Profit and Loss Report

4Q23

Cumulative figures and 4Q

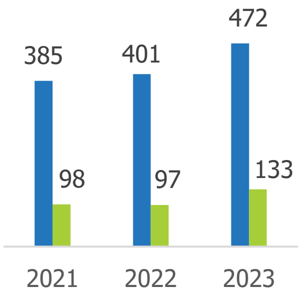
Download TGI Datapack

TGI GrupoEnergíaBogotá

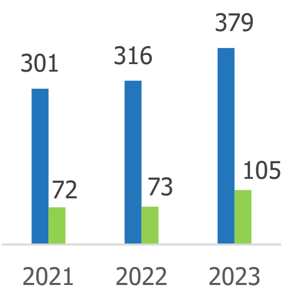
TGI reports an outstanding financial performance in 2023, backed by the exceptional management of the teams from the strategic pillars.

- **Regulation**: i) Materialized the enactment of CREG Resolution 502-035 for approximately USD 60 M per year with respect to the recognition of the revaluation of investments by VUN, prior to CREG Resolution 175 and which mitigates the drop in the WACC due to the entry of the latter; ii) proposed modification of Resolution CREG 175 through the issuance of Resolution CREG 172 with adjustment in the recognition of VUN and hedges and; iii) successful operation of hedges with syndicated derivatives and reconversion of the credit (previously inter-company) to COP in Dec-2023 with the domestic market.
- **Expansion:** i) Incremental effective revenues of USD 26 M corresponding to commercial and business management during 2023; ii) real annual increase in average transportation volume by 41.7 MPCD generated by the new contracts; iii) additional revenues of USD 1.4 M to Nov-2023 for the transportation of 7 MPCD in the Ballena Barrancabermeja Bi-directional Pipeline and; iv) the diversification of the service offer continues *midstream*, securing gas demand.
- **Efficiency:** i) The portfolio of recurring efficiencies has generated a One-Time cumulative impact of USD 25.6 M, with an increase of USD 5.7 M with respect to year-end 2022 and; ii) decrease in operating costs of USD 16.4 M per kilometer of pipeline, maintaining the level of the second quartile according to the industry benchmark.
- **Transformation:** i) Biogas, bio-methane and distributed hydrogen initiatives, with potential impacts identified in the 2030 portfolio for USD 14.3 M; ii) cooperation resources for more than USD 1 M were obtained for the development of R&D initiatives; iii) the first pilot of H2 hydrogen distributed in vehicles started and; iv) cost reduction through new technologies in projects for a total of USD 1.3 M
- **Sustainability:** i) **Environmental:** 7 carbon neutral sites, 12 energy efficient sites, 160.000 carbon credits, 100% of fugitive measurements and 17 hectares of ecosystems restored; ii) **Social:** 892 people benefited from the rural gas connection, 18 solar classrooms installed, 288 rural women leaders trained and 30 entrepreneurship projects and; iii) **Governance:** Training in Risk Management and Ethics and Compliance to 95% and 98% of the employees, respectively; two (2) emerging risks identified; three (3) suppliers in CSR initiation and one sustainable procurement contract.

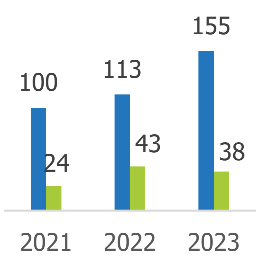
Income
(USD M)



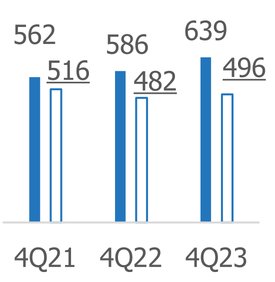
EBITDA
(USD M)



Net Profit
(USD M)



Firmly Contracted and Transported Gas
(Mpcd)



Underlined figure: Volume transported
Figures calculated as simple quarterly averages

Table N° 1 - Relevant Financial Indicators

	4Q22	4Q23	Var	Var %	2022	2023	Var	Var %
Revenue *(USD thousands)*	97,279	132,976	35,696	36.7	400,642	471,636	70,994	17.7
Operating income *(USD thousands)*	52,778	76,966	24,188	45.8	224,176	281,283	57,107	25.5
EBITDA *(USD thousands)*	73,018	104,857	31,838	43.6	315,640	379,480	63,840	20.2
EBITDA Margin	75.1%	78.9%	3.8 pp		78.8%	80.5%	1.7 pp	
Net income *(USD thousands)*	43,420	37,979	-5,441	-12.5	113,319	155,393	42,074	37.1
Total Gross Debt / EBITDA*.	3.1x	2.4x	-0.7x		3.1x	2.4x	-0.7x	
Net debt / EBITDA*	2.8x	2.0x	-0.8x		2.8x	2.0x	-0.8x	
EBITDA* / Financial expenses¨	4.6x	3.7x	-0.9x		4.6x	3.7x	-0.9x	

International Credit Rating:

Fitch - Corporate Rating - Sep. 01 | 23: BBB, Stable
Moody's - Bond Rating - Apr. 28 | 23: Baa3, negative

*Last 12 months

Natural Gas Market in Colombia

- The domestic natural gas demand implied an increase of 188.0 GBTUD compared to 4Q22, due to the increase in consumption in the thermoelectric sector (+180.3 GBTUD) and industrial sector (+10.8 GBTUD), offset by the drop in the residential sector activity (-3.0 GBTUD).
- Internal demand decreased by -75.5 GBTUD compared to 4Q22, due to the decrease in consumption in the industrial sector (-66.0 GBTUD), residential sector (-10.3 GBTUD), offset by the increase in the thermoelectric sector (+1.9 GBTUD).

Table N° 2 - Natural Gas Demand by Sector

	Colombia			Within the Country		
(GBTUD)	**4Q22**	**4Q23**	**Var %**	**4Q22**	**4Q23**	**Var %**
Industrial - Refinery	400.2	410.9	2.7%	290.0	224.0	-22.8%
Residential - Commercial	231.4	228.4	-1.3%	188.0	177.7	-5.5%
Thermoelectric	155.4	335.7	116.0%	55.4	57.3	3.3%
Vehicular - NGV	54.4	55.0	1.2%	45.3	44.7	-1.5%
Petrochemistry	5.4	4.7	-12.1%	0.4	0.0	-100.0%
Total	**846.8**	**1,034.8**	**22.2%**	**579.2**	**503.7**	**-13.0%**

TGI Financial Results

TGI (Transportadora de Gas Internacional) develops and provides comprehensive solutions for the transportation and logistics of low-emission hydrocarbons to large users, producers and developers of energy markets, connecting sources with consumption centers through long-term relationships. TGI is incorporated under Colombian law.

This report presents the corresponding variations under International Financial Reporting Standards (IFRS) of the comparative financial statements for 4Q22 and 4Q23 (3 months).

4Q23 Quarterly Results

Operations Income

Table No. 3 - Revenues by Type of Position and Currency

USD '000	4Q22	4Q23	Var	% Var.	2022	2023	Var	% Var.
By Type of Position								
Capacity & AOM	80,788	113,268	32,480	40.2%	339,771	404,266	64,496	19.0%
Variables	14,182	16,532	2,350	16.6%	54,895	59,755	4,860	8.9%
Other Income	2,309	3,176	867	37.5%	5,976	7,615	1,638	27.4%
Per Currency								
Indexed to USD	75,991	0	-75,991	-100.0%	306,584	132,640	-173,945	56.7%
Indexed to COP	21,288	132,976	111,687	524.6%	94,058	338,996	244,938	260.4%
Total	97,279	132,976	35,696	36.7%	400,642	471,636	70,994	17.7%

As of June 1, 2023, TGI changed its functional currency from USD to COP and executed hedges on the debt denominated in dollars to mitigate the exchange rate risk due to the entry into force of CREG Resolution 175 of 2021, also including the revalued investments of the assets that ended their regulatory useful life (VUN) before December 2020 and application of the new regulatory WACC. However, for comparative purposes, the analysis is maintained in USD.

Below is a detail of the evolution of revenues by type of charges in 4Q23:

- Fixed charges for investment remunerated in COP during the quarter totaled USD 83.6 M (62.9% of total revenues), an increase of USD 21.8 M (+35.3%) versus 4Q22, mainly due to: i) change in USD to COP rate according to resolution 175 and the variation of the average Market Representative Rate of 4Q22 versus 4Q23 (USD 13.4 M); ii) additional transportation contracting from several shippers and conditional firm contracting (USD 6.8 M) and iii) lower suspensions during 4Q23 vs. 4Q22 (USD 1.6 M).
- Fixed charges for AO&M, which are remunerated in COP, totaled USD 29.6 M (22.3% of total revenues), an increase of USD 10.6 M (+56.1%) compared to 4Q22, mainly due to i) higher additional transportation through deviations, multi-shipper transportation contracting, interruptible contracting and conditional firm contracting and call option (USD 5.9 M); ii) average TRM variation of 4Q22 vs. 4Q23 (USD 4.1 M) and iii) lower suspensions during 4Q23 vs. 4Q22 (USD 0.6 M).
- Variable charges, which are remunerated in COP, totaled USD 16.5 M (12.4% of total revenues), an increase of USD 2.3 M (+16.6%) versus 4Q22, mainly due to: i) change on USD to COP exchange rate and WACC adjustment within the quarter; ii) transportation through the thermal contracting deviation service; and iii) transportation contracting from several shippers, interruptible contracting and conditional firm contracting.

- Non-regulated operating income, classified as ancillary services, grew 37.5%, closing at USD 3.2 M, mainly due to higher income from gas losses, AO&M charge for the connection gasoline in the Maria Conchita field and contracting of natural gas transportation for use as raw material.

As for currency income, 100% came from COP-denominated charges and increased 524.6%, mainly due to the change in the remuneration of fixed charges and variable charges to COP since Jun-23.

Finally, we are awaiting the issuance of the final resolution that seeks to amend resolution 175 of 2021 as to the recognition of foreign exchange risk and assets that will end their useful life after the entry into force of said resolution and which may lead to the decision to continue with the operation thereof.

As of August 1, 2023, with the entry into force of CREG Resolution 102 002 of June 7, 2023, which amends CREG Resolution 103 of 2021 with respect to the discount rate for gas transportation, the rate changed to 11.88% from 10.94%, in constant Colombian pesos before taxes.

Operation Costs

Table No. 4 - Operation Costs

USD '000	4Q22	4Q23	Var	% Var.	2022	2023	Var	% Var
Professional Services	3,940	5,645	1,705	43.3%	16,132	18,658	2,526	15.7%
Maintenance	4,896	3,455	-1,441	-29.4%	12,352	10,964	-1,388	-11.2%
ITC*	846	1,061	215	25.4%	2,132	2,410	278	13.0%
Depreciation and Amortization	22,452	28,046	5,594	24.9%	88,446	97,543	9,098	10.3%
Other Costs	8,420	8,210	-210	-2.5%	29,815	31,845	2,030	6.8%
Total	40,553	46,418	5,865	14.5%	148,876	161,420	12,544	8.4%

**ITC: Taxes, Rates and Contributions*

Operating costs increased USD 5.9 M (14.5%) during the quarter compared to 4Q22, mainly due to:

- The cost of depreciation and amortization increased USD 5.6 M (24.9%) due to i) the translation effect that was not affected in 2022, and as of June 1, 2023, it reports a balance given the change of functional currency in the financial statements; and ii) the effect of the revision of the decommissioning liability and the right of use liability, impacting the depreciation of the year and assets.
- Higher professional services costs of USD 1.7 M (43.3%), mainly due to the increase in salary indexations in 2023, as well as the effect of the exchange rate revaluation in the last quarter.
- This was partially offset by a decrease in maintenance costs of USD -1.4 M (-29.4%) mainly due to lower costs associated with emergency services.

Administrative and Operational Expenses (Net)

Table No. 5 - Administrative and Operational Expenses (Net)

USD '000	4Q22	4Q23	Var	% Var.	2022	2023	Var	% Var.
Personal Services	2,442	3,101	660	27.0%	10,480	11,484	1,004	9.6%
General Expenses	3,870	6,864	2,994	77.4%	12,677	15,038	2,360	18.6%
Taxes	-153	-218	-65	42.7%	1,414	1,758	343	24.3%
DA&P*	2,352	3,242	890	37.8%	10,583	8,964	-1,620	-15.3%
Other Expenses	0	0	0	0.0%	0	0	0	0.0%
Other Income	-4,563	-3,398	1,166	-25.5%	-7,565	-8,310	-744	9.8%
Total	3,948	9,592	5,644	143.0%	27,590	28,933	1,343	4.9%

**DA&P: Depreciation, Amortization and Provisions*

Administrative and operational expenses, excluding other income, reported an increase of USD 4.5 M (52.6%), mainly explained by:

- Higher general expenses of USD 3.0 M (77.4%) mainly due to higher execution of studies and projects, as well as fees or technical support services provided by GEB S.A. E.S.P.'s service center.
- Increase in depreciation, amortization and provisions in USD 0.9 M (37.8%), as a consequence of the translation effect that was not affected in 2022, and as of June 1, 2023, it reports a balance due to the change of functional currency in the financial statements and to the capitalization of SAP Hanna, SAP Rise projects with retroactive effect in 4Q23 since their go-live.
- Higher personal services expenses by USD 0.7 M (27.0%), mainly due to the increase in salary indexes in 2023, as well as the effect of the exchange rate revaluation in the last quarter.

Other income decreased by USD 1.2 M (-25.5%), due to the recognition in 4Q22 of the ruling in favor of TGI S.A. E.S.P. whereby the right to the operating centers of Buga and Manizales, assets previously held by Transgas de Occidente S.A., was transferred.

During 2023, our effort to ensure sustainability on the efficiencies achieved during the transformation process initiated by TGI S.A. E.S.P. since 2021 continued, generating optimizations in the outsourcing of activities, operational processes, contract planning, staffing, among others. Maintaining the strategic focus on efficiency during the year as one of the levers of the good financial results that have been delivered.

OPEX execution was achieved in compliance with the approved budget of USD 92.9 M and covering the additional expenses generated by emergencies and external events representing budgets higher than expected, despite the challenges evidenced in 2023 related to regulatory changes such as the change of functional currency.

The result is leveraged with the outstanding performance of the Efficiency Pillar, mobilizing thirty (30) new initiatives in 2023, among which we can highlight as most relevant the optimization in the verification activities of ILI runs and definition of a new technique for identification of circumferential cracks in the gasoline, achieving savings worth USD 0.91 M, or the improvement in the conditions of the service agreement and the full Outsourcing contract that represented efficiencies for USD 1.72 M. ensuring the sustainability of the results and achieving total implemented impacts for USD 25.6 M recurrent cumulative, and *One Time* 2023, USD 5.7 M additional at the end of 2022. As for the impacts achieved in OPEX, USD 22.7 M recurring cumulative and *One Time* 2023 were implemented, representing a total of USD 2.8 M of additional efficiencies with respect to the end of 2022.

EBITDA

Table No. 6 - EBITDA

USD '000	4Q22	4Q23	USD	Var	2022	2023	Var	% Var
EBITDA	73,018	104,857	31,838	43.6%	315,640	379,480	63,840	20.2%
EBITDA Margin	75.1%	78.9%		3.8 pp	78.8%	80.5%		1.7 pp

EBITDA increased, as a result of the rise in operating income during 4Q23, due to the change in the remuneration methodology for the natural gas transportation service adopted by CREG Resolution 175 of 2021, addressing the change of the currency of the fixed and variable charges that remunerate the investment to COP; offset by the increase in operating costs due to the increase in amortization and depreciation, and professional services; and higher administrative and operating expenses due to the increase in general expenses related to studies and projects, and fees for the technical support provided by the Corporation.

Non-Operational Results (Net)

The non-operational result (net) went from USD 2.7 M in 4Q22 to USD -28.4 M in 4Q23, with a variation of USD -31.1 M (-1,153.5%) mainly explained by:

- Financial costs (USD +18.0 M; +101.7%) due to: i) valuation of the exchange risk hedge with derivative financial instruments of the international bond for USD 547.6 M and inter-company loan for USD 370.0 M, originated by the change of the functional currency of the financial statements from USD to COP; the cost of the hedge for 4Q23 is USD 17.0 M; ii) due to the effect of the financial update of the decommissioning provision whose increase for 4Q23 with respect to 4Q22 is USD 1.9 M; iii) interest on the loan subscribed with local financial entities under the "Club Deal" modality to replace the inter-company loan in force with GEB S.A. E.S.P. for USD 1.9 M; iv) levy on financial movements on the disbursement of the credit subscribed under the "Club Deal" modality for USD 1.4 M; the above, partially offset by a lower debt service of the bonds in USD 3.6 M originated by the repurchases made in 4Q22 and 1Q23; .
- Net exchange difference (USD -3.4 M; -55.8%): due to the effect on the purchase of foreign currency for payment of the intercompany debt, valuation and payment of interest on hedges (forward and swap) and volatility of the TRM during the year.
- Financial income (USD -10.3 M; -67.6%) due to the financial benefit generated by the partial repurchase of the bond for USD 13.6 in 2Q22, offset by the benefit in the remuneration interest rates of the resources available in *time deposit* and savings accounts.

The above, was partially balanced by a positive effect of USD 0.6 M (65.1%) in the equity method explained by the reduction in Contugas' losses mainly due to i) an increase in distribution income and moratorium and compensatory interest in 4Q23 for USD 4.9 M due to the issuance of credit notes to Egasa as a result of the arbitration award; ii) a decrease in the provision made in 4Q22 for accounts receivable for USD 1.0 M, related to the resolution of the unfavorable arbitration award with Egasa and Egesur; iii) recognition of revenue margins for USD 1.0 M related to the Plan Punche construction projects and iv) lower maintenance and amortization of concession assets due to discharge of network project for USD 0.4 M, offset by the reversal of impairment of concession assets in 3Q22 for USD 6.3 M and costs associated with the Plan Punche construction projects for USD 0.6 M.

Taxes

Current (USD -29.3 M; -1,253.7%), resulting from lower taxable income in 2023, mainly due to the exchange difference realized from the cancellation in 4Q23 of the inter-company debt with GEB, together with the realization of the hedges for this debt, as well as the payment of hedging interest on the bonds.

Deferred (USD 27.8 M; +286.5%), as a consequence of the variations in the calculation bases caused by the exchange rate differential on the Company's liabilities and assets in foreign currency, as well as the effect on the deferred tax due to the cancellation of the inter-company debt with GEB carried out in 4Q23.

Net Profit

Net income went from USD 43.4 M in 4Q22 to USD 38.0 M in 4Q23 (-16.1%) explained by the positive operating results, the effect of the exchange difference due to the change in the functional currency of the financial statements from USD to COP, lower financial income from the repurchase of the bond in 2Q22, higher financial expenses in hedging the exchange risk of the liability corresponding to the bond and the inter-company loan, and the net effect of the decrease in current tax and increase in deferred tax.

Debt Profile

Table No. 7 - Relevant Debt Line Items

USD '000	2022	2023	Var	Var %
Total Net Debt	879,589	769,798	-109,791	-12.5%
Total Gross Debt	974,800	909,572	-65,228	-6.7%
EBITDA UDM*	315,640	379,480	63,840	20.2%
Financial Expenses UDM*	68,419	102,176	33,757	49.3%
Coverage Ratios				
Total Gross Debt / EBITDA*.	3.1x	2.4x	-0.7x	
Total Net Debt / EBITDA*.	2.8x	2.0x	-0.8x	
EBITDA* / Financial Expenses	4.6x	3.7x	-0.9x	

** Corresponds to EBITDA and financial expenses for the last twelve months (LTM). For 4Q23.*

During 4Q23, the inter-company loan with GEB S.A. E.S.P. for USD 370.0 M was paid with own resources for USD 30.0 M and the balance through the execution of a credit agreement under the "Club Deal" modality with local financial entities for COP 1,342,506.9 M, transforming the debt from US dollars to Colombian pesos. The conditions are as follows:

Detail	Value
Modality:	Club Deal
Credit Value:	COP 1,342,506.9 M
Date of Disbursement:	19-Dec-2023
Expiry Date:	19-Dec-2027
Term:	Four (4) years
Interest Rate:	IBR 3M + 4.183%.
Payment of Capital:	At the expiration of the term
Structuring Commission:	0.35%

The net leverage level reached 2.0x and interest coverage was 3.7x at the end of 4Q23, levels lower than those recorded at the end of 2022 after the partial repurchases of the 5.550% bonds maturing in 2028 for USD 155.9 M and USD 15.0 M made during 4Q22 and 1Q23, respectively, and payment of the inter-company loan in 4Q23 for USD 30.0 M with own resources.

Table No. 8 - Debt Profile	USD Amount M	Currency	Coupon (%)	Expiry
International Bonds	547.6	USD$ M	5.55%	1-Nov-28
Club Deal Financial Credit	351.2	COP$ M	IBR 3M + 4.183%	19-Dec-27
Financial Liabilities IFRS - 16	4.1	COP$ M	N/A	N/A
Leasing - Renting	6.6	COP$ M	DTF + 2.90%	May-Sep-24

During the quarter, the hedging of the exchange risk with a forward derivative financial instrument of the inter-company loan with GEB S.A. E.S.P. for USD 37.1 M was cancelled and the coupon of the hedging operation of the exchange rate risk with *Cross Currency Swap* of the 2028 Bond made in 2Q23, for USD 23.6 M, was paid; the conditions of the derivative *CCS* are as follows:

Bonus Nov-2028	
Financial Instrument:	Swap CCS
Final Date:	01-Nov-28
Exchange Rate:	$4,182.33
COP Notional Value:	$2,290,449 M
Right leg rate:	Fixed + 5.55%
Obligation rate:	IBR + 3.6166%.

As a result of the hedges and the refinancing of the balance of the inter-company loan in pesos, the financial liability rate changed from 5.4% in dollars to 17.3% in pesos.

Commercial Performance

Revenue by Sector

Table No. 9 - Sectorial Composition Income	4Q22	4Q23	2022	2023
Residential - Distributor	65.2%	66.0%	64.7%	66.2%
Industrial	15.2%	14.6%	15.6%	15.4%
NGV	5.0%	4.1%	4.8%	4.5%
Commercial	6.4%	4.9%	7.6%	5.0%
Thermal	6.3%	9.5%	6.3%	8.3%
Refinery	1.9%	0.7%	1.0%	0.5%
Petrochemistry	0.0%	0.2%	0.0%	0.1%
Total	100.0%	100.0%	100.0%	100.0%

The residential and industrial sectors accounted for 81.6% of cumulative revenues at the end of 4Q23 During the quarter, the thermal sector grew the most, from USD 5.9 M in 4Q22 to USD 12.3 M in 4Q23 (USD 6.4 M; 108.0%), which increases its participation by 3.2% vs. 4Q22, as a result of its higher energy generation as a consequence of the "El Niño" phenomenon, followed by the residential sector with an increase in revenues of USD 24.0 M (39.0%), from USD 61.6 M in 4Q22 to USD 85.7 M in 4Q23. On the other hand, the share of revenues from the refining sector decreased by 48.7% (USD -0.9 M), due to an increase in the share of the residential and thermal sectors.

In the year-to-date, the residential and industrial sectors increased their share to 81.7%, and the thermal sector increased its share from 6.3% in 2022 to 8.3% in 2023.

Contractual Structure

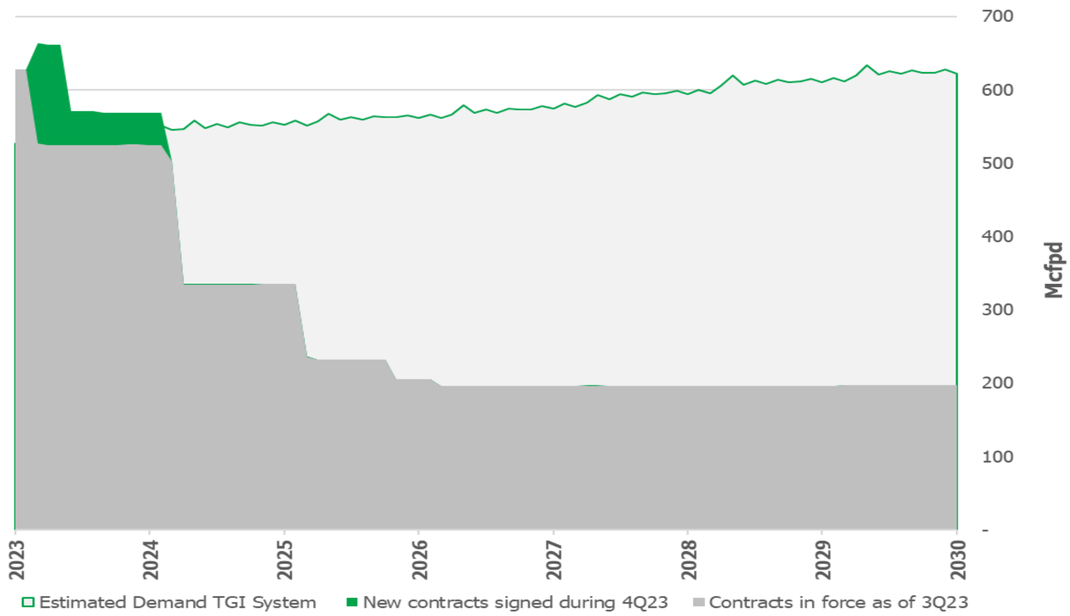
Table No. 10- Structure of Firm Contracts

Description	4Q22	4Q23
No. Current Contracts	692	641
No. Firm Contracts	675	571
No. Interruptible Contracts	17	70
Remaining Life Firm Contracts (Average Years)	4.1	3.5

The lower number of contracts in force for 4Q23 vs. 4Q22 corresponds to the fact that previously the regulatory provisions established that contracts with a variation in quantity should be signed on a monthly basis, but CREG Resolution 185 of 2020 established that contracts should be signed on a quarterly basis and up to a horizon of ten (10) years.

As of December 2023, the company had contracted 75.3% of its available capacity from sources, where 10.9% of its current contracts corresponded to interruptible mode and 89.1% to firm mode, of which on average were weighted under a pair of 80.0% fixed and 20.0% variable charges.

Graph No. 1 - Remaining Life of Contracts



The usual commercial contracting cycle in the sector, under current regulatory parameters, is developed on a quarterly basis. The current dynamics show a short-term contractual cycle (maximum one year), explained by the low supply of long term gas supply contracts.

Operational Performance

Table No. 11 - Selected Operational Indicators	4Q22	4Q23	% Var.
Total Capacity - Mpcd	849	849	0.0%
Firm Contracted Capacity - Mpcd*.	586	639	9.0%
Volume Transported - Average Mpcd	482	496	3.0%
Usage Factor	54.0%	57.0%	3.0 pp
Availability	99.7%	100.0%	0.3 pp
Gasoline Length - Km	4,033	4,033	0.0%

*Measured by firm contracted capacity from production fields to exit points.

The total length of TGI's gas gasoline network remains at 4,033 Km, of which 3,883 Km are owned and operated by TGII; the remaining 150 Km, although under its control and supervision, are operated by a contractor, as established in the operation and maintenance contract. The system operates mainly with natural gas from the Cusiana, Cupiagua and Ballena / Chuchupa basins.

On the other hand, we can appreciate that the availability was 100%, the use factor increased 3.0% with respect to the same period of 2022, due to the increase in transportation by thermal generation.

Table No. 12 - Volume per Transporter (Mpcd)	4Q22	% Int.	4Q23	% Int.	% Var.	Mpcd Var.
TGI	481.9	56.5%	496.2	47.3%	3.0%	14.3
Promigas	307.2	36.0%	488.7	46.6%	59.1%	181.5
Other	63.6	7.5%	63.5	6.1%	-0.3%	-0.2
Total	852.8	100.0%	1,048.4	100.0%	22.9%	195.6

In 4Q23, there was a decrease in the participation of the average daily transported volume by TGI in -9.2% compared to 4Q22; likewise, the total volume transported in the gas gasoline network at national level TGI S.A. E.S.P., continues to be the main actor with 496.2 Mpcd, while the second is Promigas with 488.7 Mpcd (the two companies have 93.9%).

Table No. 13 - Total Transport Capacity of the TGI System	Capacity in Mpcd
Ballena - Barrancabermeja	260
Mariquita - Gualanday	15
Gualanday - Neiva	11
Cusiana - Porvenir	470
Cusiana - Apiay	64
Apiay - Usme	18
Morichal - Yopal	12
Total	849

Capacity is quantified according to the sections with gas supply entry points.

Projects under Execution

Investments in the project portfolio during 4Q23 amounted to USD 2.1 M, an increase of USD 1.3 M vs. 4Q22, mainly due to the adaptation of 16 locations of the Safe Infrastructure Stage 2 project and the entry into operation of the Guayuriba River Crossing replacement project in the last quarter of 2023.

Natural Gas Supply Plan Projects (IPAT[1])

On December 28, 2023, the CREG issued Circular 099 of 2023, whereby it published the indicative regulatory agenda for the year 2024, proposing for this period to resolve the appeals filed against the resolutions containing the remuneration for IPAT projects, without setting a specific date. On the other hand, a modification of Resolution 175 of 2021 is planned to clarify the settlement and billing of IPAT projects in accordance with the provisions of Annex Four (4) of CREG Resolution 102 008 of 2022.

Mariquita - Gualanday Infrastructure
- Estimated Project Capex: USD 6.0 M
- Transport Capacity: 20 Mpcd
- License Modification Approval by the ANLA
- Maturing of budget and technical specifications, purchasing processes compression units and Epecist
- Evidence order according to file 2022-0031
- TGI provides complementary information and the CREG issued a detailed report.
- Holding of contradictions hearing and CREG's request to the expert to give his opinion on TGI's observations.
- TGI's request to the CREG to recalculate and update the discount rate of the natural gas transportation activity for the current fiscal year.
- TGI S.A. E.S.P. is notified of the resolution that formalizes the annual income flows to remunerate the investment and expenses of AOM.
- TGI S.A. E.S.P. files an appeal for reconsideration, waiting for a response in 4Q23.
- CREG issues indicative regulatory agenda for the year 2024, proposing to resolve the appeal for reconsideration filed by TGI.

Yumbo - Mariquita Bi-Directional Gasline
- Estimated Project Capex: USD 105.0 M
- Transport Capacity: 250 Mpcd
- TGI provides complementary information and the CREG issued a detailed report.
- Holding of contradictions hearing and CREG's request to the expert to give his opinion on TGI's observations.

Jamundí Branch Gasline Infrastructure
- Estimated Project Capex: USD 6.0 M
- Transport Capacity: 3 Mpcd
- Maturing of budget and technical specifications, purchasing processes compression units and Epecist
- License Modification Approval by the ANLA
- TGI provides complementary information and the CREG issued a detailed report.
- Holding of contradictions hearing and CREG's request to the expert to give his opinion on TGI's observations.
- TGI's request to the CREG to recalculate and update the discount rate of the natural gas transportation activity for the current fiscal year.
- TGI S.A. E.S.P. is notified of the resolution that formalizes the annual income flows to remunerate the investment and expenses of AOM.
- TGI S.A. E.S.P. files an appeal for reconsideration, waiting for a response in 4Q23.
- CREG issues indicative regulatory agenda for the year 2024, proposing to resolve the appeal for reconsideration filed by TGI.

Ballena - Barrancabermeja Bi-Directional Gasline
- Estimated Project Capex: USD 5.0 M
- Transport Capacity: 100 Mpcd
- TGI provides complementary information, expert evidence and the CREG issued a detailed report.
- Holding of contradictions hearing and CREG's request to the expert to give his opinion on TGI's observations.

[1] IPAT: Investments in priority projects of the supply plan in a transportation system.

- TGI's request to the CREG to recalculate and update the discount rate of the natural gas transportation activity for the current fiscal year.
- Subject to the viability of the import infrastructure project, Regasificadora del Pacífico, which was declared deserted.
- CREG issues indicative regulatory agenda for the year 2024, proposing to resolve the appeal for reconsideration filed by TGI.

- TGI's request to the CREG to recalculate and update the discount rate of the natural gas transportation activity for the current fiscal year.
- TGI S.A. E.S.P. is notified of the resolution that formalizes the annual income flows to remunerate the investment and expenses of AOM.
- TGI S.A. E.S.P. files an appeal for reconsideration, waiting for a response in 4Q23.
- CREG issues indicative regulatory agenda for the year 2024, proposing to resolve the appeal for reconsideration filed by TGI.

Regulatory Update

Table No. 14 - Regulatory Update

Entity	Resolution	Scope	Status	
CREG	CREG Circular 099 of 2023 CREG Document 28-12-2023 (Annex)	Indicative Regulatory Agenda 2024	Published	See more
	CREG Resolution 502 052 of 2023	The practice of expert evidence on the ERPC reported by TGI S.A. E.S.P. in the rates file is decreed.	Notice served	
	CREG Resolution 702 005 of 2023	Draft resolution, "Whereby transitory additions are made to the commercial aspects of the supply of the wholesale natural gas market established in CREG Resolution 186 of 2020".	In consultation	See more
	CREG Resolution 702 003 of 2023	Natural Gas Commercialization Schedule.	In consultation	See more
Ministry of Mines and Energy	Regulatory Agendas 2024	Publication of the 2024 regulatory agendas, which include regulatory proposals on issues relevant to TGI such as: new rates structure for gas transportation, Natural Gas Supply Plan (PAGN), liquefaction and regasification facilities for Liquefied Natural Gas (LNG), biogas production for home consumption, hydrogen, among others.	Published	See more
	Decree 2235 of 2023	Whereby Decree 1073 of 2015, Sole Regulatory Decree of the Administrative Sector of Mines and Energy is added, in order to regulate Article 235 of Law 2294 of 2023 in relation to the development of White Hydrogen projects within the framework of the Just Energy Transition in Colombia.	Published	See more
	Resolution 40745 of 2023	Multi-phase Gasoline Transportation Regulation	Published	See more
UPME	External Circular 083 of 2023	Publication of comments on the auditor's terms of reference for IPAT projects.	Published	See more
	External Circular 099 of 2023	Publishes the responses to the comments received to the Terms of Reference for the Selection of an Auditor (TRA), aimed at selecting an auditing firm to carry out the construction and commissioning audit of an IPAT project adopted by the Natural Gas Supply Plan.	Published	See more

Annex 1. Financial Statements

	USD 000'		Variation	
Table No. 15 - Statement of Income	4Q22	4Q23	USD	%
Income	97,279	132,976	35,696	36.7%
Operation Costs	-40,553	-46,418	-5,865	14.5%
Gross Profit	56,726	86,558	29,832	52.6%
Gross Margin	*58.3%*	*65.1%*		
Administrative and Operational Expenses (Net)	-3,948	-9,592	-5,644	143.0%
Personal Services	-2,442	-3,101	-660	27.0%
General Expenses	-3,870	-6,864	-2,994	77.4%
Taxes	153	218	65	42.7%
Depreciation, Amortization and Provisions	-2,352	-3,242	-890	37.8%
Other Expenses	0	0	0	0.0%
Other Income	4,563	3,398	-1,166	-25.5%
Operational Profit	52,778	76,966	24,188	45.8%
Operating Margin	*54.3%*	*57.9%*		
Financial Costs	-17,694	-35,685	-17,992	101.7%
Financial Income	15,171	4,918	-10,253	-67.6%
Net Exchange Difference	6,132	2,713	-3,419	-55.8%
Equity - Results of Associates	-916	-319	597	-65.1%
Profit before Income Tax	55,471	48,593	-6,879	-12.4%
Earning Tax	-2,335	26,942	29,277	-1,253.7%
Deferred Tax	-9,716	-37,555	-27,839	286.5%
Net Profit	43,420	37,979	-5,441	-12.5%
Net Margin	*44.6%*	*28.6%*		

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Table No. 16 - Balance Sheet	USD '000		Variation	
	Dec-22	Dec-23	USD	%
Assets				
Current Asset				
Cash and Cash Equivalents	95,210	139,774	44,564	46.8%
Accounts receivable from clients and other accounts receivable	42,803	61,987	19,184	44.8%
Inventories	18,857	25,424	6,566	34.8%
Other Non-Financial Assets	3,682	12,880	9,198	249.8%
Total Current Asset	160,552	240,065	79,512	49.5%
Non-Current Asset				
Property, Plant and Equipment	2,044,879	2,266,508	221,629	10.8%
Assets from Rights of Use	4,401	1,967	-2,434	-55.3%
Investments in Associates and Subordinates	14,284	11,075	-3,209	-22.5%
Commercial Accounts Receivable and Other Accounts Receivable	7,065	9,063	1,998	28.3%
Intangible assets	153,918	178,662	24,744	16.1%
Other Financial / Non-Financial Assets	5,802	0	-5,802	-100.0%
Total Non-Current Asset	2,230,349	2,467,275	236,926	10.6%
Total Asset	2,390,901	2,707,340	316,439	13.2%
Liabilities				
Current Liability				
Accounts Payable to Suppliers and Other Accounts Payable	7,253	16,909	9,656	133.1%
Tax Liability	16,835	3,973	-12,862	-76.4%
Employee Benefits	3,696	4,411	715	19.4%
Provisions	16,500	22,739	6,239	37.8%
Lease Liability	2,554	4,144	1,590	62.2%
Other Financial Liabilities	10,304	10,555	251	2.4%
Accounts Payable to Related Parties	373,117	53,317	-319,800	-85.7%
Total Current Liability	430,259	116,049	-314,210	-73.0%
Non-Current Liability				
Financial Liabilities	666	351,425	350,759	52,668.5%
Provisions	88,176	105,675	17,499	198%
Deferred Tax Liability	407,435	516,702	109,267	26.8%
Bonds Issued	596,467	552,389	-44,078	-7.4%
Other Liabilities	11,205	14,103	2,898	25.9%
Total Non-Current Liability	1,103,949	1,540,295	436,346	39.5%
Total Liability	1,534,208	1,656,344	122,135	8.0%
Equity				
Stock Capital	703,868	703,868	0	0.0%
Additional Paid-in Capital	56,043	56,043	0	0.0%
Reserves	218,712	232,992	14,280	6.5%
Fiscal Year Income	113,319	155,393	42,074	37.1%
Cumulative P&L	-92,590	-92,590	0	0.0%
Other Comprehensive Income Line Items	-142,659	-4,709	137,949	-96.7%
Total Equity	856,693	1,050,996	194,303	22.7%
Total Liability and Equity	2,390,901	2,707,340	316,438	13.2%

Table No. 17 - Cash Flow Statement	USD '000 Dec-22	 Dec-23
Cash Flow from Operation Activities		
Net Profit	113,319	155,393
Adjustment for:		
Depreciation and Amortizations	96,199	104,917
Unrealized exchange difference	-2,948	-40,932
Employee Benefits	-534	-688
Amortized Cost (Loans, Deposits)	0	0
Amortized Cost of Call Option BOMT	0	0
Amortized Cost of Financial Obligations	4,991	6,604
Valuation of Hedge Operations	0	35,174
Valuation of Decommissioning Obligation	4,851	10,806
Deferred Tax	7,860	42,936
Income Tax	51,890	34,149
Financial Costs	58,576	49,592
Financial Income	-6,206	-13,122
Valuation of Equity Method	6,035	3,209
Property, Plant and Equipment Loss	971	0
Inventory Impairment	15	15
Accounts Receivable Impairment	1,104	311
Provisions (Recoveries)	-1,297	-7,580
Net Change in Operational Assets and Liabilities		
(Increase) Decrease in other Accounts Receivable from Clients and Other Accounts Receivable	7,434	-8,682
(Increase) Decrease in Inventories	153	-3,863
(Increase) Decrease in Other Non-Financial Liabilities	-2,793	-971
(Increase) Decrease in Other Financial Assets	3-	0
(Increase) Decrease in Commercial Accounts Payable and Other Accounts Payable	-7,684	-2,471
(Increase) Decrease in other Labor Obligations	922	-240
(Increase) Decrease in Other Financial Liabilities	-9,383	-1,765
(Increase) Decrease in Estimated Liabilities and Provisions	28,688	2,644
(Increase) Decrease in Tax Liabilities	-15,026	-12,446
Interest Payment	-38,426	-31,684
Interest Payment Related Party	-18,574	-21,336
Interest Payment Coverage	0	-23,615
Taxes Paid	-28,324	-36,234
Net Cash Flow Provided by Operation Activities	251,810	243,651
Investment Activity Cash Flow		
Property, Plant and Equipment	-51,293	-29,881
Intangibles	0	-1.218
Net Cash Flow Provided by Investment Activities	-51,293	-31,099
Financing Activity Cash Flow		
Payment of Dividends	-78,356	-99,035
Payment of Financial Obligations	-156,523	-47,109
Payment of Related Financial Obligations	0	-370,000
Financial Obligations Acquired	2,308	341,380
Net Flow Used in Financing Activities	-232,571	-174,761
Effect of Exchange Rate Changes on Cash and Cash Equivalents	-13,478	6,772
Net Changes in Cash and Cash Equivalents	-45,532	44,563
Cash and Cash Equivalent Early in the Year	140,742	95,210
Cash and Cash Equivalent at the End of the Year	95,210	139,774

Annex 2. Legal Notice and Clarifications

This document contains words such as "anticipate", "believe", "expect", "estimate", and others of similar meaning. Any information other than historical information, including but not limited to information regarding the Company's financial position, business strategy, plans and objectives of management, is forward-looking information.

The projections in this report were made under assumptions related to the economic, competitive, regulatory and operational environment of the business, and took into account risks beyond the Company's control. Projections are uncertain and can be expected not to materialize. Unexpected events or circumstances may also be expected to occur. For the reasons stated above, actual results could differ significantly from the projections contained herein. Consequently, the projections in this report should not be considered as a certainty. Potential investors should not consider the projections and estimates contained herein or rely on them in making investment decisions.

The Company expressly disclaims any obligation or commitment to distribute updates or revisions to any projections contained herein.

The Company's past performance cannot be taken as a proxy for the Company's future performance.

Annex 3. Terms and Definitions

- ANLA: National Environmental License Authority
- ASME: American Society of Mechanical Engineers.
- BEO (Electronic Bulletin of Operations): A freely accessible web page that displays commercial and operational information related to a transporter's services, including regulated charges, those agreed between market agents, the nomination cycle, the transportation program, capacity release and gas supply offers, energy balance accounts and other information established by the RUT.
- Contract with interruptions or interruptible: A written contract in which the parties agree not to assume a commitment of continuity in the delivery, receipt or use of available capacity in the supply or transportation of natural gas during a determined period. The service may be interrupted by either party, at any time and under any circumstances, giving prior notice to the other party.
- Firm or firmness-guaranteed contract: written contract in which an agent guarantees the service of supplying a maximum amount of natural gas and/or maximum transportation capacity, without interruptions, during a determined period, except on days established for maintenance and scheduled work. This type of contract requires physical backup.
- CREG: Energy and Gas Regulatory Commission of Colombia.
- GBTUD: Giga British Thermal Unit per-Day.
- MBTU: Thousands of British Thermal Units.
- M: million
- MME: Ministry of Mines and Energy
- Mpcd: Millions of cubic feet per day.
- Average - Mpcd: This is the average volume transported per day in the study quarter.
- pp: percentage points
- SSPD: Residential Utilities Superintendence
- UPME: Mining-Energy Planning Unit.