

Second Quarter 2022 Results
Celsia reported positive results in the second quarter, building 260 MW in solar farms and achieving carbon neutrality

Medellín, August 05, 2022. Celsia, a Grupo Argos energy company, reported positive financial results in the second quarter of the year thanks to the strength of its assets, its investment platform strategy and differentiation in its offer to customers, while advancing in its expansion projects, especially in alternative renewable energy. In addition, it has been certified by Icontec as a carbon neutral company.

Renewable energies moving on

This year, the company intensified the construction of solar farms with 17 new plants totaling 260 MW of capacity and investments of COP 1.0 trillion. These projects have a capacity of more than 8.0 MW and are located in the departments of Valle, Tolima, Santander and Sucre. They will use more than 650,000 solar panels and generate nearly 3,500 jobs during construction. Some of these plants will supply renewable energy for all Colombians as they are connected to the National Electrical Grid and others will supply clean energy to companies in the country to make them more competitive. Among the companies that will rely on solar energy from these plants are Levapan, Solla, Grasas S.A. and Zona Franca del Pacífico.

The Granja Solar Sincé Solar Farm recently began operations: with a 19.9 MW capacity, located on the Caribbean coast and connected to the National Electrical Grid through the Sincé substation, for which it was necessary to build 4.5 km of 34.5 kV network. The photovoltaic plant is the first of our installations with a tracker system to take better advantage of the radiation, improving its performance by 3% to 4%. This installation required an investment of more than USD 20 million, consisting of more than 48,000 solar modules. At the peak of its construction, 408 jobs were generated, half of them local people and 10% women. This solar farm will prevent the emission of more than 29,000 tons of CO₂ per year.

In addition, the company is making progress in the construction of the Tesorito Thermoelectric Plant, which will add 200 MW of reliable energy to the generation matrix, with technological innovations that make it efficient and fast when it comes to generating backup energy to cover the variability of renewable energies, when there is less water supply due to the El Niño phenomenon, or when there are periods of less wind or solar radiation. The project has an investment of approximately USD 210 million and consists of three key works: the powerhouse, the Tesorito substation and the 500 kV Sahagún substation.

Financial Results

*"We reported very good second semester results, thanks to the strength of our assets, operational excellences and very favorable market conditions. Creating value for our shareholders is also very positive and we continue at a very good pace with growth projects focused on clean energy and the development of new products and services for our customers," said **Ricardo Sierra, Celsia CEO.***

	Units	2T2022	Consolidated 2022:
Revenue	COP	1,208,005	2,517,474
EBITDA	(millions)	457,985	912,743
EBITDA Margin	%	37.9%	36.3%
Net earnings	COP	152,156	318,111
Controlling net income	(millions)	105,753	208,441

Consolidated revenues totaled COP1.21 trillion in the second quarter, 28.5% higher than in the same period last year. Operations in Colombia reached revenues of COP 1.08 trillion, or 89.1%, and Central America amounted to COP 132 billion, or 10.9%. In Colombia, revenues were driven by the increase in marketed energy due to higher demand, higher generation revenues in both contracts and spot, increased revenues from the use and grid connection, due to the entry into commercial operation of new assets, among others. In Central America, revenues increased due to higher generation, especially at the Dos Mares hydroelectric power plant in Panama.

Year to date, consolidated revenues reached COP 2.5 trillion, an increase of 31.1%.

Consolidated EBITDA was COP 457,985 billion, up +46.2%, due to the positive contribution of all segments, more energy sold, more infrastructure available to our customers and higher generation. Colombia's EBITDA was COP 397 billion (+50.3%), while Central America's reached COP 61 billion (18%). EBITDA margin for the quarter was 37.9%, an improvement of 460 bps compared to the same period of the previous year.

So far this year, consolidated EBITDA amounts to COP 912 billion; up 40.5%.

Net earnings for the quarter was COP 152,156 million, an increase of 71.4%. Net earnings attributable to controlling shareholders totaled COP 105,753 billion, up 84.6 %.

Year-to-date consolidated net earnings amounted to COP 318,111 billion, an increase of 55.5%, and net income attributable to owners of the controlling company was COP 208,441 billion, an increase of 48.0%.

So far this year, investments have totaled almost COP 827 billion, underscoring the investments associated with expansion and technological updating of the networks, as well as the growth of solar farms.

The Company ended the quarter with a consolidated debt of COP 5.13 trillion and a leverage ratio of 3.04 times net debt to EBITDA.

During this period, BRC Ratings, a company of S&P Global, Sociedad Calificadora de Valores, raised its rating from AA+ to AAA for the ordinary bonds issued by Celsia for COP 800 billion (current balance COP 452 billion), indicating that the company has a strong capacity to meet its obligations, the ability to manage its business or investments and to manage the impact of the risks it is assuming.

Socio-environmental commitment

Celsia became one of the first companies in the energy sector to become carbon neutral. In 4 years, the company reduced greenhouse gas emissions by 74% and offset the remaining emissions, increased the use of renewable energies, implemented rigorous energy efficiency plans and led the planting and care of millions of native trees in different departments of Colombia.

In addition, as a development partner, it continues to make social and environmental contributions in the regions where it operates:

Obras por impuestos (Works for Taxes): the company is investing more than COP 107 billion in road and education projects through this mechanism in the departments of Antioquia, Cauca and Tolima. Specifically in Cauca, in the municipalities of Morales and Suárez, there are more than COP 72 billion in 3 road projects under this mechanism. These roads total more than 26 kilometers, and will be improved with the tread plate system of paved roads, suitable for the conditions of the terrain, highly durable, and allowing the participation of local labor for its construction. A first track for COP 2.9 billion was delivered in 2019.

Contribution to education:

- Improving schools: through its foundation, the company remodeled the headquarters of the Normal Superior de Ibagué, benefiting 400 students, and the Dindalito Centro school in El Espinal, with 287 students.
- In addition to energy, Celsia has also been providing Internet service in 10 municipalities in Valle del Cauca since September 2019, and in Ibagué and Melgar in Tolima, as well as in Serena del Mar, in Cartagena, since April. This service is accompanied by a social commitment of great relevance to favor access to this computer network for students and ordinary citizens: public schools and major parks in both departments, where the company's fiber optics pass through, will have free Internet service. To date, nearly 14 thousand students from 24 educational institutions in Palmira (10) and Pradera (8) in Valle, and Melgar (3) and Ibagué (3) in Tolima already have free, high-speed Internet access.

Presentation of results by teleconference

On Monday, August 08, 2022, 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 2022 Second Quarter Results](#)

The passcode to join the meeting is: 750260

Main Consolidated Financial Figures

	Units	2T2022	2T2021	Δ	2022	2021	Δ
Revenue		1,208,005	939,897	28.5%	2,517,474	1,920,373	31.1%
Gross earnings	COP	439,394	279,188	57.4%	867,823	593,980	46.1%
EBITDA	(millions)	457,985	313,327	46.2%	912,743	649,648	40.5%
EBITDA Margin	%	37,9%	33,3%	13.7%	36,3%	33,8%	7.2%
Net earnings	COP	152,156	88,788	71.4%	318,111	204,555	5.5%
Controlling net income	(millions)	105,753	57,293	84.6%	208,441	140,797	48.0%

Main Separate Financial Figures

	Units	2T2022	2T2021	Δ	2022	2021	Δ
Income		129,607	128,105	1.2%	254,976	224,589	13.5%
MPP income	COP	108,110	129,370	-16.4%	218,105	214,722	1.6%
Gross earnings	(millions)	123,700	117,582	5.2%	242,644	207,639	16.9%
Net earnings	COP	106,156	52,630	101.7%	208,306	139,700	49.1%
	(millions)						

Consolidated statement of income
For the interim periods ending on June 30
(Values expressed in thousands of COP)

	Year-to-date		Quarter	
	For the six-month period ending on June 30		For the three-month period from April 1 to June 30	
	2022	2021	2022	2021
Revenue				
Revenues from ordinary activities	2,517,473,643	1,920,372,974	1,208,005,339	939,896,770
Cost of sales	-1,649,650,643	-1,326,392,828	-768,611,155	-660,708,701
Gross earnings	867,823,000	593,980,146	439,394,184	279,188,069
Other income	17,644,346	4,090,431	13,825,157	1,439,757
Administrative expenses	-165,323,202	-144,440,285	-86,723,629	-69,433,706
Other expenses	-18,566,540	-23,667,669	-2,451,084	-3,205,570
Equity method, net	2,415,060	-867,841	-9,850,681	-443,629
Earnings before financial costs	703,992,664	429,094,782	354,193,947	207,544,921
Financial income	9,271,060	15,322,994	4,150,060	6,938,982
Financial costs	-212,896,468	-148,615,179	-115,285,777	-77,277,228
Exchange difference, net	-10,028,786	11,505,790	-12,578,442	387,043
Earnings before tax	490,338,470	307,308,387	230,479,788	137,593,718
Income tax	-172,227,288	-102,753,725	-78,324,085	-48,805,787
Earnings of the period, net	318,111,182	204,554,662	152,155,703	88,787,931
Earnings attributable to:				
Controlling shareholders	208,441,284	140,797,437	105,752,612	57,293,366
Non-controlling interests	109,669,898	63,757,225	46,403,091	31,494,565

Consolidated Statement of Financial Position
For the interim periods ending on June 30, 2022, and December 31, 2021
(Values expressed in thousands of COP)

	Jun -22	Dec-21
Assets		
Non-current assets		
Property, plant and equipment, net	9,687,728,224	9,074,663,043
Right-of-use assets	77,766,966	82,060,402
Intangible assets, net	358,622,497	323,489,284
Goodwill	1,010,739,686	986,781,743
Investments in associates and joint ventures	296,638,625	298,372,220
Other financial investments	273,258,983	245,985,331
Other non-financial assets	119,496,449	115,071,033
Trade debtors and other accounts receivable, net	318,075,791	217,533,561
Deferred tax assets	604,082	2,584,849
Total non-current assets	12,142,931,303	11,346,541,466
Current assets		
Cash and cash equivalents	160,085,304	252,799,348
Derivative financial instruments	32,300	1,591,851
Trade debtors and other accounts receivable, net	796,482,663	829,557,417
Inventories, Net	168,652,232	133,104,315
Other non-financial assets	72,209,001	55,188,800
Current tax assets	129,170,964	47,416,467
Non-current assets held for sale	15,522,690	15,289,566
Total current assets	1,342,155,154	1,334,947,764
Total assets	13,485,086,457	12,681,489,230
Liabilities and Equity		
Equity		
Issued capital	267,493	267,493
Share issue premium	1,822,194,921	1,822,194,921
Reserves	2,319,608,293	2,308,379,050
Earnings of the period, net	208,441,284	334,546,584
Other comprehensive income	674,364,214	656,699,511
Retained earnings	239,368,031	246,672,210
Retained earnings in opening balance sheet	20,585,359	20,585,359
Other equity interest	-545,172,232	-542,983,070
Equity attributable to controlling shareholders	4,739,657,363	4,846,362,058
Non-controlling interests	1,478,236,869	1,475,559,167
Total equity, net	6,217,894,232	6,321,921,225
Liabilities		
Non-current liabilities		
Borrowings and bonds	4,320,941,831	3,982,114,327
Liabilities for right-of-use assets	57,040,218	54,849,839
Trade debtors and other accounts payable	115,378,946	111,674,023
Deferred tax liabilities	437,255,885	417,240,074
Employee benefits	120,457,666	121,408,499
Total non-current liabilities	5,051,074,546	4,687,286,762
Current liabilities		
Borrowings and bonds	834,403,562	492,082,966
Liabilities for right-of-use assets	6,790,385	13,408,029
Trade liabilities and other accounts payable	995,502,323	831,295,169
Provisions	19,366,439	159,928,456
Current tax liabilities	232,274,857	72,561,852
Employee benefits	53,859,726	63,542,241
Other liabilities	70,331,698	31,690,879
Liabilities associated with assets held for sale	3,588,689	7,771,651
Total current liabilities	2,216,117,679	1,672,281,243
Total liabilities	7,267,192,225	6,359,568,005
Total liabilities and equity	13,485,086,457	12,681,489,230

CELSIA'S SEPARATE FINANCIAL RESULTS

Separate income

Revenues during the second quarter totaled COP 129,607 billion, an increase of 1.2% over the previous year, mainly due to the better performance of the businesses in 2022 and the extraordinary income of COP 50,861 billion in Celsia Centroamérica in 2021 as a result of the orderly termination process of BLM, which was offset by a impairment in the investment caused in the expense lines. The following is a breakdown of income, isolating the effect of BLM from the figures.

	Units	2T2022	2T2021	Δ	2022	2021	Δ
Income		129,607	128,105	1.2%	254,976	224,589	13.5%
MPP income	COP	108,110	57,249	88.8%	218,105	163,861	33.1%
BLM Recovery in CeCa	(millions)	0	50,861	n.a.	0	50,861	n.a.

Income from the equity method accounted for 83.4% of total revenues and amounted to COP 108,11 billion, with an adjusted growth of 88.8%. The result of Celsia Colombia S.A. E.S.P. for COP 87,242 billion is noteworthy, with a 25.4% increase compared to the same period last year, while Central America contributed COP 20,945 billion to the equity method income, with an increase of 127.3% when excluding non-recurring income. Other revenue associated with the Meriléctrica plant reliability charge and risk management income totaled COP 21,497 billion.

Celsia Colombia's good results for the quarter are explained by:

- Increase in energy produced (+13.9%) and in the sale of energy sold, both in contracts and spot (+9.9%).
- 36,9% increase in revenues from grid use and connection, driven by new assets that went into commercial operation and higher PPI.
- Celsia Colombia's consolidated EBITDA grew 41.6% to COP 386,571 billion, while consolidated net earning was COP 132,425 billion, up 27.8% year-over-year.

Good results in Central America were achieved by:

- Increased energy production of 17.0% and energy sales of 9.1%.
- Central America's EBITDA grew 18.0% to COP 61,395 billion.
- Net profit was COP 18,536 billion compared to a net loss of COP 7,822 billion in the previous year.

So far this year, revenues amount to COP 254,976 billion; up 13.5%.

Costs, expenses and other separate net expenses

In the quarter, operating costs were COP 5,907 billion, a decrease of 43.9%, mainly explained by the costs of the damage to Meriléctrica's power transformer for COP 6,774 billion, including accelerated depreciation of the equipment. So far this year operating costs amount to COP 12,332 billion; down 27.2%.

Administrative expenses amounted to COP 8,645 billion and grew 8.4%, in line with the variation in inflation over the last twelve months. Year-to-date, expenses amount to COP 15,941 billion.

Other net income of COP 261 billion was recorded in the quarter compared to other net expense of COP 59,943 billion in the prior year when the impairment expense was recorded for the investment impairment corresponding to the capitalization made to BLM in June 2021 to advance in the process of asset disposition and discharge of company liabilities. Year-to-date the Company reported other net expenses of COP 5,081 billion.

Separate financial revenue and costs

Financial income was COP 14,601 billion which grew 60.9% in the second quarter, mainly due to interest income of COP 14,528 billion in line with the indexing of the account receivable from Celsia Colombia. Year to date, financial income reached COP 27,229 billion, an increase of 55.9%.

Financial costs amounted to COP 22,944 billion and grew 43.4%, mainly due to the increase in debt indexation and debt balances. The CPI has risen nearly 600 bps in the previous year while the Central Bank of Colombia's intervention interest rate has risen 575 bps. So far this year, financial costs amount to COP 42,048 billion; up 99.4%.

Separate taxes

During the quarter, an income tax expense of COP 2,117 billion was recorded compared to income tax income of COP 4,844 billion in the same quarter of the previous year due to a tax loss. Year-to-date the Company reported revenue from deferred tax of COP 1,070 billion.

Separate net earnings

Quarter net income grew 101.7% to COP 106,156 billion, mainly due to good business and investment performance and earnings recorded under the equity method.

Separate statement of income
For the interim periods ending on March 31
(Values expressed in thousands of COP)

	Year-to-date For the six-month period ending on June 30		Quarterly: For the three-month period from April 1 to June 30	
	2022	2021	2022	2021
Equity method, net	218,105,339	214,722,264	108,110,244	129,370,496
Other revenue, net	36,870,834	9,866,730	21,496,443	-1,265,287
Revenues from ordinary activities	254,976,173	224,588,994	129,606,687	128,105,209
Cost of sales	-12,332,420	-16,950,193	-5,906,796	-10,522,905
Gross earnings	242,643,753	207,638,801	123,699,891	117,582,304
Other income	328,699	37,776	265,128	28,701
Administrative expenses	-15,941,281	-14,164,299	-8,645,212	-7,974,050
Other expenses	-5,410,037	-65,133,463	-4,410	-59,971,977
Earnings before financial costs	221,621,134	128,378,815	115,315,397	49,664,978
Financial income	27,228,682	17,468,373	14,600,874	9,075,533
Financial costs	-42,048,174	-21,090,558	-22,944,193	-11,862,110
Exchange difference, net	434,647	14,598,225	1,301,523	907,309
Earnings before tax	207,236,289	139,354,855	108,273,601	47,785,710
Income tax	1,069,668	344,768	-2,117,384	4,844,159
Earnings of the period, net	208,305,957	139,699,623	106,156,217	52,629,869

Separate Statement of Financial Position
For the interim periods ending on June 30, 2022, and December 31, 2021
(Values expressed in thousands of COP)

	Jun -22	Dec-21
Assets		
Non-current assets		
Property, plant and equipment, net	109,032,493	114,010,989
Right-of-use assets	6,125,762	7,087,818
Intangible assets, net	234,082	275,347
Investments in subsidiaries	5,469,847,962	5,381,345,433
Investments in associates	1,481,331	-
Other financial investments	144,647,550	121,325,641
Prepayments and other non-financial assets	1,146,475	916,312
Trade debtors and accounts receivable related entities, net	572,981,307	568,333,533
Total non-current, assets	6,305,496,962	6,193,295,073
Current assets		
Cash and cash equivalents	715,755	2,037,016
Trade debtors and other accounts receivable related entities, net	158,520,171	31,628,109
Inventories, Net	2,341,846	2,268,137
Prepayments and other non-financial assets	4,577,988	5,600,757
Current tax assets	9,355,142	6,141,757
Total current assets	175,510,902	47,675,776
Total assets	6,481,007,864	6,240,970,849
Liabilities and Equity		
Equity		
Issued capital	267,493	267,493
Share issue premium	1,822,194,921	1,822,194,921
Reserves	2,634,525,607	2,623,296,364
Current period net earnings	208,305,957	341,850,763
Other comprehensive income	652,127,031	586,014,771
Retained losses	-8,943,199	-8,943,199
Retained earnings in opening balance sheet	20,585,359	20,585,359
Other equity interest	-2,189,162	-
Total net equity	5,326,874,007	5,385,266,472
Liabilities		
Non-current liabilities		
Borrowings	727,516,703	626,085,092
Lease liabilities	5,626,399	5,477,947
Trade debtors and other accounts payable	115,378,945	111,674,023
Deferred tax liabilities	13,701,579	14,772,658
Total non-current liabilities	862,223,626	758,009,720
Current liabilities		
Borrowings	11,826,255	4,727,099
Lease liabilities	995,285	1,974,083
Trade debtors and other accounts payable related entities, net	271,610,658	83,132,182
Provisions	877,802	877,802
Current tax liabilities	75,467	942,069
Employee benefits	4,289,805	6,032,879
Other non-financial liabilities	2,234,959	8,543
Total current liabilities	291,910,231	97,694,657
Total liabilities	1,154,133,857	855,704,377
Total liabilities and equity	6,481,007,864	6,240,970,849

Indicators

Consolidated

Liquidity and debt indicators	Unit	2T2022	Dec. 2021
Liability / Asset (level of debt)	%	53.9	50.1
Current liabilities / Total liability (short term)	%	30.5	26.3
Current ratio (current assets / current liabilities)	Times	0.61	0.80
Cash and cash equivalents	Millions	\$160,085	\$252,799
Profitability indicators	Unit	2T2022	1T2021
Gross margin	%	36.4	32.1
Operating margin	%	29.2	24.5

Separate

Liquidity and debt indicators	Unit	2T2022	Dec. 2021
Liability / Asset (level of debt)	%	17.8	13.7
Current liabilities / Total liability (short term)	%	25.3	11.4
Current ratio (current assets / current liabilities)	Times	0.60	0.49
Cash and cash equivalents	Millions	\$716	\$.037
Profitability indicators	Unit	2T2022	1T2021
Gross margin	%	95.4	93.3
Operating margin	%	88.8	86.9