million trees since 2016. During 2021, 1.5 million trees have been planted, 4,452 hectares have been recovered and over 1,200 local jobs have been created, with investments of over COP 5 billion.

Presentation of results by teleconference

On Friday, November 05, 2021, 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 third quarter results](#) The passcode to enter the meeting is 590313.

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Financial statements

Celsia S.A.

Condensed Consolidated Statement of Financial Position

For the interim periods ending on September 30, 2021, and December 31, 2020
(Amounts in thousands of COP)

	September 2021	December 2020
Assets		
Non-current assets		
Property, plant and equipment, net	9.215.831.980	8.353.654.257
Right-of-use assets	76.524.984	77.313.470
Intangible assets, net	345.299.586	353.692.109
Goodwill	1.029.807.463	958.924.117
Investments in associates and joint ventures	152.949.097	152.357.433
Other financial investments	121.824.923	98.140.361
Other non-financial assets	113.927.001	98.423.454
Trade and other accounts receivable, net	426.987.278	289.371.518
Deferred tax assets	2.875.529	2.188.736
Total non-current assets	11.486.027.841	10.384.065.455
Current assets		
Cash and cash equivalents	281.513.510	399.547.205
Derivative financial instruments	11.119.545	-
Trade and other accounts receivable, net	692.170.570	599.487.203
Inventories	153.826.972	167.135.929
Other non-financial assets	23.548.722	59.137.183
Current tax assets	152.459.547	24.079.474
Non-current assets held for sale	173.444.017	177.207.057
Total current assets	1.488.082.883	1.426.594.051
Total assets	12.974.110.724	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	217.309.544	249.319.973
Other comprehensive income	601.057.808	390.318.148
Retained earnings	228.672.301	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	4.655.483.406	4.548.325.775
Non-controlling interest	1.325.689.935	1.192.329.790
Total net equity	5.981.173.341	5.740.655.565

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Liabilities

Non-current liabilities

Borrowings	3.664.213.582	3.382.519.223
Liabilities for right-of-use assets	62.761.152	58.430.104
Trade and other accounts payable	110.451.874	106.865.094
Deferred tax liabilities	398.199.442	325.584.935
Employee benefits	141.743.280	140.893.398
Total non-current liabilities	4.377.369.330	4.014.292.754

Current liabilities

Borrowings	875.461.590	483.336.146
Derivative financial instruments	-	43.473.679
Liabilities for right-of-use assets	2.619.677	2.795.382
Trade and other accounts payable	907.646.486	692.407.600
Provisions	222.180.110	217.789.030
Current tax liabilities	169.869.588	70.447.932
Employee benefits	63.930.871	59.718.490
Other liabilities	28.809.002	30.178.962
Liabilities associated with assets held for sale	345.050.729	455.563.966
Total current liabilities	2.615.568.053	2.055.711.187
Total liabilities	6.992.937.383	6.070.003.941
Total liabilities and equity	12.974.110.724	11.810.659.506

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Celsia S.A.

Condensed Consolidated Statement of Income and Other Comprehensive Income Interim periods ending on September 30 (Values expressed in thousands of COP)

	YEAR-TO-DATE For the six-month period ending on September 30		QUARTER For the quarter from July 1 to September 30	
	2021	2020	2021	2020
Operating revenues				
Revenues from ordinary activities	2.898.087.672	2.638.470.705	977.714.697	819.008.472
Cost of sales	(2.003.764.677)	(1.780.010.999)	(677.371.848)	(561.895.228)
Gross earnings	894.322.995	858.459.706	300.342.849	257.113.244
Other income	7.981.989	29.644.089	3.891.558	10.905.371
Administrative expenses	(221.390.310)	(238.837.386)	(76.950.026)	(97.017.234)
Other expenses	(32.668.527)	(23.609.362)	(9.000.858)	(4.126.349)
Equity method, net	1.209.742	(4.728.643)	2.077.583	(1.634.926)
Earnings before financial costs	649.455.889	620.928.404	220.361.106	165.240.106
Financial income	22.924.589	23.317.352	7.601.595	10.254.090
Financial costs	(230.365.591)	(251.881.639)	(81.750.413)	(76.068.670)
Exchange difference, net	17.798.266	4.691.843	6.292.476	(3.177.579)
Pre-tax income	459.813.153	397.055.960	152.504.764	96.247.947
Income tax	(150.528.621)	(144.659.292)	(47.774.896)	(27.254.436)
Earnings of the period, net	309.284.532	252.396.668	104.729.868	68.993.511
Earnings attributable to:				
Controlling shareholders	217.309.544	193.792.100	76.512.106	55.671.525
Non-controlling interest	91.974.988	58.604.568	28.217.762	13.321.986
	309.284.532	252.396.668	104.729.868	68.993.511
Earnings per share from continuing operations (in COP)				
Basic earnings from continuing operations	289	236	98	64
Diluted earnings from continuing operations	289	236	98	64
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Valuation of investments in equity instruments	18.222.349	(2.839.589)	(13.213.623)	(1.287.980)
Actuarial losses	-	(786.756)	-	(786.756)
Items that will be subsequently reclassified to profit or loss:				
Difference in currency translation of subsidiaries abroad	158.546.638	221.119.023	41.972.401	45.019.775
Share in other comprehensive income of joint ventures	7.026.395	(6.994.374)	(6.968.664)	(6.994.374)
Total other comprehensive income	183.795.382	210.498.304	21.790.114	35.950.665
Other comprehensive income attributable to:				
Controlling interest	210.739.660	253.775.021	28.644.435	46.248.253
Non-controlling interest	(26.944.278)	(43.276.716)	(6.854.321)	(10.297.588)
Total other comprehensive income	183.795.382	210.498.305	21.790.114	35.950.665
Comprehensive income attributable to:				
Controlling shareholders	428.049.204	447.567.121	105.156.541	101.919.777
Non-controlling interest	65.030.710	15.327.852	21.363.441	3.024.397
Total comprehensive income	493.079.914	462.894.973	126.519.982	104.944.174

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CELSIA S.A.

Condensed Separate Statement of Financial Position

For the interim periods ending on September 30, 2021, and December 31, 2020

(Values expressed in thousands of COP)

	Septiembre	Diciembre
Assets		
Non-current assets		
Property, plant and equipment, net	116.003.430	122.583.252
Right-of-use assets	7.686.241	9.210.960
Intangible assets, net	286.766	197.796
Investments in subsidiaries	5.081.592.937	4.754.798.540
Investments in associates	281.630	128.245
Other financial investments	89.300.630	86.138.748
Other non-financial assets	449.659	-
Trade and other accounts receivable, net	699.636.371	868.284.935
Total non-current assets	5.995.237.664	5.841.342.476
Current assets		
Cash and cash equivalents	8.438.521	4.999.980
Trade and other accounts receivable, net	102.286.259	33.762.597
Inventories	2.211.090	2.431.496
Prepayments and other non-financial assets	810.658	2.199.637
Current tax assets	8.257.456	15.397
Total current assets	122.003.984	43.409.107
Total assets	6.117.241.648	5.884.751.583
Liabilities and shareholders' equity		
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	212.032.326	282.523.659
Retained earnings and losses	(26.943.108)	13.615.656
Other comprehensive income	545.610.123	376.816.987
Retained earnings in opening balance sheet	20.585.359	20.585.359
Total net equity	5.197.043.478	5.137.109.589

Liabilities

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Non-current liabilities		
Borrowings	452.174.401	452.115.040
Liabilities for right-of-use assets	7.380.567	7.330.048
Trade and other accounts payable	176.728.853	106.865.094
Deferred tax liabilities	17.307.479	9.755.011
Employee benefits	-	452.221
Total non-current liabilities	653.591.300	576.517.414
Current liabilities		
Borrowings	42.187.001	1.722.506
Liabilities for right-of-use assets	406.908	1.627.592
Trade and other accounts payable	217.348.343	118.364.868
Provisions	877.802	34.173.052
Current tax liabilities	673.798	8.583.573
Employee benefits	5.111.708	6.604.750
Other non-financial liabilities	1.310	48.239
Total current liabilities	266.606.870	171.124.580
Total liabilities	920.198.170	747.641.994
Total liabilities and equity	6.117.241.648	5.884.751.583

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Condensed Separate Statement of Income and Other Comprehensive Income

Interim periods ending on September 30

(Values expressed in thousands of COP)

	Year-to-date		Quarter	
	For the nine months ending on September 30		For the three months from of July 1 to September 30	
	2021	2020	2021	2020
Revenues from ordinary activities	339.297.617	309.356.284	114.708.623	106.409.020
Cost of sales	(16.428.812)	(16.440.355)	521.381	(5.811.225)
Gross earnings	322.868.805	292.915.929	115.230.004	100.597.795
Other income	37.608.153	79.146	37.570.376	15.106
Administrative expenses	(21.637.848)	(24.495.961)	(7.473.550)	(8.039.757)
Other expenses	(137.426.438)	(44.523.220)	(72.292.976)	(38.774.569)
Operating profit	201.412.672	223.975.894	73.033.854	53.798.575
Financial income	28.101.836	35.137.784	10.633.464	10.585.591
Financial costs	(34.938.457)	(35.814.181)	(13.847.899)	(10.917.315)
Exchange difference, net	19.567.486	16.270.009	4.969.261	3.615.995
Pre-tax income	214.143.537	239.569.506	74.788.680	57.082.846
Income tax	(2.111.211)	(24.184.040)	(2.455.978)	913.621
Earnings of the period, net	212.032.326	215.385.466	72.332.702	57.996.467
Earnings per share from continuing operations (in COP)				
Basic earnings from continuing operations	198,17	201,30	67,60	54,20
Diluted earnings from continuing operations	198,17	201,30	67,60	54,20
Other comprehensive income				
Items that will not be subsequently reclassified to profit or loss:				
Valuation of investments in equity instruments	18.325.964	(2.736.723)	(13.326.183)	(1.258.382)
Actuarial gains (losses)	-	(273.019)	-	(273.019)
Items that will be subsequently reclassified to profit or loss:				
Exchange difference in transactions with foreign currency	145.887.401	225.462.123	28.954.230	44.968.791
Share in other comprehensive income of joint ventures	4.579.771	(4.554.240)	(4.532.818)	(4.554.240)
Total other comprehensive income of the period	168.793.136	217.898.141	11.095.229	38.883.150
Total comprehensive income of the period	380.825.462	433.283.606	83.427.931	96.879.616

Separate financial statements

In the third quarter of the year, Celsia separately reported revenues of COP 114,709 million (+8.0 % Y/Y). Year-to-date revenues totaled COP 339,298 million (+9.5 % Y/Y).

Revenues from ordinary activities totaled COP 13,905 million (-14.0 % Y/Y), derived primarily from the contract for energy and capacity representation with Celsia Colombia for the Meriléctrica asset, which did not deliver electricity in Q3 2021 nor in 2020, and activities associated with the company's insurance policy management.

Income from the equity method added COP 100,804 million (+11.9 % Y/Y), thanks to the good results of the companies in which equity interests are held.

Cost of sales reported a balance in favor of COP 521 million, compared to a cost of COP 5,811 million in Q3 2020. The balance in favor in this period is due to the reclassification of amounts depreciated in Q2 2021 related to the consequential damages at Meriléctrica. This amount was reclassified as impairment.

Administrative expenses totaled COP 7,474 million, down 7.0 % Y/Y, mainly due to lower overhead and professional fees.

EBITDA in the quarter totaled COP 3,492 million (-42.6 % Y/Y), with an EBITDA margin of 3.0 %. The reduction compared to last year mainly arises from the lower operating contribution, which is explained by greater costs associated to the operation of Meriléctrica. Year-to-date EBITDA totaled COP 4,796 million (-108.1 % Y/Y).

The main non-operating items are other expenses for COP 72,293 million, up 86.4 % from the amount reported in Q3 2020. The greater expenses are due to the impairment of the investment in BLM in the process of disposal of the company's assets and settlement of its liabilities and the impairment in value due to the failure of the power transformer at Meriléctrica (reclassification). Other revenues totaled COP 37,570 million, from recoveries also associated with the BLM process. Financial expenses totaled COP 13,848 million, up 22.6 % on Q3 2020, mainly due to the greater value of indexes.

The income tax provision totaled COP 2,456 million (+368.8 % Y/Y); of which current tax amounted to COP -434 (-84.6 % Y/Y) and deferred tax totaled COP 2,890 million (+52.2 % Y/Y).

Net income in the quarter totaled COP 72,333 million (+24.7 % Y/Y). Year-to-date earnings totaled COP 212,032 million (-1.6 % Y/Y).

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. In conclusion, Celsia holding is not

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withholding resources from the parent company and the dividends it receives can be transferred to its shareholders.

Financial ratios

Consolidated

Liquidity and debt ratios	Unit	3Q2021	Dec.-2020
Liabilities/Assets (indebtedness level)	%	54%	51%
Current/Total liabilities (short term)	%	42%	34%
Current ratio (current assets / current liabilities)	Times	0,51	0,69
Cash and cash equivalents	COP million	261.411	399.547
Profitability ratios	Unit	3Q2021	3Q2020
Gross margin	%	31%	31%
Operating margin	%	23%	20%

Higher debt compared to the same period last year to finance investments.

Separate

Liquidity and debt ratios	Unit	3Q2021	Dec.-2020
Liabilities/Assets (indebtedness level)	%	15%	13%
Current/Total liabilities (short term)	%	29%	23%
Current ratio (current assets / current liabilities)	Times	0,46	0,25
Cash and cash equivalents	COP million	7.763	5.000
Profitability ratios	Unit	3Q2021	3Q2020
Gross margin	%	100%	95%
Operating margin	%	94%	87%

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