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**CONSOLIDATED FINANCIAL
STATEMENTS 2020**

Codensa S.A. E.S.P. and its Subsidiaries



**OPEN POWER
FOR A BRIGHTER
FUTURE.**

CONSOLIDATED FINANCIAL STATEMENTS 2020

Codensa S.A. E.S.P. and its Subsidiaries

As of and for the year ended December 31, 2020

(With comparative figures as of and for the year ended December 31, 2019)

With the Independent Auditor's Report



KPMG S.A.S.
Calle 90 No. 19C - 74
Bogotá D.C. - Colombia

Teléfono
57 (1) 618 8000
57 (1) 618 8100

home.kpmg/co

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of

Codensa S.A. E.S.P.:

Opinion

I have audited the consolidated financial statements of Codensa S.A. E.S.P. (the Company), which comprise the consolidated statement of financial position as of December 31, 2020, the consolidated statements of profit or loss and other comprehensive income, cash flows and changes in equity for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated financial statements, faithfully taken from the accounting books attached hereto, present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted in Colombia, applied uniformly with the previous year.

Basis for opinion

I conducted my audit in accordance with International Standards on Auditing accepted in Colombia (ISA). My responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of my report. I am independent of the Company, in accordance with the Code of Ethics for Accounting Professionals issued by the International Ethics Standards Board for Accountants (IESBA) included in the Information Assurance Standards accepted in Colombia together with the ethical requirements that are relevant to our audit of the consolidated financial statements established in Colombia and I have fulfilled my ethical responsibilities in accordance with these requirements and the aforementioned IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming my opinion thereon I do not provide a consolidated opinion on these matters.



Estimated revenue from the sale of delivered and unbilled energy (See Note 2.5 to the consolidated financial statements)

Key Audit Matter	How the matter was addressed in the audit
<p>The Company has established a procedure for the recognition of estimated revenue at the end of each month, associated with the sale of energy delivered and not billed in the regulated market, billed in the following month in accordance with the established billing cycles. As of December 31, 2020, the estimated unbilled revenue recognized amounts to \$ 260,989 million.</p> <p>I considered the estimate of revenue from the sale of energy delivered and not billed as a key audit matter, due to the significance of the variables incorporated in the determination of this revenue, especially with respect to: a) the amount of energy estimated based on the reading of the cycles of the previous month, the seasonal factor and the days pending billing, and b) the prices established according to the level of voltage and socioeconomic stratum.</p>	<p>My audit procedures to evaluate the estimated revenue from the sale of delivered and unbilled energy included, among others, the following:</p> <ol style="list-style-type: none"> 1. Involvement of professionals with experience and knowledge in the evaluation of information technology, who assisted me in evaluating the design, implementation and operational effectiveness of automatic internal controls established by the Company to determine the estimate of unbilled revenue at the end of the month. This included the evaluation of certain controls associated with the historical quantities and prices of energy consumed, such as: 1) review, approval and inclusion of the billing schedule in the commercial system; 2) independent recalculations on the rates and their inclusion in the commercial system, in accordance with the prices established by CREG by voltage levels and socioeconomic stratum; 3) interfaces between systems that capture meter readings (TPL) to the commercial system; 4) calculation and revision of the seasonal factor; 5) preparation, review, recording and comparison of estimated versus actual revenue; and 6) access to make changes in the commercial system. 2. Comparison of the accuracy of the estimated revenue recognized at year-end versus the actual billing issued in January of the following year and follow-up on the Company's explanation of possible deviations. 3. Comparison month by month of the rates by socioeconomic stratum to determine possible significant variations, and follow-up on the Company's explanation of possible deviations. 4. For a selection of bills issued during the year, I verified the prices billed, the actual consumption and the related collection.

Other Matters

The consolidated financial statements as of and for the year ended December 31, 2019 are presented exclusively for comparison purposes, they were audited by another public accountant, who in his report dated February 21, 2020 expressed an unqualified opinion on them.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards accepted in Colombia. This responsibility includes devising, implementing and maintaining such internal control as management deems necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable under the circumstances.



In preparing the consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during our audit.

I also provide those charged with corporate governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. I describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

25 de feb de 2021

Sandra Patricia Solano Ávila

Independent Auditor
Professional Card 93087-T
Member of KPMG S.A.S.

Codensa S.A. E.S.P. and its Subsidiaries
Statement of Financial Position – Consolidated
(Comparative figures as of 31 December 2019)

(Thousands of pesos)

	Note	As of 31 December 2020	As of 31 December 2019
Assets			
Current Assets:			
Net cash and cash equivalents	4	\$ 490.315.106	\$ 325.923.429
Net other current financial assets	5	3.620.989	720.495
Net other current non-financial assets	6	33.533.985	14.639.702
Net commercial accounts receivable and other receivables	7	913.032.969	689.749.754
Net current accounts receivable from related entities	8	26.355.793	16.953.427
Net inventories	9	249.518.386	190.914.457
Assets held for sale	10	-	37.203.350
Total current assets		1.716.377.228	1.276.104.614
Non-current assets:			
Net other financial assets	5	6.602	6.602
Net other non-financial assets	6	84.435.316	39.571.458
Net commercial accounts receivable and other receivables	7	101.090.676	53.367.281
Net intangible assets other than capital gains	11	355.015.545	306.206.569
Net Property, plant and equipment	12	6.169.542.679	5.575.126.194
Deferred tax assets	13	38.329.073	108
Total non-current assets		6.748.419.891	5.974.278.212
Total assets		8.464.797.119	7.250.382.826
Liabilities and equity			
Current liabilities:			
Financial liabilities	14	663.606.761	247.432.643
Commercial accounts payable and other payables	15	1.032.755.942	939.204.913
Accounts payable to related entities	8	185.011.975	316.168.994
Provisions	16	37.914.085	23.264.258
Taxes payable	17	137.653.666	148.114.415
Provisions for employee benefits	18	70.266.164	71.052.293
Liabilities held for sale	10	-	12.453.350
Other non-financial liabilities	19	91.414.121	64.641.665
Total current liabilities		2.218.622.714	1.822.332.531
Non-current liabilities:			
Financial liabilities	14	2.476.606.801	1.944.787.684
Provisions	16	56.589.585	36.611.275
Provisions for employee benefits	18	305.919.692	304.025.771
Other non-financial liabilities	19	9.649.479	-
Net deferred tax liabilities	13	-	352.442
Total non-current liabilities		\$ 2.848.765.557	\$ 2.285.777.172
Total liabilities		\$ 5.067.388.271	\$ 4.108.109.703

Codensa S.A. E.S.P.
Separate Statement of Financial Position
(Comparative figures as of 31 December 2019)

(Thousands of pesos)

	Note	As of 31 December 2020	As of 31 December 2019
Equity			
Issued capital	20	\$ 13.487.545	\$ 13.487.545
Issue premiums		190.553.196	190.553.196
Reserves	20	224.060.846	228.753.192
Other comprehensive income		(99.651.745)	(92.879.429)
<i>Net income</i>		842.530.417	822.757.186
<i>Retained earnings</i>		728.626.214	481.798.671
<i>Retained losses</i>		(37.862.372)	(37.861.985)
<i>Retained earnings due to transition to CFRS</i>		1.799.515.498	1.799.515.498
<i>Equity effect business combination</i>		(263.850.751)	(263.850.751)
Retained earnings		3.068.959.006	2.802.358.619
Total equity		3.397.408.848	3.142.273.123
Total liabilities and equity		\$ 8.464.797.119	\$ 7.250.382.826

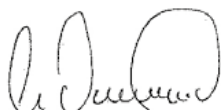
The accompanying notes are an integral part of the Consolidated Financial Statements.

The undersigned Legal Representative and Accountant certify that we have previously verified the affirmations contained in these consolidated financial statements and that they have been faithfully taken from the accounting books of the company.




Francesco Bertoli

Legal Representative



Luz Dary Sarmiento Quintero

Public Accountant
Professional Card 65450-T



Sandra Patricia Solano Avila

Independent Auditor
Professional Card 93087-T
Member of KPMG S.A.S.
(Refer to my report dated 25 February 2021)

Codensa S.A. E.S.P. and its Subsidiaries
Income Statement, by Nature - Consolidated
(With comparative figures for the year ended 31 December 2019)

(Thousands of pesos, except earnings per share)

	Note	For the year ended 31	
		December 2020	December 2019
Income from ordinary activities	21	\$ 5.658.745.537	\$ 5.417.681.513
Other operating income	21	55.035.992	48.266.387
Total income from ordinary activities and other operating income		5.713.781.529	5.465.947.900
Provisioning and services	22	(3.273.125.463)	(3.157.140.127)
Contribution margin		2.440.656.066	2.308.807.773
Other work by the entity and capitalized		97651.801	95.721.646
Personnel expenses	23	(285.270.918)	(234.661.198)
Other fixed expenses, by nature	24	(371.535.326)	(331.213.901)
Gross operating profit		1.881.501.623	1.838.654.320
Depreciations and amortisations	25	(426.750.902)	(399.243.179)
Impairment losses (Reversal)	25	(62.814.991)	(14.711.342)
Operating profit		1.391.935.730	1.424.699.799
Financial revenues		33.936.930	18.901.578
Financial expenses		(206.520.875)	(208.196.189)
Net exchange difference		(5.604.499)	10.911
Net financial earnings	26	(178.188.444)	(189.283.700)
Results of companies accounted for using the equity method	27	257	20.993
Earnings from sale and disposal of assets	28	(9.651.366)	(11.938.475)
Earnings before taxes		1.204.096.177	1.223.498.617
Income tax expense	29	(361.565.760)	(400.741.431)
Net income		\$ 842.530.417	\$ 822.757.186
Basic and diluted earnings per share			
Basic and diluted earnings per share in on-going operations	30	\$ 6.195,80	\$ 6.051,50
Weighted average number of outstanding common shares		134.875.450	134.875.450

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Codensa S.A. E.S.P. and its Subsidiaries
Statement of Comprehensive Income - Consolidated
(With comparative figures for the year ended 31 December 2019)

(Thousands of pesos)

	Note	For the year ended 31 December 2020	For the year ended 31 December 2019
Net income		\$ 842.530.417	\$ 822.757.186
Components of other comprehensive income not reclassified to earnings before taxes			
Loss on new measurements of defined benefit plans		(6.933.428)	(24.349.272)
Loss on new measurements of financial instruments measured at fair value through OCI		-	(12.567)
Other comprehensive income not reclassified to earnings before taxes		(6.933.428)	(24.361.839)
Components of other comprehensive income reclassified to earnings before taxes			
Gains (loss) on cash flow hedges		54.503	(54.503)
Other comprehensive income reclassified to earnings before taxes		54.503	(54.503)
Income tax relative to components of other comprehensive income not reclassified to net income			
Effect of taxes on new measurements of defined benefit plans		124.050	6.521.742
Total income tax relative to components of other comprehensive income not reclassified to net income		124.050	6.521.742
Income tax relative to components of other comprehensive income reclassified to net income			
Effect of taxes on cash flow hedges	21	(17.441)	17.441
Total income tax relative to components of other comprehensive income reclassified to net income		(17.441)	17.441
Total other comprehensive income	32	(6.772.316)	(17.877.159)
Total comprehensive income		\$ 835.758.101	\$ 804.880.027

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The undersigned Legal Representative and Accountant certify that we have previously verified the affirmations contained in these consolidated financial statements and that they have been faithfully taken from the accounting books of the company.


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Codensa S.A. E.S.P. and its Subsidiaries
Statement of Changes in Equity - Consolidated
(With comparative figures for the year ended 31 December 2019)

(Thousands of pesos)

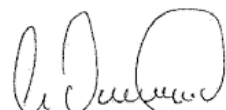
	Issued capital	Issue premium	Legal reserve	Reserves		Cash flow hedges	Other comprehensive income			Accumulated earnings and profits	Total equity
				Occasional reserve	Total reserves		Gains and losses on new measurements of financial instruments	Gains and losses due to defined benefit plans	Total other comprehensive income		
Initial equity as of 01-01-2019	\$ 13.487.545	\$ 190.553.196	\$ 26.454.481	\$ 206.694.375	\$ 233.148.856	-	\$ (16.174)	\$ (74.986.096)	\$ (75.002.270)	\$ 2.405.650.027	\$ 2.767.837.354
Changes in equity											
Comprehensive income											
Net income		-	-	-	-		-	-	-	822.757.186	822.757.186
Other comprehensive income (Note 32)		-	-	-	-	(37.062)	(12.567)	(17.827.530)	(17.877.159)	-	(17.877.159)
Comprehensive income		-	-	-	-	(37.062)	(12.567)	(17.827.530)	(17.877.159)	822.757.186	804.880.027
Dividends declared		-	-	-	-	-	-	-	-	(430.444.258)	(430.444.258)
Increases (decreases) due to other changes, equity (Note 21)		-	-	(4.395.664)	(4.395.664)	-	-	-	-	4.395.664	-
Total increase (decrease) in equity	-	-	-	(4.395.664)	(4.395.664)	(37.062)	(12.567)	(17.827.530)	(17.877.159)	396.708.592	374.435.769
Final equity as of 31-12-2019	\$ 13.487.545	\$ 190.553.196	\$ 26.454.481	\$ 202.298.711	\$ 228.753.192	(37.062)	(28.741)	(92.813.626)	(92.879.429)	\$ 2.802.358.619	\$ 3.142.273.123
Changes in equity											
Comprehensive income											
Net income		-	-	-	-		-	-	-	842.530.417	842.530.417
Other comprehensive income (Note 32)		-	-	-	-	37.062		(6.809.378)	(6.772.316)	-	(6.772.316)
Comprehensive income		-	-	-	-	37.062		(6.809.378)	(6.772.316)	842.530.417	835.758.101
Dividends declared		-	-	-	-	-	-	-	-	(580.622.376)	(580.622.376)
Increases (decreases) due to other changes, equity (Note 21)		-	-	(4.692.346)	(4.692.346)	-	-	-	-	4.692.346	-
Total increase (decrease) in equity	-	-	-	(4.692.346)	(4.692.346)	37.062	-	(6.809.378)	(6.772.316)	266.600.387	255.135.725
Final equity as of 31-12-2020	\$ 13.487.545	\$ 190.553.196	\$ 26.454.481	\$ 197.606.365	\$ 224.060.846	-	\$ (28.741)	\$ (99.623.004)	\$ (99.651.745)	\$ 3.068.959.006	\$ 3.397.408.848

The accompanying notes are an integral part of the Consolidated Financial Statements.

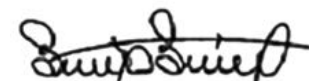
The undersigned Legal Representative and Accountant certify that we have previously verified the affirmations contained in these consolidated financial statements and that they have been faithfully taken from the accounting books of the company.



Francesco Bertoli
Legal Representative



Luz Dary Sarmiento Quintero
Public Accountant
Professional Card 65450-T



Sandra Patricia Solano Avila
Independent Auditor
Professional Card 93087-T
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(Refer to my report dated 25 February 2021)

Codensa S.A. E.S.P. and its Subsidiaries
Statement of Cash Flows, Direct Method - Consolidated
(With comparative figures for the year ended 31 December 2019)

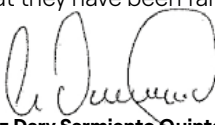
(Thousands of pesos)


	For the year ended December 31, 2020	For the year ended December 31, 2019
Cash flows from operating activities:		
Types of collections by operating activity		
<i>Collections from sales of goods and services</i>	\$ 5.370.895.397	\$ 5.237.267.364
<i>Collections from royalties, fees, commissions and other revenues from ordinary activities</i>	112.316.607	115.368.870
<i>Collections from premiums and benefits, annuities and other benefits from policies written</i>	3.725.354	-
<i>Other collections from operating activities</i>	1.770.867.680	2.107.470.068
Types of cash payments from operating activities		
<i>Payments to vendors for supply of goods and services</i>	(3.710.425.563)	(3.708.508.803)
<i>Payments of operating leases</i>	(560.597)	(1.230.268)
<i>Payments to and on behalf of employees</i>	(161.741.175)	(143.297.577)
<i>Payments of bonuses and compensations, annuities and other benefits of subscribed policies</i>	(5.101.188)	(4.679.912)
<i>Other payments for operating activities</i>	(1.439.353.940)	(2.025.401.214)
Reimbursed income tax (paid)	(402.388.197)	(316.849.256)
Other cash outflows	(81.505.268)	(74.017.378)
Net cash flows from operating activities	1.456.729.110	1.186.121.894
Cash flows used in investment activities:		
Other charges for the sale of certificates of deposit	-	137.000.000
Other payments to acquire term certificates of deposit	-	(137.000.000)
Purchase of property, plant and equipment	(1.394.882.302)	(978.024.897)
Payments from futures, forwards, option and swap contracts	-	(74.367)
Collections from futures, forwards, option and swap contracts	79.728	-
Interest received	10.048.496	8.413.168
Other cash outflows	(12.804)	(16.044)
Net cash flows used in investment activities	(1.384.766.882)	(969.702.140)
Cash flows from (used in) financing activities:		
Amount from issue of bonds	500.000.000	480.000.000
Amount from loans	612.318.110	267.043.372
Loans from related entities	80.000.000	92.658.471
Dividends paid	(543.695.547)	(432.861.488)
Interest paid	(149.348.180)	(163.913.063)
Interest paid on operating leases (IFRS 16)	(4.622.084)	(1.825.440)
Bank loan payments	(124.601.081)	(517.391.503)
Bond loan payments	(90.000.000)	(160.000.000)
Payments of finance lease liabilities	(3.812.854)	(3.701.451)
Payments of lease liabilities (IFRS 16)	(11.150.444)	(8.535.378)
Payments of loans to related entities	(172.658.471)	(81.000.000)
Net cash flows used in financing activities	92.429.449	(529.526.480)
Net increase (decrease) in cash and cash equivalents	164.391.677	(313.106.726)
Cash and cash equivalents initial balance	325.923.429	639.030.155
Cash and cash equivalents final balance	\$ 490.315.106	\$ 325.923.429

The accompanying notes are an integral part of the Consolidated Financial Statements.

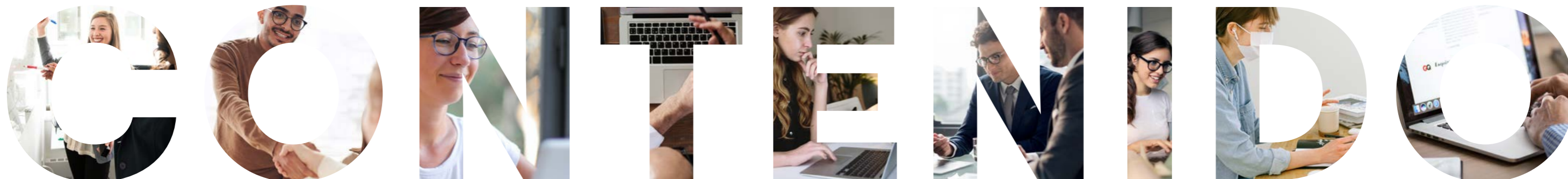
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1. Overview

1.1 Economic entity

Codensa S.A. E.S.P. is a public limited company in accordance with the provisions of Act 142/1994 and 143/1994. The Company has an indefinite duration.

The Company was organised through public deed No. 4610 of the 36th Notary of Bogota D.C. on 23 October 1997 and registered with the Chamber of Commerce on the same date with No. 00607668, with contributions from the distribution and marketing assets of the Group Energía Bogotá S.A. E.S.P. (formerly Empresa de Energía de Bogotá S.A. E.S.P.), holding 51.32% of shares, and cash contributions of other investors holding 48.48% of shares (See Note 21).

The Company is of Colombian origin, with seat and main headquarters located at Carrera 13A No. 93-66, in the city of Bogotá D.C.

The Company is a subsidiary of Enel Américas S.A., entity controlled by Enel S.P.A. (hereinafter Enel).

The situation of the Corporate Group registered with the trade register of the Bogot Chamber of Commerce was updated by registration No. 02316803 of book IX of 28 March 2018, without any change being made with respect to the parent company (Enel S.P.A.). The situation of the Corporate Group is exercised by the company Enel SpA (parent company) indirectly over the companies Emgesa S.A. E.S.P. and Codensa S.A. E.S.P. through the company Enel Américas S.A.; indirectly on Sociedad Portuaria Central Cartagena S.A. E.S.P. through Emgesa S.A. E.S.P.; indirectly on the company Inversora Codensa S.A. E.S.P. through Codensa S.A. E.S.P.; indirectly on the companies Enel Green Power Colombia S.A.S E.S.P. and El Paso Solar S.A.S. E.S.P. through Enel Green Power S.P.A. On 21 June 2018, through registration No. 1171351, the registry of the Corporate Group was updated in order to include the Enel Foundation and the company Enel X Colombia S.A.S. On June 27, 2019, through a private document, under number 02480893 of book IX, the Business Group was modified, in the sense of indicating the inclusion of the companies Parque Solar Fotovoltaico Sabanalarga S.A.S. and Parque Solar Fotovoltaico Valledupar S.A.S., which are indirectly controlled by the foreign company Enel Green Power SpA through Enel Green Power Colombia S.A. E.S.P. (subsidiaries).

On August 25, 2020, through registration No. 02609382, the update of the Business Group was registered in the sense of i) eliminating the El Paso Solar S.A.S. E.S.P., Parque Solar Fotovoltaico Sabanalarga S.A.S. and Parque Solar Fotovoltaico Valledupar S.A.S. by virtue of the merger with the Company Enel Green Power Colombia S.A.S. E.S.P., absorbing company; and II) the EGP Fotovoltaica La Loma S.A.S. with NIT 901.018.306-6 which is indirectly controlled by the foreign company Enel Green Power SpA through Enel Green Power Colombia S.A. E.S.P. (subordinate).

On October 20, 2020, the company Bogotá ZE S.A.S. by its Sole Shareholder Enel X Colombia S.A.S., is currently in the process of registering for Grupo Empresarial with the Bogotá Chamber of Commerce.

Corporate Purpose – The Company is engaged in the distribution and marketing of electric energy, as well as the execution of all activities related, connected, supplementary and associated to the distribution and marketing of electric energy, the execution of works, designs and consulting in electrical engineering and the marketing of products for the benefit of its customers and third parties. The Company may also carry out other activities related to the provision of utilities in general, manage and operate Public Utilities, enter into and execute special management agreements with other Public Utilities, and sell or lend goods or services relative to utilities to other economic agents within the country and abroad. It may also participate as a partner or shareholder in other companies including credit establishments; in other public utilities, directly or by associating with other persons, or forming a consortium with them. In developing its main corporate purpose, the company may promote and set up establishments or agencies in Colombia or abroad; acquire, lease, dispose of, encumber and give as collateral all kinds of movable or immovable property under any title; assume any form of association or business collaboration with natural or juridical persons to carry out activities related, connected and complementary to its corporate purpose; use trademarks, trade names, patents, inventions or any other intangible assets as long as they are related to the

main purpose; transfer, accept, endorse, collect and pay all kinds of securities, negotiable instruments, shares, write of execution and others; participate in public and private tenders; give or receive money in loan to or from their shareholders, parent companies, subsidiaries, and third parties; enter into insurance, transport, joint accounts, contracts with banking and/or financial institutions. It may further participate with financial institutions as a banking and insurance correspondent for the benefit of its customers and third parties.

Additionally, the Company's corporate purpose also includes, among others, offering financing services for goods and services to customers, including the "Crédito Fácil Codensa" credit line, and offering subscriptions and insurance policies, part of which were transferred to Banco Colpatría Red Multibanca Colpatría S.A. as of 27 November 2009.

The General Shareholders' Meeting, in extraordinary session No. 72 held on September 17, 2019, approved a new line of business for the Company consisting of the incorporation of a commercial financing entity to continue operating the product "Crédito Fácil Codensa" jointly with Scotiabank Colpatría. In the same meeting, the modification of the Company's corporate purpose was approved in order to satisfactorily advance its participation in the new Commercial Financing Company and in turn to develop complementary activities, one of them related to e-commerce to carry out business with customers through different digital platforms and strengthen the Company's position in terms of marketing and mass placement of insurance policies as an insurance correspondent.

The Company, in its capacity as issuer of securities, submitted the aforementioned reform of the corporate purpose to the approval of the Assembly of bondholders of each of the current issues, which was carried out on March 4, 2020 and in which was approved the mentioned statutory reform. (changes underlined in the Corporate Purpose).

On May 13, 2020, the statutory reform was raised to a public deed, consisting of the modification of the Company's corporate purpose, and on August 25, 2020, public deed No. 1005 of the May 13, 2020 of the Notary Eleven (11) of Bogotá by means of which the reform of article 5 (Corporate purpose) of the bylaws was formalized.

The Company's General Shareholders' Meeting, in its extraordinary session No. 74 held on July 29, 2020, approved the entry of a new business line related to the financing of Public Electric Mobility Projects.

The Company's General Shareholders' Meeting, in its extraordinary session No. 75 held on October 1, 2020, approved the Company's entry into new lines of business. In the same session, the modification of the Company's corporate purpose (1) was approved in order to describe the Business Lines currently developed by the Company and the Lines that were approved in the same session. In order to fully perfect said modification to the corporate purpose, the Company, in its capacity as issuer of securities, must also submit it to the approval of the Bondholders' Meeting, which is in the scheduling process.

(1) Corporate Purpose pending approval by the Bondholders Assembly: The Company's main corporate purpose is the traditional and/or digital distribution and sale of electric energy, as well as the execution of activities associated, tied, complementary and related to the distribution and sale of energy. The company may also manage and operate other Public Utilities, execute and perform special management contracts with other Public Utilities and sell or provide goods or services to other economic agents inside and outside of the country related to public services.

In addition to the above, the company may develop the following business lines such as, Comprehensive management of the public lighting service; Energy efficiencies, which includes, special lighting, development of smart and sustainable cities and buildings, home automation, technology substitution; Massive electric mobility, public or private; Provision of advisory services, auditing, consulting, studies, information analysis, data processing of any kind; Marketing of all kinds of own and / or third-party products, such as but not limited to insurance, subscriptions, maintenance services for facilities and equipment; Comprehensive assistance services such as medical, funeral, home and pets.

In the development of all these lines of business, the company may finance, provide, manage, operate, implement and supervise projects, execute works, deliver goods and services in any way, commercialize, maintain and, in general, develop any activity that is involved in the production chain of said goods or services, the above for the benefit of its customers and third parties, inside or outside the country.

In development of the aforementioned object, the company may promote and found establishments or agencies in Colombia or abroad; acquire by any title all kinds of movable or immovable property, lease it, transfer it, encumber it and give it as collateral; exploit trademarks, trade names, patents, inventions or any other intangible asset; draw, accept, endorse, collect and pay all kinds of securities, negotiable instruments, shares, executive titles and others; participate in public and private tenders; give to, or receive from, its shareholders, parents, subsidiaries, and third parties mutual money; enter into insurance, transportation, participation accounts, contracts of any kind with banking and / or financial entities, and in general enter into all acts and civil or commercial contracts necessary for the fulfillment of its corporate purpose.

Codensa may additionally participate with financial entities as a banking and insurance correspondent; carry out support activities for Postal Service Operators duly authorized and registered by the Ministry of Information and Communication Technologies, for the benefit of their customers and third parties.

The development of any of the activities provided for in this corporate purpose, the Company may carry it out directly or as a partner or shareholder in other mercantile companies, especially, but not limited to, financial entities that provide traditional and / or digital banking services, other public service companies, or through any type of business collaboration contract, inside or outside the country. Additionally, it may participate as a partner or shareholder in other commercial companies with any corporate purpose, with prior authorization from the Board of Directors regardless of the amount of the investment.

Inversora Codensa S.A.S., is a commercial corporation, incorporated on October 17, 2007, initially called Inversora Codensa Ltda. U., formalized by means of a private document registered at Notary 40 of Bogotá. The company has an indefinite legal term.

Corporate purpose – Inversora Codensa S.A.S. Its objective is to invest in activities of home public energy services, especially the acquisition of shares in any public service company whose main purpose is the home public service of electric energy in accordance with the definition established in Act 142 of 1994.

On July 1, 2009, by private document registered on August 15, 2009 under No. 01319972 of Book IX, the Sociedad Inversora Codensa Ltda. U. that was dissolved and not liquidated, is reconstituted to continue its corporate purpose in the Sociedad Inversora Codensa S.A.S.

Its commercial strategies include participating in the share transfer process approved by the National Government of electricity companies.

Enel X Colombia S.A.S, is a simplified joint-stock company, incorporated April 17, 2018, with private document number 02332222 of Book IX.

Corporate purpose – Enel X Colombia S.A.S. Its main purpose, among others, is to execute public lighting projects for the development of modernizations, administrations, operation and maintenance, expansions, remote management, inventory survey, photometric designs, auditing, among others; under the different modalities of contracting with the state as concessions individually or jointly, forming strategic alliances.

The authorized capital is 20,000 million Colombian pesos divided into 20,000,000 ordinary shares with a nominal value of \$ 1,000 each, where Codensa S.A E.S.P. It has a 100% stake in the subscribed capital that amounts to \$ 5,000 million.

Bogotá ZE S.A.S, is a commercial limited company, incorporated on October 20, 2020, with private document number 02627823 of book IX.

Corporate purpose – Bogota ZE S.A.S. Its main purpose is any act related to electric and sustainable mobility in Colombia and abroad, in the same way, it may participate in public or private selection processes and incorporate or participate in companies.

The authorized capital is 1,000 million Colombian pesos divided into 1,000,000,000 ordinary shares with a nominal value of \$1 each, where Enel X Colombia S.A.S. It has a 100% stake in the subscribed capital amounting to \$1 million.

1.2 Corporate Cooperation Agreements

Codensa S.A. E.S.P. and Scotiabank Colpatria S.A. have entered into an Open Book business collaboration agreement with the aim of providing financial products and services to users of the public energy service in the residential and commercial categories, which is in force from 1 November 2019, and the end date of the agreement shall be when all the procedures for the constitution of a financing company “NewCo” are completed and the portfolio is transferred to the new company, as established in the Investment Framework Agreement signed on 31 October 2019, between said parties.

As of 31 December 2020, the financing business company has not been incorporated.

1.3 Mapfre Seguros Agreement

In July 2010, an agreement was entered into with Mapfre Colombia Vida Seguros S.A. to provide the Company’s energy customers access to the market channel in order to allow Mapfre the sale of insurance policies for an eight-year term. On 1 December 2016, Mapfre Colombia Vida Seguros S.A., Mapfre Seguros Generales de Colombia S.A. and Mapfre Servicios Exequiales S.A.S. accepted the new commercial offer made by the Company whose purpose is to provide the service of promotion, billing and collection of the value of the premiums and instalments of the contracts authorised by the Company and that Mapfre sells to Codensa’s customers, among others. The term of this contract is 8 years.

On 1 February 2017, Mapfre and the Company signed an addendum on the commercial offer accepted in December 2016, through which the marketing fund constituted with the contribution of Mapfre was eliminated and whose objective was the development of promotional activities that would allow to develop the insurance product commercially. From this moment on, the Company took on promotional activities and advertising displays and, by virtue of this new activity, the percentage of remuneration increased by 6.81% on the collection received.

1.4 Legal and Regulatory Framework

For the implementation of the new framework stipulated by the Constitution, the Household Public Utilities Act (Act 142/1994) and the Electric Act (Act 143/1994) were issued, which defined the criteria and policies that are to govern the provision of household utilities in the country, as well as the procedures and mechanisms for their regulation, control and monitoring.

The Electric Act makes the constitutional approach viable, regulates power generation, transmission, distribution and marketing activities, creates the market and competition environment, and strengthens the sector and the State’s intervention. Taking into account the characteristics of each activity or business, as general guidelines for the development of such regulatory framework, it established the creation and implementation of rules that provide for free competition of power generation and marketing activities; while the guidelines for transmission and distribution focused on treating these activities as monopolies, seeking in any event competition conditions wherever possible.

The main institution in the electric energy sector is the Ministry of Mines and Energy, which, through the Mining and Energy Planning Unit (UPME), prepares the National Energy Plan and the Generation-Transmission Expansion Plan. The Commission for the Regulation of Energy and Gas (CREG) and the Superintendence of Household Public Utilities (SSPD) are responsible respectively for regulating and auditing the companies in the sector; furthermore, the Superintendence of Industry and Trade is the national authority that governs competition protection issues.

The electric sector is based on the fact that trading companies and large consumers can negotiate electric energy by means of bilateral agreements. In addition, the sector agents can negotiate energy through a short-term market known as the spot market, which operates freely depending on conditions of supply and demand.

In January 2017, the Regulation Commission-CREG approved the unification of the Company’s and EEC’s markets, for which a single regulated rate applies as of that date for users of the entire market currently served by Codensa.

The integrated market rates of the Company and EEC were calculated and published on 20 January 2017. Under current regulations, the implementation of this new rate on the invoice starts on 7 February 2017.

The Commission for the Regulation of Energy and Gas (CREG) defines the remuneration methodology of distribution networks. Distribution charges are reviewed every five years and updated monthly according to the Producer Price Index (IPP). These charges include the new replacement value of all assets in operation; the administration, operation and maintenance (AOM) expense, as well as the non-electrical assets used in the distribution business.

The current distribution charges for the Company were published by the CREG in October 2009.

The current review of regulated distribution charges began in 2013 with the publication of the bases of the remuneration methodology proposed by the CREG in Resolution 43 of 2013. These bases were complemented with the development of the Purposes and Guidelines for the Remuneration of Distribution Activity for the period 2015-2019 contained in CREG Resolution 079 of 2014.

The Regulation Commission issued CREG Resolution 095 of 2015, which defines the methodology for calculating the regulated remuneration rate (WACC) for electricity distribution and transmission activities, as well as for the distribution and transportation of natural gas.

In February 2018, the Regulation Commission published CREG Resolution 015 of 2018, which gave a final decision on the Distribution Remuneration Methodology for the new rate period, and determines the remuneration of the existing asset base, as well as the presentation of investment plans, the remuneration of operation and maintenance expenses, and defines the paths of improvement of losses and quality of service.

In February 2019, the CREG published CREG Resolution 015 of 2019, which modifies the rate of return for the electricity distribution activity, approved in CREG Resolution 016 of 2018, which adheres to the aforementioned methodology.

Subsequently, as a result of the comments sent by the agents to CREG resolution 015 of 2018, CREG resolutions 085 of 2018, 151 of 2018 and 036 of 2019 were issued, which clarify and correct some provisions of the first resolution, including the retroactive adjustment factor, the revision of the investment plan and the application of the quality scheme.

Resolution 036 of 15 April 2019, mentions that an adjustment factor will be applied that compensates (or reduces) the difference in income between the current distribution rate and the new approved rate, calculated from April of the first year until the date of approval of new charges.

In May 2019, the Ministry of Mines and Energy published Resolution 40459 of 2019, this new Ministry resolution reviews the public policy guidelines on Advanced Metering Infrastructures (AMI).

In July 2019, the National government issued Act 1964 of 2019, which aims to generate schemes to promote the use of electric vehicles and zero emissions, in order to contribute to sustainable mobility and the reduction of polluting emissions and greenhouse gas.

In July 2019, the Commission issued CREG Resolution 079 of 2019, which seeks not to change the contracting level between vertically integrated companies and/or in a situation of control, until the CREG approves the final path of maximum own contracting.

In August 2019, the CREG issued CREG Resolution 098 of 2019, which establishes the mechanisms to incorporate storage systems in order to mitigate inconveniences caused by the lack or insufficiency of energy transport networks in the National Interconnected System

In September 2019, the Superintendence of Household Public Utilities issued Resolution 20191000035615, which regulates the collection of the \$ 4/kWh surcharge on energy service from residential users of socioeconomic strata 4, 5 and 6 and commercial, industrial and non-regulated users. The resources will be contributed to the Business Fund of the Superintendence to support business intervention processes.

In October 2019, the Commission published CREG Resolution 129 of 2019, which establishes the transfer formula in the regulated user energy purchasing component for prices of the contracting mechanism of contracts resulting from the auction under Resolution 40590 of 2019 of the Ministry of Mines and Energy.

In October 2019, the Commission published CREG Resolution 130 of 2019, which defines the principles, behaviours and procedures that retail marketers must follow when entering into energy contracts for the regulated market.

In October 2019, the CREG issued Resolution CREG 142 of 2019, which establishes the transfer formula in the regulated user energy purchasing component for prices of the complementary mechanism contracts.

In December 2019, the Commission published the draft of CREG Resolution 155 of 2019, which contains the conceptual bases for the compensation of the marketing activity.

In December 2019, the Commission published CREG Resolution 198 of 2019, whereby the application of subsidies to users of socioeconomic strata 1 and 2 is extended.

In December 2019, the CREG published CREG Resolution 199 of 2019, whereby some provisions of CREG Resolution 015 of 2018 on the new compensation methodology for the distribution activity are amended.

On 20 December 2019, the CREG approved CREG Resolution 189 of 2019, being notified to the Company on 8 January 2020, and which approves the variables necessary to calculate the income and charges associated with the electric power distribution activity for the market served by the Company. On 15 January 2020, the Company filed with the CREG an appeal for reversal against the resolution.

On March 17, 2020, the National Government issued Decree 417 of 2020 where it declares the state of economic, social and ecological emergency throughout the national territory for a term of thirty (30) days, in order to ward off the serious calamity public that affects the country because of the new coronavirus COVID-19.

On March 22, 2020, through Decree 457 of 2020, the mandatory preventive isolation of the inhabitants of the Republic of Colombia was ordered from zero hours (00:00 hours) on March 25, 2020 until zero hours (00:00 hours) on April 13, 2020.

CREG issued CREG Resolutions 050/2020 and 052/2020 by which it suspends the procedural terms of the administrative actions of the Energy and Gas Regulation Commission - CREG. Resolution 052/20 modified the time established in Resolution 050/20, leaving said suspension definitively as of March 24, 2020 and until April 12, 2020 inclusive.

In particular, it is noted that this resolution suspends until April 12 the action of CREG in responding to the appeal for reconsideration filed by the Company to CREG Resolution 189/19 regarding charges and income from the distribution activity.

Regulations issued in the second quarter due to COVID-19:

- > New Regulations for the Declaration of the state of economic emergency and adoption of new measures: Decree 417, Decree 637, Decree 798, Resolutions 131 and 132
- > Mandatory preventive isolation, Decree 457, 531, 593, 636 and 749
- > Resolution MME 517. Deferred payments Stratum 1 and 2; Business credit line; voluntary contributions and transfers, subsidies without reconciliation.
- > CREG Resolution 058, 108, and 104: They adopt transitory measures for the payment of the Wholesale Market invoices.
- > CREG Resolution 056 and 061, Cir. CREG 036 and CREG Resolution 107: Financing options in the wholesale market
- > CREG Resolution 043: Transitory rules on the limitation of supply and withdrawal from the market.
- > Decree 581, New Line of Credit – Findeter
- > Decree D.C 123 and Resolution 157: Mayor assumes a benefit of 10% of energy consumption to strata 1, 2, 3 and 4.
- > Resolution. MME 40130, Mechanism of voluntary contribution of users strata 4, 5 and 6, and commercial and industrial users.

On June 24, 2020, the Commission issued CREG Resolution 122 of 2020, which definitively approves the distribution charges for Enel Codensa. In its approval, the Commission resolves the appeal for reconsideration filed by the Company to CREG Resolution 189 of 2019.

In sum, the Commission, in its final approval, corrects the asset base, incorporates additional events in the calculation of quality indicators, and retroactive application of service quality incentives.

The application in the rate will begin from the month of July 2020. For the new approved charge, the adjustment factor applies from April 2019.

Regulations issued in the third quarter due to COVID-19:

- > Decree 1168 of 2020 of the National Government that terminates the Mandatory Isolation by Selective Isolation, promoting the reactivation of economic and social life. As of September 1, 2020.
- > Decree 1076 of 2020 of the National Government. Mandatory isolation, conditions, mobility and opening of economic sectors in municipalities. Valid until August 31, 2020.
- > Resolution 152 grace period for the collection of the first payment of each invoice is made 4 months later. Rate option until November, growth less than 0.6% until January 2021.
- > Given that the emergency extension has been established until November 30, the rate applicable to subsistence consumption for strata 1 and 2 must continue to consider the lowest variation between the CPI and Cu.

On August 20, 2020, the Superintendency of Public Services issued Resolution 20201000033335 – Special Contribution and Additional Contribution Business Fund Rate, the value was paid in September and will be transferred to the rate in October, the value to be recognized is the corresponding to the commercialization activity and is transferred in twelfths until the end of the year.

Regulations issued in the fourth quarter due to COVID-19:

- > Resolution SSPD 20201000057265 Report on cash flow information and technical report on a weekly basis and added a financial information report on a monthly basis.
- > Findeter issued External Circular No. 14 of 2020, by means of which it announces the conditions of the rediscount credits with compensated rate provided for in Decree 798 of 2020 destined to finance the deferred ones that the public service companies -ESPs offered to users strata 3 and 4, and users of strata 1 and 2, the latter for the values in their energy billing that exceeded subsistence consumption.

The Constitutional Court declared article 313 of Law 1955 of 2019 unenforceable, through ruling C-504, which indicates that the agents collecting the surcharge must refrain from billing, collecting and collecting the surcharge in those immediately following billing periods as of December 3, 2020. The portfolio cannot be canceled and the collection procedures must be carried out in order to be transferred to the business fund.

The Constitutional Court declared article 18 of Law 1955 of 2019 unenforceable, by means of sentence C-484, which implies that, as of the year 2021, the contribution will be settled again for both the CREG and the Superintendencia of Household Utilities as they were done before. In other words, this implies a decrease in both contributions.

2. Bases for Presentation

The Company presents its general-purpose consolidated financial statements in Colombian pesos and the values have been rounded up to the nearest thousand (COP \$000), except as otherwise indicated.

The consolidated financial statements include comparative information corresponding to the previous period.

The accounting principles used in its preparation are those described below:

2.1 Accounting Principles

The General Purpose Consolidated Financial Statements of the Company as of December 31, 2020, have been prepared in accordance with the Accounting and Financial Information Standards accepted in Colombia (NCIF), established in Law 1314 of 2009, regulated by Decree Sole Regulation 2420 of 2015, modified by Decrees 2496 of 2015, 2131 of 2016, 2170 of 2017, 2483 of 2018, 2270 of 2019 and 1432 of 2020. The NCIF applicable in 2020 are based on the International Financial Reporting Standards (IFRS), along with their interpretations, issued by the International Accounting Standards Board (IASB); The basic standards correspond to those officially translated into Spanish and issued by the IASB in the second half of 2018 and the incorporation of the amendment to IFRS 16 Leases: Covid-19-Related Rent Concessions issued in 2020.

Codensa S.A. E.S.P and its Subsidiaries, applies to these consolidated financial statements the following exception contemplated in Title 4 Special Regimes of Chapter 1 of Decree 2420 of 2015:

The determination of post-employment benefits for future retirement or disability pensions will be carried out in accordance with the requirements of IAS 19, however, it requires the disclosure of the calculation of pension liabilities in accordance with the parameters established in Decree 1625 of 2016, articles 1.2.1.18.46 et seq., and, in the case of partial pension commutations, in accordance with the provisions of item 5 of article 2.2.8.8.31 of Decree 1833 of 2016, reporting the variables used and the differences with the calculation made in the terms of the technical framework under CFRS.

Codensa S.A. E.S.P. and its Subsidiaries belong to Group 1 according to the definitions of Decrees 2784 of 28 December 2012 and 3024 of 27 December 2013, according to which the Company issued the first comparative financial statements under CFRS as of 31 December 2015.

The general-purpose consolidated financial statements have been prepared following the going concern principle through the application of the cost method, with the exception, according to the CFRS, of the assets and liabilities registered at fair value.

The preparation of the consolidated financial statements in accordance with the CFRS requires the use of certain critical accounting estimates. It also requires Management to apply its judgment in the process of applying the accounting policies.

2.2 Accrual Basis of Accounting

The Group prepares its consolidated financial statements using the accrual basis of accounting, except for cash flow information.

2.3 New Accounting and Financial Reporting Standards Accepted in Colombia with effective application after 1 January 2021

Decree 1432 of 2020 updated the technical frameworks of the Accounting and Financial Reporting Standards accepted in Colombia, incorporating the amendment to IFRS 16, Leases: Rent Reductions Related to Covid-19 that can be applied immediately in the year 2020. No other norms, interpretations or amendments were added to the norms that had already been compiled by Decree 2270 of 2019 considering the regulations incorporated by Decrees 2420 and 2496 of 2015, 2131 of 2016, 2170 of 2017 and 2483 of 2018.

2.4 Financial Reporting Standards Not Incorporated into the Accounting Framework Accepted in Colombia, Issued but Not yet Effective

The amendments issued by the IASB during the years 2019 and 2020 are listed below. Some became effective internationally as of January 1, 2020 and others will enter into force as of January 1, 2021, 2022 and 2023. These standards have not yet been adopted in Colombia.

Amendment to IAS 1 Presentation of Financial Statements – Classification of liabilities as current or non-current

The amendments issued in January 2020 clarify the criteria for classifying liabilities as current or non-current, based on the rights that exist at the end of the reporting period. The classification is not affected by the expectations of the entity or the events after the date of the report. The changes also clarify what the “settlement” of a liability refers to in terms of the standard. The Company does not expect significant impacts from this modification; in any case, it is evaluating the impact that they could have on the financial statements.

The amendment applies as of January 1, 2023 and its early application is allowed. The effect of the application on the comparative information may be made retroactively.

Amendment to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use

The amendment published in May 2020 prohibits the deduction of the cost of an item of property, plant and equipment from any amount arising from the sale of items produced while taking that asset to the place and conditions necessary for it to operate in the manner provided by Management. Instead, an entity would recognize the amounts of those sales in profit or loss. The Company does not expect significant impacts from this modification; in any case, it is evaluating the impact that they could have on the financial statements.

The amendment applies as of January 1, 2022 and its early application is allowed.

Amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework

The amendment published in May 2020 addressed 3 modifications to the standard in order to: update the references to the Conceptual Framework; add an exception for the recognition of contingent liabilities and liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and IFRIC 21 Liens; and confirm that contingent assets should not be recognized on the acquisition date. The Company does not expect significant impacts from this modification; in any case, it is evaluating the impact that they could have on the financial statements.

The amendment applies as of January 1, 2022 and its early application is allowed. Any effect on its application may be made prospectively.

Amendment to IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Cost of fulfilling a contract

The purpose of this amendment, which was also published in May 2020, is to specify the costs that an entity includes when determining the “performance cost” of a contract for the purpose of evaluating whether a contract is onerous; clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling a contract and an allocation of other costs that are directly related to the fulfillment of the contract. Before recognizing a separate provision for an onerous contract, for an onerous contract, the entity must recognize impairment losses on the assets used to fulfill the contract. The Company does not expect significant impacts from this modification; in any case, it is evaluating the impact that they could have on the financial statements.

The amendment applies as of January 1, 2022 and its early application is allowed.

Interest Rate Benchmark Reform

After the financial crisis, the reform and replacement of interest rate benchmarks such as GBP LIBOR and other interbank rates (IBORs) has become a priority for global regulators. There is currently uncertainty about the precise timing and nature of these changes. To transition from existing contracts and agreements that reference LIBOR, adjustments for term differences and credit differences may be necessary to allow the two benchmark rates to be economically equivalent in transition.

The amendments made to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures provide certain alternatives in relation to the benchmark interest rate reform. The alternatives relate to hedge accounting and have the effect that the reforms generally should not bring hedge accounting to an end. However, any hedging ineffectiveness must continue to be recorded in the income statement. Given the pervasive nature of hedges involving interbank rate-based contracts (IBORs), the alternatives will affect companies across all industries.

Accounting policies related to hedge accounting should be updated to reflect the alternatives. Fair value disclosures may also be affected due to transfers between levels of the fair value hierarchy as markets become more or less liquid.

The Group does not expect significant impacts from this modification; in any case, it is evaluating the impact that they could have on the financial statements.

The amendment applies as of January 1, 2021 and its early application is allowed.

Annual improvements to IFRS Standards 2018–2020 cycle

The following improvements were completed in May 2020:

• IFRS 9 Financial Instruments: clarifies which commissions should be included in the 10% test for derecognition of financial liabilities. • IFRS 16 Leases: modifies illustrative example 13 of the standard to eliminate the illustration of lessor payments related to improvements to leased assets, to eliminate any confusion about the treatment of lease incentives. • IFRS 1 First-time Adoption of International Financial Reporting Standards: allows entities that have measured their assets and liabilities at the book value recorded in their parent's accounting, also measure accumulated translation differences using the amounts reported by the matrix. This amendment will also apply to associates and joint ventures with some conditions. • IAS 41 Agriculture: eliminates the requirement that entities exclude tax cash flows when measuring fair value under IAS 41.

The Group expects no significant impacts from this modification; in any case, it is evaluating the impact that they could have on the financial statements.

The amendment applies as of January 1, 2022 and its early application is allowed.

Conceptual framework

The IASB has issued a revised Conceptual Framework to be used in standard setting decisions with immediate effect. Key changes include increasing the importance of management in the objective of financial reporting; • Restore prudence as a component of neutrality; • Define a reporting entity, which can be a legal entity or a part of an entity; • Review the definitions of an asset and a liability; • Eliminate the probability threshold for recognition and add guidelines on derecognition; • Add guidelines on different measurement bases, and • Indicate that profit or loss is the main performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled when this improves the relevance or faithful representation of the financial statements.

2.5 Relevant Estimates and Accounting Criteria

In the preparation of the Financial Statements, specific estimates have been used by the Company's Management, the business units, and the supporting areas to quantify some assets, liabilities, revenues, expenses and commitments registered therein.

The estimates basically refer to:

- > Hypotheses used in actuarial calculation of liabilities and obligations with the employees, such as discount rates, mortality rates, salary increases, etc. (See Note 3.1.13)
- > The useful life of intangible assets and property, plant and equipment. (See Notes 3.1.7 and 3.1.8)
- > The hypotheses used for the calculation of the fair value of the financial instruments. (See Notes 3.1.1.2 and 3.1.1.3).
- > The expected credit loss from commercial accounts receivable and other financial assets (See Note 3.1.9 (b))
- > Revenues for energy delivered and not invoiced at the end of the year derived from the provision of the energy service as the consumption reading is pending in each of the billing cycles, which are estimated by applying elements of judgment for their determination.
- > Variations in income from rate changes, according to regulatory updates.

- > Specific magnitudes of the electric system, including those corresponding to other companies, such as production, customer billing, power consumed, etc., which allow to estimate the global liquidation of the electric system that will be materialised in the respective final liquidations, pending billing on the issue date of the Financial Statements and that could affect the balances of assets, liabilities, revenues and costs registered therein.
- > Probability of occurrence and amount of uncertain or contingent liabilities. (See Note 3.1.11)
- > Future disbursements for restorations and dismantling, as well as the discount rates to be used. (See Note 3.1.8).
- > Tax results, which will be declared to the respective tax authorities in the future, which have served as basis for recording the various balances related to income taxes in the current Financial Statements. (See Notes 3.1.12).

These judgments and estimates have been made relying on the best information available on the issue date of these Financial Statements. It is possible that future events will force their change, either upwards or downwards, in future periods, which would be done prospectively, recognising the effects of changes in the judgment or estimates in the respective future Financial Statements.

2.6 Subsidiaries

Subsidiaries are considered to be those companies controlled by Codensa S.A. E.S.P. directly or indirectly. Control is exercised if, and only if, the following elements are present: i) power over the subsidiary, ii) exposure, or right, to variable returns of these companies, and iii) ability to use power to influence the amount of these returns.

Codensa S.A. E.S.P. has power over its subsidiaries when it owns the majority of the substantive voting rights, or without this situation occurring, it has rights that give it the current ability to direct its relevant activities, that is, activities that significantly affect the returns of the company, subsidiary.

Codensa S.A. E.S.P. will reassess whether or not it has control in a subsidiary company if the facts and circumstances indicate that there have been changes in one or more of the elements of control mentioned above.

2.7 Associates and Joint arrangements

An associate is an entity over which Codensa S.A. E.S.P. has significant influence on financial and operating policy decisions, without having control or joint control.

Joint arrangements are those entities in which Codensa S.A. E.S.P. exercises control through the arrangement and jointly with third parties, i.e., when decisions on their relevant activities require the unanimous consent of the parties that share control. Joint arrangements are classified into:

Joint venture is an entity that the Company controls jointly with other participants, where they maintain a contractual agreement that establishes joint control over the relevant activities of the entity. The parties have rights to the net assets of the entity. As of the date of acquisition, the excess of the acquisition cost over the net fair value of identifiable assets, liabilities and contingent liabilities assumed by the associate or joint venture is recognised as goodwill. Goodwill is included in the book value of the investment, is not amortised and is individually tested for impairment.

Joint operation: Arrangement whereby the parties exercising joint control are entitled to the assets and liabilities with respect to the liabilities related to the arrangement.

A joint operator will recognise in relation to its interest in a joint operation: (a) its assets, including its interest in jointly held assets; (b) its liabilities, including its share of the liabilities incurred jointly; (c) its ordinary revenues from the sale of its interest in the proceeds of the joint operation; (d) its share of revenues from ordinary activities arising from the sale of the product of the joint operation; and (e) its expenses, including its share of expenses incurred jointly.

As of the issue date of the financial statements, the Group has no investments in associates and has not registered any goodwill generated on investments in associates and joint ventures or joint arrangements.

2.8 Investments accounted for using the equity method

The interests that the Group holds in joint ventures and associates are recorded following the equity method.

According to the equity method, the investment in an associate or joint venture is initially recorded at cost. From the date of acquisition, the investment in the statement of financial position is recorded by the proportion of its total equity that represents the Group's share in its capital, once adjusted, as the case may be, the effect of the transactions carried out with the Group, plus the capital gains that have been generated in the acquisition of the company. If the resulting amount is negative, the participation is left at zero in the statement of financial position, unless there is a present obligation (whether legal or implicit) on the part of the Group to replenish the equity situation of the company, in which case, the corresponding provision is recorded.

The capital gains relating to the associate or joint venture are included in the book value of the investment and are not amortised and no individual impairment test is performed.

The dividends received from these companies are recorded reducing the value of the investment and the results obtained by them, which correspond to the Group according to its interest, are recorded in the item "Interest in gain (loss) of associates accounted for by the equity method".

As of the issue date of the financial statements, the Group has no investments in joint ventures or associates.

2.9 Principles of consolidation and business combinations

Subsidiaries are consolidated by integrating all their assets, liabilities, revenues, expenses and cash flows into the consolidated financial statements once the corresponding adjustments and eliminations of intra-Group transactions have been made.

The comprehensive income of subsidiaries are included in the consolidated statement of comprehensive income from the date when the Parent Company obtains control of the subsidiary until the date on which it loses control over it.

The consolidation of the operations of Codensa S.A. E.S.P. Parent Company and of the subsidiaries has been carried out following these basic principles:

- (1) At the date of taking control, the assets acquired and liabilities assumed from the subsidiary are recorded at fair value, except for certain assets and liabilities that are recorded following the valuation principles established in other CFRS. If the fair value of the consideration transferred plus the fair value of any non-controlling interest exceeds the fair value of the net assets acquired from the subsidiary, this difference is recorded as capital gains. In the case of a low-priced purchase, the resulting gain is recorded with a credit to profit or loss, after reassessing whether all the acquired assets and assumed liabilities have been correctly identified and reviewing the procedures used to measure the fair value of these amounts.

For each business combination, the company chooses if it values the non-controlling interests of the acquiree at fair value or by the proportional part of the net identifiable assets of the acquiree.

If it is not possible to determine the fair value of all assets acquired and liabilities assumed at the acquisition date, the company will report the provisional values recorded. During the measurement period, which will not exceed one year from the date of acquisition, the recognized provisional values will be retrospectively adjusted and additional assets or liabilities will be recognized to reflect new information obtained on events and circumstances that existed on the date of acquisition, but that were not known by management at that time.

In the case of business combinations carried out in stages, at the acquisition date, the share previously held in the equity of the acquired company is measured at fair value and the resulting gain or loss, if any, is recognized in the year's profit or loss.

- (2) (The value of the shareholding of the non-controlling shareholders in the equity and in the comprehensive results of the subsidiaries is shown, respectively, in the headings “Total equity: Non-controlling interests in the consolidated statement of financial position and “Gain (loss) attributable to non-controlling interests” and “Comprehensive income attributable to non-controlling interests” in the consolidated comprehensive income statement.
- (3) Consolidated companies have the Colombian peso as their functional currency, therefore there is no conversion of foreign currency.
- (4) Balances and transactions between the consolidated companies have been eliminated in their entirety in the consolidation process.
- (5) Changes in interest in the subsidiaries that do not result in a loss of control are recorded as equity transactions, the carrying amount of the control and non-controlling interest being adjusted to reflect the changes in its relative shares in the subsidiary. The difference that may exist, between the value by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, is directly recognized in the Equity attributable to the owners of the parent company.
- (6) Business combinations under common control are recorded using the “pooling of interests” method as reference. Under this method, the assets and liabilities involved in the transaction are reflected at the same book value in which they were registered in the parent company, the foregoing without prejudice to the possible need to make accounting adjustments to homogenize the accounting policies of the companies involved.

Any difference between the assets and liabilities contributed to the consolidation and the consideration given is recorded directly in equity as to debit or credit to other reserves. The company does not apply a retrospective registration of business combinations under common control.

- (7) When control over a subsidiary is lost, the assets and liabilities of the subsidiary, any related non-controlling interest and other components of equity are derecognized. Any resulting gain or loss is recognized in profit or loss. If any interest in the former subsidiary is retained and it is accounted for using the equity method, the gain or loss arising from the new measurement at fair value is recognized in profit or loss only to the extent of the interest in the new associate. ; If the interest that is retained is accounted for in accordance with IFRS 9, the part of the gain or loss is fully recognized in profit or loss.

3. Accounting Policies

3.1 Accounting Policies Applicable to General-Purpose Financial Statements

The main accounting policies applied when preparing the accompanying general-purpose separate financial statements are the following:

3.1.1. Financial Instruments

3.1.1.1. Cash and Cash Equivalents

This item in the Financial Statement includes cash, bank balances, term deposits and other short-term investments less than or equal to 90 days after the date of investment, with high liquidity rapidly realised in cash and which have a low risk of change in value.

3.1.1.2. Financial Assets

The Company classifies its financial assets in the following measurement categories: measured at fair value and measured at amortised cost. The classification depends on whether the financial asset is a debt or equity instrument.

3.1.1.2.1. Debt Instrument

With the application of IFRS 9 as of January 1, 2018, financial assets are classified at amortized cost and fair value.

(a) Financial Assets at Amortised Cost

A financial asset is classified as measured at “amortised cost” only if it meets the following criteria: the purpose of the business model of the Company is to keep the asset to obtain contractual cash flows, and the contractual terms give rise, on specified dates, to receiving cash flows that are only principal and interest payments on the unpaid balance.

The nature of the derivatives implicit in a debt investment is taken into account to determine whether the cash flows of the investment are only principal and interest payments on the unpaid balance and, in such event, these are not accounted for separately.

(b) Financial assets at fair value through other comprehensive income

The financial assets held for the collection of contractual cash flows and for selling assets, where the cash flows of the assets represent only payments of principal and interest, and which are not designated at fair value through profit or loss, are measured at fair value through other comprehensive income. The movements in the book value are taken through other comprehensive income, except for the recognition of gains or losses due to impairment, interest revenues and exchange gains and losses in the amortised cost of the instrument, which are recognised through profit or loss. When the financial asset is derecognised, the accumulated gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. Interest revenues from these financial assets are included in “interest revenues” using the effective interest rate method.

(c) Financial assets at fair value through profit or loss

Assets that do not meet the requirements for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. A loss or gain on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the income statement for the period in which it arises, unless it arises from debt instruments that were designated at fair value or that are not held for trading. Interest revenues from these financial assets are included in “interest revenues” using the effective interest rate method.

3.1.1.2.2. Equity Instrument

All equity instruments are measured at fair value. Equity instruments held to negotiate are measured at fair value through profit or loss. For other equity instruments, the Company can make an irrevocable election in the initial recognition to recognise changes in fair value through other comprehensive income in equity, instead of net income.

3.1.1.2.3. Derivative Financial Instruments and Hedging Activities

Derivatives are recognised at their fair value on the date the contract is executed and are constantly revised at fair value.

If derivative financial instruments are not qualified for recognition through the hedging accounting treatment, they are registered at fair value through profit or loss. Any change in the fair value of the derivatives is immediately recognised in profit or loss as “other gains / losses, net”. If they are designated for hedging, the method to recognise the gain or loss from the changes in the fair value of the derivatives depends on the nature of the risk and the item being hedged.

The Company designates certain derivatives as:

- a) (a) Fair value hedging of recognised assets or liabilities (fair value hedges);
- b) (b) Hedging of a particular risk associated with a recognised asset or liability or a highly probable expected transaction (cash flow hedges); or
- c) (c) Hedging of net investments in an overseas operation (net investment hedges).

The Company documents, at the beginning of the hedging, the relationship of the hedging instruments and the hedged items, as well as their objectives and risk management strategy supporting the hedging transactions. The company also documents its assessment, both at the beginning of the hedge and periodically, on whether the derivatives used in the hedging transactions are highly effective to compensate for the changes in fair values or cash flows of the hedged items.

The total fair value of the derivatives used as hedging is classified as non-current asset or liability when the maturity of the remaining hedged item is greater than 12 months, and classified as current asset or liability when the maturity of the remaining hedged item is less than 12 months. The derivatives that are used for hedging or that are held for negotiation are classified as current assets or liabilities.

(a) Fair value hedging

Changes in fair value of derivatives designated and qualified as fair value hedges are registered in the income statement, and the gain or loss of the hedged item attributable to the hedged risk adjust the book value of the hedged item and is recognised in profit or loss. The gain or loss related to the cash portion of the derivatives is recognised in the income statement as “financial expenses”, as well as the non-cash portion, which is also recognised in the income statement but as “other gains/ (losses), net”.

If the hedging no longer meets the criteria to be recognised through the hedging accounting criteria, the adjustment of the book value of the hedged item is amortised in profit or less using the effective interest method in the remaining period until its maturity.

(b) Cash flow hedging

The cash portion of the changes in fair value of the derivatives designated and qualified as cash flow hedges are recognised through other comprehensive income. The gain or loss relative to the non-cash portion is recognised immediately in the income statement as “other gains/ (losses), net”.

The amounts accrued in net equity are registered in the income statement for the periods on which the hedged item affects them. However, when the foreseen hedged transaction results in the recognition of a non-financial asset, the gains or losses previously recognised in equity are transferred from equity and included as part of the initial cost of the asset. The capitalised amounts are finally recognised in the cost of sales when the products are sold, if dealing with inventory, or in the depreciation, if dealing with property, plant and equipment.

When a hedging instrument expires or is sold, or when it no longer meets the criteria to be recognised through the hedging accounting treatment, any gain or loss accrued in equity on that date is kept in equity and recognised when the projected transaction affects the income statement. When no projected transaction is expected, the accrued gain or loss in equity is transferred immediately to the income statement as “other gains/(losses), net.”

(c) Hedges of a Net Investment in a Foreign Operation

Net investment hedges of operations abroad are accounted for in a similar manner as the cash flow hedges. Any gain or loss of the hedging instrument related to the cash portion of the hedging is recognised through other comprehensive income. The gain or loss related to the non-cash portion of the hedging is immediately recognised in the income statement as “other gains / (losses), net”.

Accrued gains and losses in equity are transferred to the income statement when the operation is sold or partially written-off.

As of the date of these financial statements, the Company has no hedging instruments.

3.1.1.3. Financial liabilities

Financial liabilities are classified as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss; this classification applies to the derivatives constituted to cover obligations that reflect the strategy that the Company has to cover the market risks associated with the interest rate or the exchange rate.

3.1.1.3.1. Debts (Financial Obligations and Bonds)

Debts are initially recognised at fair value, net of costs incurred in the transaction.

Debts are subsequently registered at their amortised cost; Any difference between the funds received (net of the costs of the transaction) and the redemption value is recognised in the income statement during the loan period using the effective interest method.

The costs incurred to obtain the debt are recognised as transactions to the extent that it is likely that the debt will be received in whole or in part. In such case, the fees are deferred until the loan is received. If there is no evidence of the likelihood that part or all of the debt will be received, the fees are capitalised as prepaid costs paid for services to obtain liquidity and are amortised in the respective loan period. If the costs incurred are immaterial, they may be recorded in income at the time of issuance of the securities.

Loans are classified in current liabilities, unless the company has the unconditional right of deferring the payment of the obligation at least 12 months from the date of the balance sheet.

The costs of general and specific assets are directly attributable to the acquisition, construction or production of suitable assets, which are those required to be substantially used for the expected use or are they added to the cost of said assets until the assets are substantially prepared for their use or sale. Revenues from investments obtained in the temporary investment of resources obtained from specific debts that have not yet been invested on qualified assets are deducted from the costs of interest susceptible of capitalisation. All other debt costs are recognised in the income statement in the period in which they are incurred.

3.1.1.4. Financial Assets and Financial Liabilities with Related Parties

Loans and debts with related parties are initially recognised at the fair value of the transaction plus the directly attributable transaction costs. After the initial recognition, these loans and debts are measured at their amortised cost, using the effective interest method. The amortisation of the interest rate is recognised in the income statement as revenues or financial costs or as other operating revenues or expenses, depending on the nature of the asset or liability that generates it.

3.1.1.5. Commercial Accounts Payable

Commercial accounts payable are payment obligations for goods or services that have been acquired from vendors in the ordinary course of business. Accounts payable are classified as current liabilities if the payment is to be made within a one-year term or less. If the payment is to be made over a period greater than one year, these are then presented as non-current liabilities.

Commercial accounts payable are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

3.1.1.6. Recognition and Measurement

Conventional purchases and sales of financial assets are recognised on the date of negotiation, which is the date when the company undertakes to purchase or sell the asset. Financial assets are written-off when the right to receive cash flows have expired or have been transferred and the company has substantially transferred all risks and benefits inherent to the property.

In the initial recognition, the Group measures financial assets at fair value; however, in the case of a financial asset that is not measured at fair value through profit or loss, the transaction costs directly attributable to the acquisition of the financial asset will affect the value of the asset. The financial asset transaction costs that are measured at their fair value through profit or loss are directly accounted for in the profit and loss account.

The gain or loss in a debt instrument that is subsequently measured at its fair value and which is not part of a hedging operation is recognised in profit or loss and presented in the income statement as “other (gains)/losses – net” in the period in which they are accrued.

The gain or loss in a debt instrument that is subsequently measured at its amortised cost and which is not part of a hedging operation is recognised in profit or loss of the period when the financial asset is written-off or impaired through the amortisation process using the effective interest method.

Subsequently, the Group measures all equity instruments at fair value. When Management has opted for presenting unrealised and realised fair value gains or losses, and losses in equity instruments in other comprehensive income, such fair value gains and losses cannot be registered in profit or loss. Dividends from equity instruments are recognised in profit or loss, provided they represent a return on investment.

The Group must reclassify all affected debt instruments if, and only if, its business model for management of financial assets changes.

3.1.1.7. Offsetting of Financial Instruments

Financial assets and liabilities are offset and their net value is presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and Management has the intention of liquidating the net amount or realisation of the asset and pay for liabilities simultaneously.

3.1.1.8. Fair Values of Investments

The fair values of investments with stock prices are based on their current listed price. If the market for a financial instrument is not active or the instrument is not listed in the stock exchange, the Company establishes its fair value using appropriate valuation techniques depending on the situations.

These techniques include the use of values observed in recent transactions performed under the terms of free competition, reference to other instruments that are substantially similar, analysis of discounted cash flows and models of options making the best possible use of market information and relying as reasonably possible on in-house specific data.

3.1.2. Inventories

The stock in inventories includes goods for sale or internal consumption which the risks and benefits of the property have been acquired; this classification includes materials such as those managed in warehouses of the Company’s logistics operator.

The inventories are shown in the current asset of the financial statements, even if accounted for after 12 months, insofar as it is considered that they belonged to the ordinary operating cycle.

The cost of inventories consists of the purchase cost and all costs that are directly or indirectly attributable to the inventory, for example: transport, customs duties, insurance, non-recoverable indirect taxes, etc. and net of discounts, bonuses and premiums of a commercial nature.

The cost is measured in accordance with the weighted average method, which considers the units of an article purchased on different dates and with costs as part of a set in which individual purchases are no longer identifiable but all of them are equally available.

The weighted average cost must include additional charges, for example: sea freight cost, customs duties, insurance etc., chargeable and acquired during the period.

The cost of inventories may not be recoverable if inventories are damaged, partially or totally obsolete, or in some cases due to low turnover.

Obsolete materials are understood as those not expected to be sold or used during the Company's ordinary operating cycle, such as scrap and technologically out-dated materials. Surplus at a stock level that can be considered reasonable, in accordance with the regular use expected in the ordinary operating cycle, are considered of slow movement. Obsolete and slow movement inventories have the possibility of being used or realised, which in some cases represent their cost as scrap sales.

Inventory items that are used in maintenance affect the Company's results.

3.1.3. Non-current Assets Held for Sale and Discontinued Activities

The Group classifies as non-current assets those held for sale of property, plant and equipment, intangibles, investments in associates, joint ventures and groups subject to disposal (group of assets that will be sold together with their associated liabilities), relative to which on the closing date of the statement of financial position active processes for their sale have started and it is estimated that such sale is highly likely.

These assets or groups subject to disposal are accounted for at the lowest value of either the book value or the fair value, less costs until the sale, and are no longer amortised or depreciated from the moment they are classified as non-current assets held for sale.

Non-current assets held for sale and the components of groups subject to disposal classified as held for sale are presented in the statement of financial position as follows: Assets on a single line item that reads "Non-current assets or group of assets for disposal, classified as held for sale" and liabilities also on a single line item that reads "Liabilities included in groups of assets for disposal, classified as held for sale."

In turn, the Group considers discontinued activities the significant and separable business lines that have been sold or have been disposed of by different means, or that meet the conditions to be classified as held for sale, including, in each case, other assets that together with the business line are part of the same sales plan. In addition, discontinued activities are also those entities acquired exclusively for resale purposes.

Gains or losses after taxes of discontinued activities are presented on a single line item of other comprehensive income called "gain (loss) of discontinued operations".

3.1.4. Business Combination

In a business combination, the Group records at fair value the assets acquired and liabilities assumed by the subsidiary at the date of control, except for certain assets and liabilities that are recorded in accordance with the measurement principles established in other IFRS. If the fair value of the transferred consideration plus the fair value of any non-controlling interest exceeds the fair value of the subsidiary's net assets acquired, this difference is recorded as goodwill. In the event of a low-priced purchase, the resulting gain is recorded with a credit to profit or loss, after reassessing whether all assets acquired and liabilities assumed have been correctly identified and reviewing procedures used to measure the fair value of these amounts.

For each business combination, the Group chooses whether to measure the non-controlling interests of the acquired company at fair value or at the proportional part of the identifiable net assets of the acquired company. If it is impossible to determine the fair value of all assets acquired and liabilities assumed on the date of acquisition, the company will report the provisional values recorded. During the measurement period, which will not exceed one year from the date of acquisition, the recognised provisional values will be adjusted retrospectively and additional assets or liabilities will also be recognised to reflect new information obtained on facts and circumstances that existed at such date but were not known to Management at that time. In the case of business combinations conducted in stages, at the date of acquisition, a fair value is measured of the interest previously held in the equity of the acquired company and the resulting gain or loss, if any, is recognised in profit or loss.

Acquisition costs incurred are charged to expenses and are presented in administrative expenses in the income statement.

As of the date of these financial statements, the Company has no business combinations.

3.1.5. Intangible Assets

Intangible assets are recognised initially for their cost of acquisition or production and, subsequently, are valued at net cost of the respective cumulative amortisation and impairment losses that, in each case, have been incurred.

Intangible assets are amortised linearly throughout their life, from the moment when they are in usable condition. The Company evaluates in the initial recognition whether the useful life of the intangible assets is defined or indefinite and the amortisation period, which is reviewed at the end of each year.

The criteria for recognising impairment losses of these assets and, in each case, the recovery of impairment losses registered in previous years are explained in the asset value impairment policy.

(a) Research and Development Expenses

The Group applies the policy of recording as intangible assets in the statement of financial position the cost of projects in their development phase, provided that their technical viability and economic profitability are reasonably assured.

Research costs are recognised directly in profit or loss.

(b) Other Intangible Assets

These assets correspond mainly to IT software, right of way and easements. Their accounting recognition is done initially at the cost of acquisition or production and are subsequently measured at net cost of the respective cumulative amortisation and impairment losses that, in each case, have been incurred.

Average remaining useful life for amortisation:

Item	Years of estimated useful life	
	As of December 2020	As of December 2019
Development costs	7	5
Licences	3	3
Easements	33	32
Software	4	4

The loss or gain in the derecognition of an intangible asset is determined as the difference between the net amount obtained by its disposal, and the carrying amount of the asset.

3.1.6. Property, Plant and Equipment

Property, plant and equipment are initially recognised by their cost of acquisition and are subsequently valued at the net cost of their corresponding accumulated depreciation and impairment losses.

In addition, at the price paid for the acquisition of each item, the cost also includes, where appropriate, the following items:

- > The costs of general and specific interests are directly attributable to the acquisition, construction or production of suitable assets, which are those required for a given substantial time before they are ready for the expected use or are they added to the cost of said assets until the time the assets are substantially ready for their intended use or sale. The Company defines substantial period as a term exceeding twelve months. The interest rate used corresponds to the specific financing or, if unavailable, the average financing rate of the company making the investment.

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- > Personnel expenses related directly to constructions in progress.
- > Future disbursements that the Company will have to make with respect to the closing of its facilities are incorporated into the asset value for the updated value, recognizing from an accounting standpoint the respective provision for dismantling or restoration. The Company annually reviews its estimates on the aforementioned future disbursements, increasing or decreasing the asset value based on the results of said estimation. (See Note 17).
- > Components of property, plant and equipment are the spare parts that meet the recognition characteristics; These spare parts are not part of that material inventory.

Constructions in progress are transferred to assets in operation once the trial period ends, i.e., when they are available for use, after which their depreciation begins.

The costs for expansion, modernising or improvement representing an increase in productivity, capability, efficiency or extension of useful life are capitalised as greater cost of the respective assets.

The substitutions or renovations of complete items that increase the useful life of a good, or its economic capacity, are registered as the greater value of the respective goods, taking the substituted or renewed items out of the accounting.

Periodical maintenance, conservation and repair disbursements are registered directly in the income statement as costs in the corresponding period.

Based on the process of the impairment testing, the Group considers that the book value of the assets does not exceed their recoverable value thereof.

Property, plant and equipment, in this case net of its residual value, is depreciated distributing linearly the cost of the variable components during their estimated useful life, which constitutes the time during which the Company expects to use them. The estimated useful life and residual value are revised periodically and, if applicable, adjusted prospectively. The Company did not consider significant the residual value of its fixed assets.

Land is not depreciated because it has an indefinite useful life, except when it is related to a right-of-use asset, in which case it is depreciated over the term of the lease.

The average remaining useful lives used for depreciation are:

Types of property, plant and equipment	Estimated years of useful life range 2020	Estimated years of useful life range 2019
Buildings	40	41
Distribution plants and equipment		
<i>Substations</i>	29	27
<i>High voltage network</i>	30	29
<i>Low and medium voltage network</i>	26	25
<i>Metering and tele-control equipment</i>	20	21
Finance leases		
<i>Fixed installations and others (Vehicles)</i>	2	3
IFRS 16 right-of-use assets (*)		
<i>Fixed and other installations</i>	18	20
<i>Vehicles</i>	4	2
<i>Furniture</i>	7	6
Fixed installations and accessories	8	9
Computer equipment	5	4

(*) With the entry into force of IFRS 16 on January 1, 2019, the right-of-use assets by lease agreements were recognised, the useful life is estimated based on the validity of the contracts.

In 2014, the opening of electrical assets such as substations, lines and networks in the accounting system was made, and the remaining average useful life was modified, and was applied as of 1 January 2015.

The change in useful life corresponds to the average of each category, which may vary from one year to the next due to the effect of fully depreciated assets.

Land is not depreciated because it has an indefinite useful life, except when it is related to a right-of-use asset, in which case it is depreciated over the term of the lease.

The gains or losses arising from sales or withdrawals of goods under property, plant and equipment are recognised as other gains (losses) in the comprehensive income, and are calculated by deducting from the sum received from the sale, the net accounting value of the asset and the respective sale costs.

The excess of the tax depreciation over the accounting depreciation generates a tax effect that is registered as a deferred tax liability.

3.1.7. Asset Impairment

(a) Non-financial Assets (Except Inventories and Deferred Tax Assets)

Throughout the period, and essentially on the closing date, an assessment is performed to determine whether there is any indication that an asset could have been subject to impairment loss. Should there be any sign, an estimate is made of the recoverable value of said asset to determine, where applicable, the value of the impairment. If dealing with identifiable assets not generating cash flows independently, the recoverability is estimated for the Cash-Generating Unit (CGU) to which the asset belongs, understanding as such the smaller group of identifiable assets generating independent cash inflows.

In the Group, all the assets operate in a comprehensive manner and the independent cash flows by component cannot be considered; Therefore, the Company in its entirety is taken as the CGU Cash Generating Unit.

The recoverable value is the greater of the fair value less the cost required for its sale and the value in use, the latter being the current value of estimated future cash flows. To calculate the recovery value of property, plant and equipment, capital gain, and intangible assets, the value in use is the criterion used by the Group in nearly every case.

To estimate the value in use, the Group prepares the projections of cash flows before taxes based on the most recent budget available. These budgets incorporate the best estimates of the Management regarding revenues and costs of the Cash-Generating Units, using sector projections, past experience and future expectations.

These projections generally cover the estimate cash flows for coming years by applying reasonable growth rates. These flows are deducted to calculate its current value at a rate before taxes, which reflects the business capital costs. This calculation takes into account the current cost of money and risk premiums generally used among business analysts.

In the event the recoverable value of the CGU is less than the net book value of the asset, the respective provision for the impairment loss is registered for the difference, debited to the item "Impairment loss" in the income statement. Said provision is allocated, first, to the added value of the CGU, if any, and then to the other assets that make it up, by prorating on the basis of the accounting value of each of them, with a cap of their fair value less the sales cost, or its use value, with no possibility of a negative value.

Impairment losses recognised in an asset in previous years are reversed when there is a change in the estimates of the recoverable amount, increasing the value of the asset, crediting profit or loss with the cap of the book value that the asset would have had should the accounting adjustment not be made. With respect to capital gain, accounting adjustments that could have been made are not reversible.

(b) Financial Assets

The Company determined the expected credit loss on all its debt securities, loans and accounts receivables, either for 12 months or for the useful life of the assets, recognizing the impairment in advance from the first day and not waiting for an event that indicates the impairment of the financial asset.

The expected credit loss will be determined periodically applying the models defined by the group as follows:

Simplified collective model

It is applied in general for the commercial portfolio of Codensa S.A. E.S.P. considering the following categories:

- Residential
- Commercial
- Industrial
- Official
- Public Lighting and
- Other businesses (VAPS)

The model is based on statistical information from three years, from which it determines the percentages of expected credit loss for each maturity range, multiplying the Probability of Default by the Loss Given Default. These percentages are applied to the balances of the invoiced and estimated commercial portfolio.

Simplified individual model

This model is applied to the commercial portfolio for customers that, due to their characteristics, require individual analysis. In addition, this model considers the category of tolls that is adjusted to this methodology by the low number of customers that comprise it.

The expected credit loss is calculated on the balance of the invoiced and estimated portfolio for each counterparty, multiplying it by following variables.

Probability of Default (PD): Can be provided by an external provider, if available, or by evaluating the financial statements of the counterparty. In case of not having a specific PD by the aforementioned mechanisms, according to the group guidelines, the country rating minus three notches will be used. If there are indications of impairment, they will be reflected in this variable, reaching one hundred percent where appropriate.

Loss Given Default (LGD): The percentage of loss that would be generated if the breach materialises. It is calculated by the difference with the estimated recovery rate. In case of not having a specific LGD, in accordance with the group guidelines, the Basel II model will be used.

General collective model

Under this model, all other financial assets other than commercial accounts receivable, which are within the scope of IFRS 9, are evaluated. This model groups the counterparties into four categories defined by the group:

- Public administrations
- Institutional counterparties
- Loans to employees
- Other assets

The expected credit loss is calculated on the balance of each category multiplying it by the following variables:

Probability of Default (PD): It is determined in accordance with the group guidelines for each category, considering the Group's rating, the financial entity and the country, in some cases deducting three notches afterwards. If there are indications of impairment, they will be reflected in this variable, reaching one hundred percent where appropriate.

Loss Given Default (LGD): The percentage of loss that would be generated if the breach materialises. It is calculated by the difference with the estimated recovery rate. In case of not having a specific LGD, in accordance with the group guidelines, the Basel II model will be used.

3.1.8. Leases

IFRS 16 Leases became effective as of January 1, 2019. In its application, the Group evaluated the nature of the transactions that take the legal form of a lease. The standard provides specific criteria for the lessor and the lessee.

Lessee

IFRS16 establishes principles for measurement, recognition, presentation and disclosure of leases and requires lessees to evaluate the following parameters under a single finance lease model.

A contract contains a lease if it conveys the right to control the use of the identified asset, in exchange for consideration. Therefore, the following parameters establish the conveyance of control:

- > There must be an identified asset in the lease.
- > The lessee must have the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use.
- > The lessee has the right to direct the use of the identified asset throughout the period of use. This is determined if:
 - The lessee has the right to operate the identified asset throughout the period of use without the supplier having the right to change those operating instructions, or
 - The lessee has designed the identified asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

If the parameters mentioned above are not met, the contracts will not constitute a lease under the parameters established in IFRS 16.

If a finance lease is set up, the lessee must recognise the right-of-use assets and finance lease liabilities at the beginning of the contract.

The standard includes two recognition exemptions for lessees:

- > Leases for which the underlying asset is of low value, and
- > Short-term leases (i.e., leases with a lease term of 12 months or less)

In this case, they are recognised in profit or loss, and there is no place for right-of-use assets or lease liabilities.

The lease liability is measured at the present value of the non-cancellable payments during the term agreed in the contract; discounted using the interest rate implicit in the lease, or the incremental borrowing rate on the start date. Subsequently, lessees are required to remeasure the lease liability when certain events occur (for example, a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine the payments). The amount of the remeasurement of the lease liability will be recognised as an adjustment to the right-of-use asset.

The right-of-use asset is initially recognised at the commencement date and measured at cost, consisting of: i) The lease liability, which is the present value of the non-cancellable lease payments, discounted using the interest rate implicit in the lease, or the incremental interest rate on the commencement date, ii) the lease payments made at or before the commencement date, less any lease incentives received, iii) the initial direct costs incurred by the lessee and iv) an estimate of the costs to be incurred by the lessee for dismantling or restoring the asset.

The right-of-use asset is depreciated on a straight-line basis during the shortest of the term of the lease agreement and the estimated useful life of the assets.

Interest expense must be recognized separately from the lease liability and depreciation expense from the right-of-use asset. Lessees are also required to remeasure the lease liability when certain events occur (for example, a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine the Payments). The amount of the new measurement of the lease liability will be recognized as an adjustment to the asset for the right of use, except for the considerations that can be recognized directly in profit or loss.

Lessor

The lessor classifies leases either as operating or finance lease. They are classified as finance lease when substantially all of the risk and rewards incidental to ownership of the underlying asset have been transferred. If the risk and rewards of the underlying asset are not transferred they will be classified as operating lease.

Finance Lease

At the beginning of the contract, the lessor recognises the leased assets and presents them as an account receivable for a value equal to the net investment of the lease.

When the lessor is a manufacturer or dealer, revenue is recognised as the fair value of the underlying asset discounted using a market rate of interest. In addition, cost of sale is recognised as the cost, or carrying amount if different, of the underlying asset.

Operating Lease

Lessor recognises revenue from lease payments of underlying assets on a straight-line basis.

The underlying assets subject to lease are reflected in the statement of financial position according to the nature of the underlying assets.

3.1.9. Contingent Provisions, Liabilities and Assets

The existing financial statement of the financial statements of the company, whose amount and type of payment are uncertain, are registered in the statement of financial position value that is estimated as most likely for the company to cancel the obligation.

The provisions are quantified taking into account the best information available on the issue date of the financial statements, related to the consequences of the event, including their cost to be re-evaluated at the subsequent accounting closing.

As part of the provisions, the Group includes the best estimates on risk of civil, labour and fiscal lawsuits; therefore, it is not expected that additional liabilities will be derived therefrom other than those registered. Given the characteristics of the risks covered by these provisions, it is not possible to determine certain payment dates for the estimated obligation. When assessing the probability, the available evidence should be considered, as well as case law and legal evaluation.

The risks of civil, labour and fiscal lawsuits that are considered contingent are disclosed in the notes to the financial statements.

Contingent liabilities are obligations arising from past events, the existence of which is subject to the occurrence or non-occurrence of future events that are not wholly under the Company's control, or present obligations arising from past events, the amount of which cannot be reliably estimated or it is not likely that an outflow of resources will occur for its cancellation. Contingent liabilities are not recorded in the financial statements but are disclosed in notes thereto, except those that are individually included in the purchase price report, made in a business combination, the fair value of which can be reliably determined.

A contingent asset is caused by the occurrence, or non-occurrence, of one or more uncertain events in the future, which are not fully controlled by the company. The likely occurrence of benefits is disclosed and, if the realisation of revenues is almost certain, recognised in the financial statements.

The Group will refrain from recognising any contingent asset.

3.1.10. Taxes

Includes the cost of generally mandatory taxes in favour of the State and payable by the Grupo on account of private calculations that are determined on the taxable basis of the fiscal year, in accordance with tax regulations of national and territorial order governing the locations where the Group operates.

3.1.10.1. Income Tax and Deferred Tax

The income tax expense for the period includes income tax and deferred tax, resulting from the application of the type of levy on the period's taxable base, after applying the deductions that are fiscally permitted, plus the variation of assets and liabilities for deferred taxes and tax credits. Differences between the book value of assets and liabilities and their tax base generate the balance of deferred tax assets or liabilities, which are estimated using the tax rates expected to be valid when assets and liabilities are realised, considering for such purpose the rates that at the end of the reporting period have been approved or for which the approval process is close to an end.

The provision for income tax is calculated at the rate effective as of year end, under the accrual method of accounting, and is determined based on the commercial profit adjusted according to current tax regulations in order to properly connect the revenues of the period with their respective costs and expenses, registering the amount of the estimated liabilities.

Deferred tax assets are recognised as a result of all deductible temporary differences, losses and tax credits not used, to the extent that it is likely that there will be future tax gains sufficient to recover deductions for temporary differences and to make tax credits effective, except if the deferred tax relative to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that:

(a) is not a business combination, and

(b) at the time it was realised, it did not affect either the accounting guarantee or the tax gain (loss).

With respect to deductible temporary differences related to investment in subsidiaries, associates and joint ventures, deferred tax assets are recognised only if it is likely that the temporary differences will revert in the foreseeable future and if there are tax gains against which the temporary differences can be used.

Deferred tax liabilities are recognised for all temporary differences, except for those derived from the initial recognition of capital gain and those whose origin is from the valuation of investment in subsidiaries, associates and joint ventures, where the company can control their reversion and it is likely that there will be no reversions in a foreseeable future.

The current tax and the variations in deferred tax assets or liabilities are registered in profit or loss or in Total Equity lines in the statement of financial position, according to where the gains or losses that give rise to them have been registered.

The discounts that can be applied to the amount determined as current tax liability are charged to profit or loss as a "Income tax expense", except if there are doubts about tax realisation, in which case they are not recognised until their effective materialisation, or if they correspond to specific tax incentives, which will then be registered as grants.

For each accounting close, the registered deferred tax assets and liabilities are reviewed in order to prove that they are in force, making timely corrections thereon in accordance with the results of the aforementioned analysis.

Income tax is presented net, after deducting early payments made and withholdings in favour.

Deferred tax assets and liabilities are presented net in the statement of financial position if there is a legal right to offset current tax assets against current tax liabilities, and only if such deferred taxes are related to income taxes corresponding to the same tax authority.

3.1.10.2. Industry and Trade Tax

In applying of article 86 of Act 2010 of 2019, the Group recognized as an expense for the year all the industry and commerce tax caused in the year, the amount that can be attributed as a tax discount is treated as a non-deductible expense in the determination of the Income tax in the year, the tax discount applied decreases the value of the current income tax expense for the period; On the balances that could be applied as a tax discount for the following year, a deferred tax asset was recognized.

3.1.11. Employee Benefits

(a) Pensions

The Group has commitments related to pensions, both for defined provision and defined contribution, which are managed basically through pension plans. For the defined provision plans, the company registers the expenses corresponding to these commitments based on the accrual criterion throughout the employees' working life; as of the presentation date of the financial statements, there are actuarial studies calculated with the projected unit credit method; costs for past services corresponding to variations in benefits are recognised immediately and the commitments for defined provision plans represent the current value of obligations accrued. The Group does not have assets affected by these plans.

(b) Other Obligations Subsequent to the Workplace Relationship

The Group grants to its employees retired with pension, educational, electric energy and health benefits. The right to these benefits depends usually on the employee having worked until the age of retirement. The costs expected for such benefits are accrued during the employment term, using a methodology similar to that of the defined benefits plans. Actuarial losses and gains arise from adjustments based on experience and changes in actuarial assumptions, and are debited or credited to other comprehensive income in the period they occur. These obligations are measured annually or as required by the parent company, by qualified independent actuaries.

The retroactivity of severance pay, considered as post employment benefits, is paid to employees belonging to the labour regime previous to Act 50/1990 and who decided not to benefit from the regime change, calculating this social benefit for the whole time worked, based on the last earned salary. In the latter case, only a reduced number of employees and actuarial gains and losses derived from adjustments from experience and changes in actuarial assumptions are debited or credited to other comprehensive income.

The Group has implemented voluntary retirement plans that contemplates within the benefits a temporary income for employees who decided to benefit from it and who will qualify for the old-age pension in less than ten years. The obligation for the defined benefits is calculated by independent actuaries using the projected unit credit method.

(c) Long-term Benefits

The Group recognises its active employees with benefits associated to their time of service, such as five-year periods. The costs expected for such benefits are accrued during employment, using a methodology similar to that used for the defined benefit plans.

The actuarial gains or losses arising from adjustments for experience and changes in actuarial assumptions are debited to or credited to profit or less of the period in which they occur. These obligations are measured annually or as required by the parent company, by qualified independent actuaries.

(d) Benefits of Employee Loans

The Group grants its employees loans at below-market rates, and therefore their present value is calculated discounting future flows at market rates, recognising as early paid benefit the difference between the market rate and the rate granted, through accounts receivable. The benefit is amortised during the term of the loan as the higher value of personnel expenses, and the accounts receivable are updated at the amortised cost, reflecting its financial effect on the income statement.

3.1.12. Fair Value Estimate

The fair value of an asset or liability is defined as the price that would be received for selling an asset or paid for transferring a liability in an arranged transaction among market participants on the date of measurement.

The measurement at fair value supposes that the transaction for selling an asset or transferring a liability takes place in the main market, i.e., the market with the greatest volume and level of activity for the asset or liability. In absence of a main market, the transaction is supposed to take place in the most beneficial market to which the entity has access, i.e., the market that maximises the price that would be received for selling the asset or that minimises the price that would be paid for transferring the liability.

To determine the fair value, the Group uses the measurement techniques that are appropriate for the situation and on which there is sufficient data to make the measurement, maximising the use of relevant observable input data and minimising the use of non-observable input data.

Considering the hierarchy of input data used in the measurement techniques, the assets and liabilities measured at fair value can be classified into the following levels:

Level 1: Quoted price (not adjusted) in an active market for identical assets and liabilities.

Level 2: Input data other than quoted prices that are included in level 1 and which are evident for assets or liabilities, whether directly (i.e., as price) or indirectly (i.e., derived from price). The methods and hypotheses used to determine level 2 of fair values, by type of financial assets or financial liabilities, take into account the estimated future cash flows, deducted with the zero-coupon curves of the type of interest of each currency. All the described measurements are carried out through external tools such as "Bloomberg".

Level 3: Input data for assets or liabilities that are not based on observable market information (non-observable inputs).

When measuring fair value, the Company takes into account the characteristics of the asset or liability, particularly:

- > Para For non-financial assets, a measurement of the fair value takes into account the capacity of the market participant to generate economic benefits by using the asset at its highest and best use, or through its sale to other market participants who want to use the asset at its highest and best use.
- > For liabilities and equity instruments, the fair value supposes that the liability will not be liquidated and that the equity instrument will not be cancelled or otherwise extinguished on the measurement date. The fair value of the liability reflects the effect of the default risk, i.e., the risk of an entity failing to meet an obligation, which includes, but is not limited to, the Group's own credit risk.
- > With respect to financial assets and financial liabilities with offset positions in market risk or credit risk of the counterpart, fair value is measured on a net base, consistent with the way in which market participants could set the price of net risk exposure on the measurement date.

3.1.13. Functional Currency and Presentation Currency

The line items included in the financial statements are valued using the currency of the main economic environment where the entity operates (Colombian pesos).

The financial statements are presented in “Colombian pesos”, which, in turn, is the Company’s functional currency and presentation currency. Its figures are expressed in thousands of Colombian pesos, except for the net profit per share and the representative exchange rate, which are expressed in Colombian pesos, while the foreign currency (for example dollars, euros, sterling pounds, etc.) are expressed in units.

3.1.14. Functional Currency and Presentation Currency

Group operations in any currency other than its functional currency are registered at the type of exchange rates in force at the time of the transaction. Throughout the year, the differences arising between the type of exchange booked and that in force on the date of collection or payment are registered as exchange differences in the income statement.

The valuation differences produced are registered as exchange differences in the separate income statement.

3.1.15. Classification of Balance as Current and Non-current

The Group presents in its financial statements the assets and liabilities as current and non-current, after excluding the assets and liabilities available for sale. Assets are classified as current, as the intent is to realise, sell or use them during the Group’s ordinary operating cycle or within the 12 months following the reporting period, all other assets are classified as non-current. Current liabilities are those the Group expects to liquidate during the ordinary operating cycle or within the 12 months following the report, all other assets being classified as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities in all events.

3.1.16. Recognition of Revenues

The Group applies a recognition model for revenue from contracts with customers based on 5 stages:

Step 1: Identify the contract(s) with a customer.

Step 2: Identify performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The recognition model for revenue from contracts with customers contemplates the following:

(a) Portfolio approach:

In order to identify the goods and/or services promised in contracts with customers, the Group applies the practical solution that allows them to be grouped into “Categories or Clusters” when they have similar characteristics in the contractual terms and conditions.

These categories are determined using the following types: a) type of goods or services offered; b) market typology; or c) Type of customer.

(b) Contracts with multiple goods and/or services:

A contract is established with multiple goods and services when the Group identifies several performance obligations in the transfer of goods and/or services offered to customers, and these are satisfied independently.

(c) Fulfilment of performance obligations:

The fulfilment of the performance obligations according to the transfer pattern of the control of the goods and/or services undertaken with the customers is carried out:

- > Over time.
- > On a point in time.

Performance obligations are met over time when:

- > The customer simultaneously consumes the benefits provided by the performance of the entity as the Group performs them.
- > The Group's performance creates or improves an asset that the customer controls as it is created or improved.
- > The Group's performance creates or improves an asset with an alternative use for it. The Group has the enforceable right to pay the performance it has completed to date.

Revenue is recognised in accordance with the measurement of fulfilment of performance obligations.

The measurement of fulfilment of performance obligations over time is done through two types of methods:

- > Product Methods: They are made based on direct measurements of the goods and/or services undertaken with customers.
- > Resource Methods: They are made in relation to the total expected resources.

(d) Variable considerations:

If the consideration promised in a contract includes a variable amount, the Group will estimate the amount of the consideration to which it will be entitled in exchange for the transfer of goods and/or services undertaken with customers. Where applicable, the value of the considerations will be presented net of the payment to customers.

(e) Contracts with amendments:

These are configured when there are changes in the scope or price approved by the parties, which create new rights and obligations required in the contract in exchange for the goods and services offered to customers.

(f) Consideration as Principal or Agent:

When a third party is involved in providing goods and/or services to a customer, the Group must determine if the commitment to fulfil the performance obligations is their responsibility or that of a third party. In the event that the Company controls the goods and/or services undertaken with customers and satisfies the performance obligations by itself, it acts as principal. Otherwise, it acts as agent.

When the Group controls and satisfies performance obligations with customers, it acts as principal and recognises as revenue the gross amount of the consideration to which it expects to be entitled to in exchange for the transferred goods and/or services. When a third party is in charge of the control and satisfaction of performance obligations, the Group acts as agent and recognises the revenue for the net amount of the consideration it is entitled to.

Contract costs:

An asset may be recognised for the costs of obtaining or fulfilling a contract.

Contract Assets and Liabilities:

The Group will recognise a contractual asset and a contractual liability to the extent that the following circumstances arise in the supply of goods and services:

- > Contract asset: It is presented as the right that the Group has to a consideration in exchange for the supply of goods and/or services transferred to customers, when that right is conditioned by something other than the passage of time.
- > Contract liability: Corresponds to the obligation of the Group to transfer goods and/or services to customers for which the Company has received a consideration from customers.

3.1.17. Financial income and costs

Interest income (expense) is recorded considering the effective interest rate applicable to the principal pending amortization during the corresponding accrual period.

3.1.18. Recognition of costs and expenses

The Group recognises its costs and expenses to the extent that economic events occur in such a way that they are recorded systematically in the corresponding accounting period, independent of the flow of monetary or financial resources. Expenses are made up of disbursements that do not qualify to be recorded as a cost or as an investment.

The costs include purchases of energy, personnel costs or third parties directly related to the sale or provision of services, maintenance of assets, transmission system costs, depreciation, amortisation, among others.

The expenses include taxes, public services, among others. All of them incurred for the processes responsible for the sale or provision of services.

Investments include costs directly related to the formation or acquisition of an asset that requires a substantial period of time to put it in conditions of use and sale.

Personnel costs directly related to the construction of projects, interest costs of the debt to finance projects and overhaul costs that increase the useful life of existing assets, among others, are capitalised as constructions in progress.

3.1.19. Capital Stock

Common shares, with or without preferred dividend, are classified under equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction of the amount received net of taxes.

3.1.20. Reserves

Registered as reserves are the appropriations authorised by the General Shareholders' Meeting, through profit or loss, to comply with legal provisions or to cover expansion plans or financing needs.

The legal provisions that contemplates the establishment of reserves applicable to the Group is the following:

- > The Code of Commerce requires the Group to appropriate 10% of its annual net profits determined as legal reserve to local accounting standards until the balance of such reserve is equivalent to 50% of the subscribed capital. The mandatory legal reserve cannot be distributed before the Group's liquidation, but it can be used to absorb or reduce annual net losses. The balance of the reserve exceeding 50% of the subscribed capital are freely available for shareholders.
- > Up to 2016, article 130 of the Tax Code, which sets out the appropriation of net profits at 70% of the higher value of tax depreciation over accounting depreciation, calculated pursuant to local accounting standards. This article was repealed by Act 1819 of 2016 in article 376. Therefore, as of 2017, this reserve is not appropriated, but reserves from previous years are maintained.

3.1.21. Earnings per Share

The basic earnings per share is calculated as the quotient between the net gain of the period attributable to Group shareholders and the average weighted number of ordinary outstanding shares in said period, after making the appropriation for preferred dividends corresponding to the number of shares as of year-end.

3.1.22. Distribution of Dividends

Commercial laws in Colombia stipulate that, once making the appropriations for legal reserve, statutory reserve or other reserves and tax payments, the remainder will be distributed among the shareholders, in accordance with the share distribution project presented by the Group Management and approved by the General Shareholders' Meeting. The dividend payment will be made in cash on the dates set out by the General Shareholders' Meeting to those qualifying as shareholders at the time the payments are payable.

When it is necessary to absorb losses, these will be covered with reserves specially designated for such purpose or otherwise with the legal reserve. Reserves whose purpose is to absorb specific losses cannot be used to cover others, except if so decided by the General Shareholders' Meeting.

As of the year-end closing, the amount of the obligation with the shareholders is determined net of the provisional dividends approved in the course of the period, and it is accounted for under the line item "commercial accounts payable and other payables" and under "accounts payable to related entities", as applicable, through total equity. Provisional and definitive dividends are registered as the lower value of "total equity" at the time of its approval by the competent body, which in first instance is the Company's Board of Directors, while in the second instance is the General Shareholders' Meeting's responsibility.

3.1.23. Operating Segments

An operating segment is a component of an entity:

- that develops business activities from which it may derive ordinary activity revenues and expenses in expenses (including revenues from ordinary activities and expenses for transactions with other components of the same entity);
- whose operating results are reviewed by the maximum operations decision-making authority, to decide on resources that are to be allocated to the segment and to evaluate their performance; and
- over which there is differentiated financial information.

The Grupo, for all purposes, in accordance with the guidelines of IFRS 8, has only one operating segment associated with the electric energy business; since, although the Group records operations in investments and other services related to the energy business, these are not representative; therefore, it is considered a single segment.

4. Net Cash and Cash Equivalents

	As of 31 December 2020		As of 31 December 2019
Bank balance	\$ 365.040.796	\$	290.653.813
Other cash and cash equivalents, net (1)	65.273.855		35.269.002
Short-term deposits (2)	60.000.000		-
Cash on hand	455		614
	\$ 490.315.106	\$	325.923.429

The detail of cash and equivalent in pesos by currency type presented above is the following:

	As of 31 December 2020		As of 31 December 2019
Colombian Pesos	\$ 486.528.299	\$	325.099.463
U.S. Dollars	3.786.807		823.966
	\$ 490.315.106	\$	325.923.429

Codensa S.A. E.S.P. and its Subsidiaries
Notes to the Financial Statements – Consolidated
(Thousands of pesos)

(1) Corresponds mainly to fiduciary commissions and collective portfolios in usual operations of additions and decreases made daily by the treasury to these entities, in order to channel the proceeds from collection and arrange them for the management of the Group's short-term liquidity.

Collective portfolios are used to transfer the resources of the Group's savings or current accounts, generating fluctuations in the balance of the portfolios.

Entity	As of 31 December 2020	EA Rate	As of 31 December 2019	EA Rate
Alianza Fiduciaria	\$ 21.553.167	1,88%	\$ 99.654	4,36%
Corredores Asociados	18.870.055	1,32%	16.004.056	5,23%
Credicorp	17.388.278	2,26%	672.720	4,07%
Fiduciaria Occidente	7.302.226	1,75%	5.475.478	4,98%
BBVA Fiduciaria	130.330	1,97%	79.176	5,17%
Valores Bancolombia	20.801	1,09%	127.010	4,72%
Fiduciaria Bogotá 248	3.233	0,20%	58.061	0,90%
Fiduciaria Corficolombiana	1.289	1,25%	1.247	4,01%
Fondo Abierto Alianza	-	0,00%	12.784.538	4,94%
	\$ 65.269.379		\$ 35.301.940	

(2) Corresponds to 90-day term CDs:

Entity	Value	Start date	End date	Term (Days)	EA rate
Itaú Corpbanca Colombia S.A.	\$ 20.000.000	20/10/2020	20/01/2021	90	1,75%
Banco Colpatría S.A.	\$ 40.000.000	20/10/2020	20/01/2021	90	1,75%
	\$ 60.000.000				

As of December 31, 2020, there are no restrictions or limitations on the cash reflected in the Financial Statements.

Cash and cash equivalents are held with banks and financial institutions, which are rated between the AA + and AAA ranges, according to the rating agencies.

The impairment of the value of cash and cash equivalents has been measured on an expected loss basis of 12 months and reflects the short-term maturities of the exposures, the Company considers that its cash and cash equivalents have a low credit risk with based on external credit ratings of counterparties.

As of December 31, 2020 and 2019, the amount of the provision for impairment is \$ 17,911 and \$ 32,938 respectively.

(l) The following table details the changes in liabilities arising from financing activities, including those changes that represent cash flows and changes that do not represent cash flows:

As of December 31, 2020 the movements are as follows:

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	Cash Flow			Changes other than cash		Balance as of December 31, 2020
	Balance as of January 1, 2020	Amounts from loans	Payment of loans and interest	Interest accrued	Lease agreements	
Bank loans and obligations	\$ 160.250.289	\$ 612.318.110	\$ (139.078.895)	\$ 32.407.760	\$ -	\$ 665.897.264
Bonds	2.003.417.478	500.000.000	(222.799.125)	131.837.176	-	2.412.455.529
Lease liabilities	28.498.057	-	(19.977.967)	-	53.340.679	61.860.769
Total liabilities from financing activities	\$ 2.192.165.824	\$ 1.112.318.110	\$ (381.855.987)	\$ 164.244.936	\$ 53.340.679	\$ 3.140.213.562

As of December 31, 2019 the movements are as follows:

	Cash Flow			Changes other than cash		Balance as of December 31, 2019
	Balance as of January 1, 2019	Amounts from loans	Payment of loans and interest	Interest accrued	Lease agreements	
Bank loans and obligations	\$ 414.330.460	\$ 267.043.372	\$ (548.604.666)	\$ 27.481.123	\$ -	\$ 160.250.289
Bonds	1.681.353.636	480.000.000	(290.874.633)	132.938.475	-	2.003.417.478
Lease liabilities	8.712.510	-	(14.975.018)	-	34.760.565	28.498.057
Total liabilities from financing activities	\$ 2.104.396.606	\$ 747.043.372	\$ (854.454.317)	\$ 160.419.598	\$ 34.760.565	\$ 2.192.165.824

5. Net Other Financial Assets

	As of 31 December 2020		As of 31 December 2019	
	Current	Non-current	Current	Non-current
Judicial embargoes (1)	\$ 2.872.886	\$ -	\$ 725.885	\$ -
Impairment of other assets	(12.889)	-	(5.390)	-
Trusts (2)	760.992	-	-	-
Financial investments - unlisted or illiquid companies (3)	-	6.602	-	6.602
	\$ 3.620.989	\$ 6.602	\$ 720.495	\$ 6.602

(1) As of December 31, 2020, the account balance corresponds mainly to liens executed on the Company's bank accounts for a labor proceeding for \$ 2,483,000 and civil proceedings for \$ 389,886.

Judicial embargoes are part of the Group's restricted cash.

(2) As of December 31, 2020, the balance corresponds to the Cundinamarca Government trust for the installation of photovoltaic elements with a Trust Alliance for \$ 103,155 and the FAER project trust for \$ 657,837.

(3) The balance of investments in companies corresponds to minor holdings of the Group in companies mainly in the electricity sector.

6. Other Non-Financial Assets

	As of 31 December 2020		As of 31 December 2019	
	Current	Non-current	Current	Non-current
Prepayments on purchases of goods and services (1)	\$ 9.684.784	\$ -	\$ 13.300.271	\$ -
Prepaid expenses (2)	22.670.964	-	-	-
Employee benefit for loans (3)	998.907	16.554.081	1.245.453	15.568.453
Other assets	11.926	138.332	92.237	78.666
Impairment of other assets	-	(357)	(604)	(591)
Travel advances	1.441	-	2.345	-
Accounts receivable (4)	-	67.743.260	-	23.924.930
Tax advance	165.963	-	-	-
	\$ 33.533.985	\$ 84.435.316	\$ 14.639.702	\$ 39.571.458

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- (1) As of 31 December 2020 and 2019, the composition of this line item corresponds to prepayments for exchange transactions and international energy transactions to XM for \$6,316,523 and \$7,408,473, and for the purchase of goods and services from local creditors for \$3,368,261 and \$5,891,798, respectively.
- (2) Corresponds to the balance of the payment of the special contribution of the year 2020 to the Superintendency of Public Services that has been recovering in the rate since October 2020 for 12 installments, the value to be recognized corresponds to the commercialization activity .
- (3) Corresponds to the recognition of the benefit paid in advance of employee loans agreed on at a rate of zero or below market rates, for which reason the Group discounts future flows at the market rate, recognising as benefit paid in advance the difference between the market rate and the granted rate, and amortising them over the term of the loan.

The benefit for the employee materializes over time because it is conditional on the employee's permanence in the Group, if the employment relationship with the Group ceases, the credit must be paid at market rates.

- (4) Corresponds to the tax discount on VAT paid in the acquisition, construction or manufacture and import of real productive fixed assets, including the associated services to put them in conditions of use according to article 83 of Act 1943 of 2018.

7. Commercial Accounts Receivable and Other Receivables, Net

	As of 31 December 2020		As of 31 December 2019	
	Current	Non-current	Current	Non-current
Commercial accounts, gross (1)	\$ 995.989.411	\$ 169.652.961	\$ 744.310.057	\$ 107.890.826
Other accounts receivable, gross (2)	25.812.302	31.167.844	16.045.069	30.612.205
Total commercial accounts and other accounts receivable, gross	1.021.801.713	200.820.805	760.355.126	138.503.031
Impairment provision commercial accounts (3)	(108.030.561)	(99.239.016)	(70.236.506)	(84.831.027)
Impairment provision other accounts receivable (3)	(738.183)	(491.113)	(368.866)	(304.723)
Total commercial accounts and other accounts receivable, net	\$ 913.032.969	\$ 101.090.676	\$ 689.749.754	\$ 53.367.281

- (1) As of 31 December 2020, the composition of commercial accounts is as follows:

	Overdue portfolio			Total current portfolio	Non-current portfolio (c)
	Current portfolio	1-180	181-360		
Energy portfolio (a)					
Not- agreed portfolio (a)	\$ 599.370.759	\$ 77.981.187	\$ 27.430.135	\$ 77.142.706	\$ 781.924.787
Mass customers	273.540.885	14.330.013	7.380.214	21.266.084	316.517.196
Large customers	169.773.276	20.847.798	13.181.976	35.136.331	238.939.381
Institutional customers (b)	156.056.598	42.803.376	6.867.945	20.740.291	226.468.210
Agreed portfolio (c)	34.981.679	2.254.258	751.598	1.060.492	39.048.027
Mass customers	21.946.796	1.132.166	147.892	124.961	23.351.815
Large customers	10.850.846	1.122.092	603.706	935.531	13.512.175
Institutional customers	2.184.037	-	-	-	2.184.037
Energy portfolio, gross	634.352.438	80.235.445	28.181.733	78.203.198	820.972.814
Energy portfolio impairment	(9.588.008)	(6.741.076)	(22.904.479)	(57.316.758)	(96.550.321)
					\$
Energy portfolio, net	\$ 624.764.430	\$ 73.494.369	\$ 5.277.254	\$ 20.886.440	724.422.493
					\$ 51.654.821

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	Overdue portfolio				Total current portfolio	Non-current portfolio (c)
	Current portfolio	1-180	181-360	>360		
Supplementary business portfolio and others (d)						
Mass customers	43.061.739	4.594.846	897.255	2.462.844	51.016.684	8.300.788
Large customers	116.579.918	180.475	352.268	487.717	117.600.378	10.938.503
Institutional customers	6.399.535	-	-	-	6.399.535	-
Supplementary business portfolio, gross (e)	166.041.192	4.775.321	1.249.523	2.950.561	175.016.597	19.239.291
Supplementary business portfolio impairment	(8.564.435)	(833.686)	(488.187)	(1.593.932)	(11.480.240)	(480.167)
Supplementary business portfolio, net	157.476.757	3.941.635	761.336	1.356.629	163.536.357	18.759.124
Total commercial accounts, gross	800.393.630	85.010.766	29.431.256	81.153.759	995.989.411	169.652.961
Commercial accounts impairment	(18.152.443)	(7.574.762)	(23.392.666)	(58.910.690)	(108.030.561)	(99.239.016)
Total commercial accounts, net	\$ 782.241.187	\$ 77.436.004	\$ 6.038.590	\$ 22.243.069	\$ 887.958.850	\$ 70.413.945

As of 31 December 2019, the composition of commercial accounts is as follows:

	Overdue portfolio				Total current portfolio	Non-current portfolio (c)
	Current portfolio	1-180	181-360	>360		
Energy portfolio (a)						
Not- agreed portfolio (a)	\$ 482.403.816	\$ 35.853.430	\$ 14.989.045	\$ 52.503.819	\$ 585.750.110	\$ 75.538.484
Mass customers	208.178.363	11.268.669	2.679.993	15.527.102	237.654.127	-
Large customers	155.717.094	22.335.764	8.669.317	28.458.621	215.180.796	-
Institutional customers (b)	118.508.359	2.248.997	3.639.735	8.518.096	132.915.187	75.538.484
Agreed portfolio (c)	12.724.715	967.547	32.846	25.112	13.750.220	12.512.090
Mass customers	5.622.074	399.348	7.833	10.842	6.040.097	835.641
Large customers	6.201.766	510.314	25.013	14.270	6.751.363	3.240.713
Institutional customers	900.875	57.885	-	-	958.760	8.435.736
Energy portfolio, gross	495.128.531	36.820.977	15.021.891	52.528.931	599.500.330	88.050.574
Energy portfolio impairment	(7.815.523)	(11.785.295)	(10.859.306)	(36.304.514)	(66.764.638)	(84.316.581)
Energy portfolio, net	\$ 487.313.008	\$ 25.035.682	\$ 4.162.585	\$ 16.224.417	\$ 532.735.692	\$ 3.733.993
Supplementary business portfolio and others (d)						
Mass customers	49.780.005	4.594.846	897.255	2.281.256	57.553.362	13.920.971
Large customers	79.733.676	1.467.185	1.071.020	1.523.098	83.794.979	5.919.281
Institutional customers	3.461.386	-	-	-	3.461.386	-
Supplementary business portfolio, gross (e)	132.975.067	6.062.031	1.968.275	3.804.354	144.809.727	19.840.252
Supplementary business portfolio impairment	(20.351)	(767.187)	(1.001.352)	(1.682.978)	(3.471.868)	(514.446)
Supplementary business portfolio, net	132.954.716	5.294.844	966.923	2.121.376	141.337.859	19.325.806
Total commercial accounts, gross	628.103.598	42.883.008	16.990.166	56.333.285	744.310.057	107.890.826
Commercial accounts impairment	(7.835.874)	(12.552.482)	(11.860.658)	(37.987.492)	(70.236.506)	(84.831.027)
Total commercial accounts, net	\$ 620.267.724	\$ 30.330.526	\$ 5.129.508	\$ 18.345.793	\$ 674.073.551	\$ 23.059.799

(a) (a) As of 31 December 2020 and 2019, corresponds mainly to customer portfolio of the regulated market for \$659,738,278 and \$504,704,291, infrastructure for \$ 2,524,318 and \$ 2,849,346, public lighting for \$ 13,764,380 and \$ 10,996,970, jobs for individuals \$ 83,808,943 and \$ 50,566,341 and portfolio of regulatory schemes \$ 114,960,754 and \$ 88,312,509, respectively.

During 2020, Codensa S.A. E.S.P. opted to apply the regulatory mechanism of rate option in accordance with CREG Resolution 122 of June 18, 2020, by which the appeal for reconsideration filed by the Company against CREG resolution 189 of 2019 is resolved, in which The variables necessary to calculate the income and charges associated with the electricity distribution activity for the commercialization market were approved. Given the retroactive adjustment of Resolution CREG036 / 19 and the retroactive adjustment associated with the service quality incentives, an increase in the charge occurs during the 12 months following the approval of charges, that is, from July 2020 to June 2021 of distribution.

As of December 31, 2020, the account receivable for the rate option is \$ 97,208,663.

According to the social and ecological health emergency caused by the Covid-19 outbreak, as of December 31, 2020, the residential energy portfolio of strata 1 to 4 was submitted to the provisions of Articles 1 and 2 of Decree 517 of April 04, 2020 and articles 2 and 3 of resolution 058 of April 14, 2020 of the CREG, by which temporary measures were adopted for the payment of electricity service bills, all marketers must offer their residential users of stratum 1 to 4 deferred payment options of the value of the invoice for the home public electricity service, for the other regulated users, before suspending the service due to non-payment, the marketer must offer options of deferred payment of the value of the bill for the home public electricity service, applying the rates established in the resolution.

As of December 31, 2020, the deferred residential energy portfolio of strata 1 to 4 is \$ 42,667,457, the current portion corresponds to \$ 20,517,748 and non-current \$ 22,149,709

- (b) The main institutional customer of Codensa S.A. E.S.P. is UAESP. As of December 31, 2020 and 2019, the main items in the claim process by the UAESP are described below:

VAT portfolio of public lighting infrastructure

On 14 November 2013, Codensa S.A. E.S.P. filed a query with the DIAN (the Colombian tax authority) regarding the applicability of Article 19 of Decree 570/1984, to determine the special taxable base for movable property. The DIAN issued a response without solving the request made by the Company. Subsequently, on 4 November 2014, the DIAN issued a new opinion, but failed to define Codensa's query and therefore on 16 December 2014, a new query was filed requesting clarification of the opinion.

At the same time, in order to clarify whether the lease of public lighting infrastructure gives rise to VAT, on 5 December 2014 Codensa S.A. E.S.P. filed a query with the DIAN.

On 6 June 2015, Codensa S.A. E.S.P. submitted a settlement request with the UAESP to the Attorney General's Office, which was rejected initially arguing that it was not relevant; nonetheless, the corresponding appeal was filed, which was resolved favourably on 1 July 2015, scheduling the settlement hearing for 5 August 2015. The settlement hearing was held on such date, but the parties decided to not settle.

Simultaneously, on 17 June 2015, the claim against the UAESP was filed in order to prevent the Entity from arguing the expiry of the term for filing the claim, were it submitted after the settlement hearing. On 2 October 2015, Codensa S.A. E.S.P. applied for an injunction aimed at getting the UAESP to pay in advance the outstanding balance, which was rejected by the Third Section of the Cundinamarca Administrative Court, considering that this was resolved in the judgment.

The DIAN, through opinion No. 100202208-0808 of 1 September 2015, decided on the treatment of the VAT on the lease of the public lighting service infrastructure, making it clear that the public lighting service is a household public utility and, hence, it gives rise to VAT. This opinion supports the charge that Codensa S.A. E.S.P. has been applying to the UAESP.

In compliance with the aforementioned concept and the communications issued by Codensa S.A. E.S.P. to the UAESP, in November 2015 the billing of current and late interest calculated on the balance owed by this entity began. As of December 31, 2019 and 2018, current interest amounts to \$ 5,059,734 and default interest amounts to \$ 1,148,266. Interest has not increased since February 2016, taking into account that Codensa S.A. E.S.P. froze interest billing as a result of the working groups established jointly with the UAESP.

On 6 October 2016, Codensa S.A. E.S.P. was notified of the first instance decision issued by the Administrative Court of Cundinamarca on 28 September 2016, which denied the claim filed by the Company with respect to the UAESP's obligation to pay VAT on the lease of the infrastructure for the provision of the public lighting service. The judgment states mainly that: (i) the Company is providing the public lighting service in the District of Bogota and, in as service provider, is responsible for the tax; (ii) in Annex 1 to the agreement of 25 January 2002, the VAT was not included in the

liquidation components (a) energy supply, (b) infrastructure lease, (c) administration, operation and maintenance, which means that VAT is included in the service provision cost; and (iii) the denaturalisation of the lease agreement, taking into account that covenant No. 766/1997 does not meet the requirements thereof.

On 21 October 2016, Codensa S.A. E.S.P. filed with the Court of Cundinamarca the appeal against the judgment issued by said judicial corporation. Subsequently a request for preference of judgment was filed with the Council of State, in order to expedite the appeal, taking into account the importance and impact of the process.

On 17 March 2017, Codensa S.A. E.S.P. was notified by the Third Section of the Council of State about its acceptance of the appeal against the ruling issued by the Administrative Court of Cundinamarca. In this sense, and in order to expedite the declaration of this instance with respect to the judgment issued, the Company filed a report requesting the priority of the judgment, which was filed on 7 April 2017.

On 4 September 2017, the DIAN, through the opinion No 100202208-0881 addressed to the UAESP, confirms the rule contained in Official Letter No. 025652 of 3 September 2015, which concludes that the public lighting service is not within the exclusion framework provided in article 476 of the tax code, in other words, the public lighting service is not a public household service and therefore no VAT is caused by this service.

On 29 September 2017, the court notified that it will refrain from giving priority to the ruling in the current procedural stage of the process and notified the party to submit the closing arguments. On 11 October 2017, Codensa S.A. E.S.P. submitted the closing arguments and on 13 October 2017, the UAESP submitted its arguments.

On 23 October 2017, a report was submitted, providing the opinion in question as part of the evidence of the process, as well as requesting the priority of judgment again.

As of the reporting period, the UAESP has not paid the VAT for the lease service corresponding to 2015 and earlier, except November and December 2015, which were paid in March 2016 for \$1,987,355. The UAESP also paid the period between January and July 2016 for \$7,104,425; however, as a result of the aforementioned judgment, the UAESP refrained from making payments as of the service billing of August 2016.

Non-current balances as of 2020 and 2019, include the UAESP account receivable in arrears for VAT on public lighting infrastructure lease, invoiced but not collected since July 2013. This amount corresponds to \$91,510,683 and \$74,089,203, respectively.

Based on the opinion of the Group's external counsel and in line with the provisions of IFRS 9, Codensa S.A. E.S.P. considered that, regardless of the loss percentage established, there are variables that can lead to the existence of a high risk of loss and therefore the decision was made to provision 100% of the portfolio as of 31 December 2020 and 2019.

- (c) The agreed portfolio corresponds to agreements between Codensa S.A. E.S.P. and the customers on payment of a given sum, with a deadline and a pre-established interest rate. These agreements are applicable to customers requesting financing on account of electric energy consumption that are in arrears or at risk of not being paid. As of 31 December 2020 and 2019, the short-term portfolio amounts to \$39,048,027 and \$13,750,220. The detail on maturities of the non-current portfolio is as follows:

Year	As of 31 December 2020		As of 31 December 2019	
Between one and two years	\$	24.680.282	\$	3.589.709
Between two and three years		8.045.459		2.084.949
Over three years		5.401.130		6.837.432
	\$	38.126.871	\$	12.512.090

- (d) As of December 31, 2020 and 2019, corresponds mainly to private works \$ 83,808,943 and \$ 50,566,341, electrical works \$ 22,309,947 and \$ 23,729,126, infrastructure \$ 2,524,318 and \$ 2,849,346, Codensa Servicios \$ 22,195,632 and \$ 21,187,882 and collection charges \$ 12,793,327 and \$ 7,816,148, respectively.

The supplementary business portfolio corresponds to agreements between Codensa S.A. E.S.P. and the customers on payment of a given sum, with a deadline and a pre-established interest rate, applicable to customers requesting financing on account of installations, adjustments, fines for losses and other services provided by the Company. The detail on maturities of the non-current portfolio is as follows:

Year	As of 31 December 2020	As of 31 December 2019
Between one and two years	\$ 11.661.671	\$ 12.362.150
Between two and three years	5.860.714	5.518.183
Over three years	1.716.906	1.959.919
	\$ 19.239.291	\$ 19.840.252

- (2) As of December 31, 2020 and 2019, it corresponds mainly to accounts receivable from employees for a present value of \$ 40,751,644 and \$ 39,998,754 respectively, accounts receivable from retired personnel for a present value of \$ 3,063,073 and \$ 2,828 .093 for loans for housing, appliances, education, among others, respectively. Loans granted to employees are awarded at rates between 0% and 4.75% and for retired personnel between 0% and 7%, for which reason the Group discounts future flows at the market rate, recognizing as a benefit paid in advance, the differential between the market rate and the awarded rate, and amortizing them over the life of the loan.

Additionally, there is an increase in other current accounts receivable for the sale of obsolete material for \$ 2,298,632 and electrical works for \$ 2,520,536

- (3) With IFRS 9 becoming effective as of 1 January 2018, the expected credit loss is calculated recognizing the impairment in advance from the first day and not waiting for an event that indicates the impairment of the financial asset.

In the implementation, three models defined by the group were adopted:

- Simplified collective model
- Simplified individual model
- General collective model

The evolution of portfolio impairment is as follows:

Item	As of 31 December 2020	As of 31 December 2019
Provision for impairment of commercial accounts		
Simplified Collective Model (a)	\$ 75.582.239	\$ 46.550.509
Simplified Individual Model (b)	131.509.536	108.163.492
Total provision for impairment of commercial accounts	\$ 207.091.775	\$ 154.714.001
Provision for impairment other accounts receivable		
General Collective Model	1.407.098	1.027.121
Total provision for impairment other accounts receivable	1.407.098	1.027.121
Total	\$ 208.498.873	\$ 155.741.122

- (i) Due to the adoption of IFRS 9 in accordance with note 3.1.9. (b) impairment of assets.

By 2020, the following variations in the impairment are presented:

(a) Simplified Collective Model:

Provision increase of \$29,031,730 mainly due to the increase in the portfolio balances of the residential, commercial and industrial categories in maturities over 180 days.

(b) Simplified Individual Model:

The variation corresponds mainly to:

- Increase in the provision of the Public Lighting VAT portfolio due to an increase in the portfolio for the year of \$ 17,421,481, a 100% provision.
- Decrease in the provision of the municipal portfolio, mainly El Colegio \$ (1,014,544); Puerto Salgar \$ (776,034); Municipality of Flanders \$ (767,258); Apulo \$ (515,863).
- Increase in the portfolio provision for other businesses mainly, Uniaguas SA ESP \$ 5,579,972 and Aguas del Sinú SA ESP \$ 3,163,846.
- Increase in provision for customers with prescription (portfolio older than 5 years that is not in legal dispute) \$ 1,860,789

The movements of the provision for impairment of commercial accounts and other accounts receivable are as follows:

	As of December 31, 2020	As of December 31, 2019
Commercial Portfolio		
Initial balance	\$ 155.741.122	\$ 147.011.538
Endowments	59.601.854	23.894.888
Uses	(6.850.688)	(15.165.304)
Balance as of December 31, 2020	\$ 208.498.873	\$ 155.741.122

Guarantees granted by Debtors:

For customers subscribing to payment agreements for financing products other than electric energy, the Company supports these debts with blank promissory notes. In addition, for employee debts of, personal guarantees (promissory notes and instruction letters) and collaterals (mortgages and pledges) are established.

8. Balances and Transactions with Related parties

Net Accounts Receivable from Related Entities:

Company	Type of related entity	Country of origin	Type of transaction	As of 31 December 2020	As of 31 December 2019
Emgesa S.A. E.S. P	Other (*)	Colombia	Sale of energy (1)	\$ 17.208.261	\$ 11.768.298
		Colombia	Other services	1.592.240	31.590
Grupo Energía Bogotá S.A.	Other (*)	Colombia	Christmas Lighting (2)	4.142.520	800.000
		Colombia	Other services	55.258	52.199
Enel Global Infr. & Network	Other (*) (*)	Italy	Expatriates	992.210	242.246
Enel SPA	Controller	Italy	Expatriates (3)	985.501	2.587.959
Endesa Oper. Y Serv. Comerciales	Other (*)	Spain	Call Center Services	295.437	376.721
Fundación Enel Colombia	Other (*)	Colombia	Electrical works (4)	270.452	-
Enel Chile S.A.	Other (*)	Chile	Expatriates	184.768	98.514
Empresa Distribuidora del Sur	Other (*)	Argentina	Expatriates	182.647	52.744
Endesa Energía SPA	Other (*)	Spain	Call Center Services	156.945	174.520
Cia, Energetica Do Ceara	Other (*)	Brazil	Expatriates	111.944	58.275
Enel Trading Argentina S.R.L.	Other (*)	Argentina	Expatriates	68.503	44.678
Enel Distribuzione S.P. A	Other (*)	Italy	Expatriates	55.465	55.465
Enel Distribución Perú S.A.	Other (*)	Peru	Other services	31.750	55.926
Celg distribuicao S.A.	Other (*)	Brazil	Expatriates	21.892	-
Enel Energía S.P. A	Other (*)	Italy	Expatriates	-	265.537
Enel Green Power Col	Other (*)	Colombia	Other services	-	188.996
Enel Iberia S.R.L	Other (*)	Spain	Expatriates	-	95.450
Enel Brasil S.A.	Other (*)	Brazil	Expatriates	-	4.309
				\$ 26.355.793	\$ 16.953.427

(*) Companies over which Enel SPA has significant influence or control.

(**) Grupo Energía Bogotá S.A. E.S.P. is a shareholder the Company (See Note 20).

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Accounts receivable from related parties show impairment in accordance with IFRS 9 for \$19.063.

- (1) As of December 31, 2020 and 2019, the balance includes the estimates of tolls and CPROG, regional transmission system (STR) and billing by distribution areas (ADD's) for \$ 16,735,374 and \$ 11,103,672; use of lines and networks for \$ 353,789 and \$ 332,181, energy billing for \$ 119,098 and \$ 332,445, respectively.
- (2) The variations with this entity are given by the negotiations of each year.
- (3) The decrease is due to the payment made in June 2020 corresponding to expatriate bills (Social Security) for \$ 1,478,407.

Accounts payable to related entities

Company	Type of Related entity	Country of origin	Type of Transaction	As of 31 December 2020	As of 31 December 2019
Grupo Energía Bogotá S.A.	Other (**)	Colombia	Dividends (4)	\$ 73.442.139	\$ 54.424.996
Enel Américas	Controller	Chile	Dividends (4)	69.122.015	51.223.527
Enel Global Infr. & Network	Other (*)	Italy	Expatriates	1.004.871	1.772.966
			Other services (5)	12.580.867	-
Enel X S.R.L.	Other (*)	Italy	Other services (5)	10.089.619	-
Enel Global Services S.A.	Other (*)	Italy	Other services (5)	8.722.542	-
Enel SPA	Controller	Italy	Expatriates	717.503	539.484
			Other services	5.308.488	-
Enel Italia S.R.L.	Other (*)	Italy	Other services (5)	1.922.899	21.340.971
		Italy	Expatriates	-	1.794.973
Enel Chile S.A.	Other (*)	Chile	Other services	1.373.218	4.241.644
Enel Distribución Chile S.A.	Other (*)	Chile	Expatriates	381.078	117.029
Enel Iberia S.R.L.	Other (*)	Spain	Expatriates	248.805	276.955
Enel Distribuzione S.P.A.	Other (*)	Italy	Other services	69.100	-
Emgesa S.A E.S.P.	Other (*)	Colombia	Loan (6)	-	92.658.471
		Colombia	Purchase of energy (7)	-	85.334.255
		Colombia	Financial interests	-	792.396
		Colombia	Other services	28.831	1.651.327
				\$ 185.011.975	\$ 316.168.994

(*) Correspond to companies over which Enel SPA has significant influence or control.

(**) Grupo Energía Bogotá is a shareholder of the Company (See Note 20).

- (4) Dividends declared payable corresponding to the 2019 profit according to the payment plan, the dividends were paid in January 2021.
- (5) Corresponds mainly to computer services under the Datacenter Operation and Cybersecurity contracts; At the end of 2019 all computer services were provided by Enel Italia S.R.L., however, as of January 1, 2020, a reorganization of the country Italy was carried out. The new organization foresees that the activities of Global Digital Solutions and Global Procurement will be carried out and invoiced by the new company Enel Global Services to the target companies. Either directly or through the global companies in each area.
- (6) The decrease corresponds to the payment of intercompany loans granted in October 2019, which were canceled on January 17, 2020. The loan was requested for payment of creditors.
- (7) Energy portfolio owed for December consumption canceled in January 2020.

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Effects on net income with related entities

Company	Type of transaction	As of 31 December 2020	As of 31 December 2019
Revenue			
Emgesa S.A. E.S.P.	Tolls and use of lines and networks	162.951.864	144.502.874
	Energy and other services	178.256	949.795
	Other revenues	895.913	300.893
	Compensation quality of service	-	(520.016)
Grupo Energía Bogotá S.A.	Christmas lighting	3.529.412	800.000
	Other services	-	13.555
Enel Green Power Colombia S.A.S.	Other services (1)	2.237.008	1.035.725
Enel Global Infr. & Network	Expatriates	992.210	242.246
	Exchange difference	71.126	7.942
Endesa Operaciones y Servicios	Call Center Services	847.696	761.677
	Exchange difference	1.506	42.213
Enel X North America Inc	Other services (2)	430.503	-
	Exchange difference	36.467	-
Endesa Energía	Call Center Services	331.379	327.711
	Exchange difference	5.536	25.580
Enel Chile S.A.	Expatriates	86.202	22.241
	Exchange difference	172.987	191.164
Fundación Enel Colombia	Other services	168.866	-
Empresa Distribuidora Sur S.A.	Expatriates	129.903	37.231
Enel Italia S.R.L.	Expatriates	9.124	17.743
	Exchange difference	81.828	338.562
Enel Spa	Expatriates	86.320	188.162
	Exchange difference	-	90.675
Cia. Energetica Do Ceara	Expatriates	53.669	46.280
Enel Distribución Perú S.A.	Expatriates	31.750	32.114
	Exchange difference	-	1.882
Enel Trading Argentina S.R.L.	Expatriates	23.825	-
Enel X S.R.L.	Computer Services	19.200	-
Celg Distribuicao S.A.	Expatriates	17.582	-
Enel Iberia S.R.L.	Exchange difference	5.140	-
Enel Distribuzione Spa	Exchange difference	4.895	10.078
Endesa CEMSA S.A.	Expatriates	-	32.249
Enel Brasil S.A.	Expatriates	-	4.309
		\$ 173.400.167	\$ 149.502.885
Costs and expenses			
Emgesa S.A. E.S.P.	Purchase of energy	1.196.401.009	1.079.449.888
	Financial interest on loans (3)	899.998	1.467.623
	Other services	458.079	-
Enel Global Infr. & Network	Expatriates	2.317.011	1.196.252
	Computer Services	9.894.744	-
	Exchange difference	101.525	6.870
Enel Global Services S.A	Computer Services	10.192.125	-
	Exchange difference	1.112.284	-
Enel Spa	Expatriates	1.673.757	1.009.815
	Computer Services	4.821.186	-
	Exchange difference	88.110	45.541
Fundación Enel	Contributions to Foundation	2.540.000	1.138.876
Enel X S.R.L.	Computer Services	2.219.999	-

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Company	Type of transaction	As of 31 December 2020	As of 31 December 2019
	Exchange difference	52.692	-
Enel Italia S.R.L.	Computer Services	1.161.710	16.430.624
	Exchange difference	275.738	276.435
Enel Chile S.A.	Computer Services	1.188.450	-
	Exchange difference	60.042	261.577
Enel Iberia S.R.L.	Expatriates	249.164	243.521
	Exchange difference	24.375	2.228
Enel Distribución Chile S.A	Expatriates	251.785	117.028
	Exchange difference	12.265	-
Enel Distribuzione Spa	Expatriates	-	145.530
	Other services	73.996	-
	Exchange difference	-	5.421
Grupo Energía Bogotá S.A.	Leases	39.757	38.492
Enel X North America Inc	Exchange difference	36.467	-
Endesa Energía	Exchange difference	6.934	39.202
Endesa Operaciones y Servicios	Exchange difference	6.441	57.845
Enel Distribución Perú S.A.	Exchange difference	1.194	1.775
Enel energía	Expatriates	-	2.625
		\$ 1.236.160.837	\$ 1.101.937.168

- (1) Billing of the Intercompany contract for administrative services provided to Enel Green Power Colombia S.A.S.
- (2) Corresponds to billing for the installation of 16 charging points in 13 cities of the country.
- (3) Interest on loans received in 2020 maturing on October 1, 2020 at a rate of 4.59% E.A.

Board of Directors and Key Management Personnel

Board of Directors

The Group has a Board of Directors made up of seven (7) principal members, each of whom has a personal alternate, elected by the General Shareholders' Meeting by the electoral quotient system. In accordance with the corporate bylaws, while the Company has the quality of issuer of securities, 25% of the board members will be independent as provided for by the law. The appointment of board members will be for two (2) years, and they can be re-elected indefinitely and without prejudice to the power of the Shareholders' Meeting to remove them freely at any time.

In an extraordinary session of the 74th General Shareholders' Meeting held on July 29, 2020, the appointment of the main member of the sixth line and alternate member of the sixth line of the Board of Directors was approved, being composed as follows:

Seat	Principal	Alternate
First	Caldas Rico Andrés	Restrepo Molina Carlos Mario
Second	Vargas Lleras José Antonio	Lopez Vergara Leonardo
Third	Rubio Díaz Lucio	Di Murro Michele
Fourth (Independent)	Lopez Valderrama Andrés	Cajiao Pedraza Mario Antonio
Fifth	Baracaldo Andrés	Zuleta Dávila Fredy Antonio
Sixth	Ortega Juan Ricardo	Castilla Canales Felipe
Seventh (Independent)	Castro Lachner Luis Javier	Veleño Quintero Martha

The Group appoints a Chairman, who is elected by the Board of Directors among its members for a given period, and may be re-elected indefinitely or removed freely before the expiry of the period. In addition, the Board of Directors has a Secretary, who may or may not be a member of the Board. The appointment of the Chairman was approved by the Board of Directors in a meeting held on 26 May 2015. The Secretary of the Board of Directors was appointed on 16 July 2020.

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In accordance with the provisions in Article 55 of the Corporate Bylaws, the General Shareholders' Meeting must set the remuneration of the Board members. The current remuneration as of 31 December 2020 amounts to USD \$1,000, after taxes, for attendance to each session of the Board of Directors, approved by the General Shareholders' Meeting in ordinary session held on 25 March 2020.

The registration with the Bogotá Chamber of Commerce of the appointment of the main member of the sixth line and alternate member of the sixth line of the Board of Directors was made on 2 September 2020 with No. 02611657 of Book IX.

Below is the list of fees paid to Board members:

Name	As of 31 December 2020	As of 31 December 2019
Rubio Díaz Lucio	\$ 54.932	\$ 44.703
Vargas Lleras José Antonio	54.869	44.703
Lopez Valderrama Andrés	54.869	33.538
Caldas Rico Andrés	51.078	41.074
Baracaldo Sarmiento Andrés	50.995	18.926
Castro Lachner Luis Javier	38.283	-
Castilla Canales Felipe	29.648	44.702
Ortega Lopez Juan Ricardo	25.221	-
Moreno Montalvo Gustavo	12.379	30.102
Veleño Quintero Martha Yaneth	4.207	-
Zuleta Dávila Fredy Antonio	3.874	-
Álvarez Hernández Gloria Astrid	-	18.469
Cajiao Pedraza Mario Antonio	-	11.165
Rodríguez Ríos Daniel	-	10.621
Restrepo Molina Carlos Mario	-	3.629
	\$ 380.355	\$ 301.632

Key Management Personnel

Below is a list of key Management personnel:

Name	Position
Lucio Rubio Díaz	General Director Colombia
Francesco Bertoli	Codensa General Manager
Michelle Di Murro	Administration, Finance and Control Manager

The fees received by key Management personnel include salaries and short-term benefits, out of which the most representative corresponds to the annual bonus for meeting objectives.

The detailed fees are listed below:

	Period ended 31 December 2020	Period ended 31 December 2019
Remunerations	\$ 2.550.017	\$ 1.369.389
Short-term benefits	210.805	136.692
Long-term benefits	229.077	290.164
	\$ 2.989.899	\$ 1.796.245

Incentives Plans for Key Management Personnel

The Group has established for its executives an annual bonus for meeting objectives and level of individual contribution to the Group. These bonuses correspond to a specific number of gross monthly remunerations.

As of 31 December 2020, the Group does not have payment benefits based on actions of key management personnel, nor has it established warranties in their favour.

As of 31 December 2020, there are no compensation payments for contract termination.

9. Net inventories

	As of 31 December 2020	As of 31 December 2019
Net electrical material (1)	\$ 218.079.250	\$ 166.794.630
Transformers (1)	16.967.250	12.923.699
Non-electrical material (1)	13.973.030	10.780.109
Added value (2)	498.856	416.019
	\$ 249.518.386	\$ 190.914.457

- (1) From 1 January to 31 December 2020, Codensa S.A. E.S.P. increased material procurement required for projects such as the maintenance and optimisation plan in quality of medium voltage lines and networks infrastructure, reinforcement of tele-control network and equipment, Maintenance and Modernization of substations, under-grounding small and medium voltage networks for land-use planning (POT), expansion of high voltage capacity and other projects intended to improve quality indices, service capacity and modernization and expansion of public lighting.

Below is the detailed movement of the provision for impairment associated with electrical material:

Opening Balance as of January 1, 2019	\$ (799.886)
Use of provision (a)	576.320
Endowment of provision	(701.165)
Balance as of 31 December 2019	\$ (924.731)
Use of provision (a)	956.421
Endowment of provision	(778.060)
Balance as of 31 December 2020	\$ (746.369)

- (a) Corresponds mainly to the losses of cable waste that were returned as surplus from Codensa's electrical infrastructure operations.
- (2) Corresponds primarily to the inventory of induction stoves available for sale; to date there are no signs of impairment of said inventory.

The consumption of materials through profit or loss as of December 2020 and 2019 corresponds to:

	As of 31 December 2020	As of 31 December 2019
Maintenance substations and networks	\$ 13.162.352	\$ 10.003.047
Lighting and new business	2.123.955	1.419.881
Other materials	4.877.095	2.537.589
	\$ 20.163.402	\$ 13.960.517

There are no inventories pledged as guarantee of debt compliance.

10. Non-current assets and liabilities held for sale

In October 2018, the Board of Directors approved the start of the sale process of the Small Hydroelectric Power Plant PCH Rio Negro, and the contracting of an investment bank to channel said sale process.

The Rio Negro PCH Power Plant was received in the merger with the company Empresa de Energía de Cundinamarca - EEC in 2016. Considering that Codensa S.A. E.S.P. was created after 1992, the vertical integration restriction is applicable and

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therefore cannot commercially operate or represent any generation assets, therefore, PCH was operated by Emgesa S.A. E.S.P. under a usufruct contract.

After a sale process conducted during 2019, the transaction was successfully executed by the signing of the asset purchase agreement on 26 December 2019. As of 31 December 2020, 100% of the agreed purchase price has been collected.

Taking into account the sale process and the provisions of IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”, prior to classification as a non-current asset held for sale, PCH has been recorded at fair value. During 2019, mandatory compliance additions were made for environmental issues and the fair value was updated.

As of 30 June 2020, the assets and liabilities held for sale were derecognised.

The balance as of 31 December 2019, was made up of:

	Balance as of 31 December 2019
Non-current assets held for sale	
Hydraulic power plant	\$ 37.203.350
Non-current liabilities held for sale	
Dismantling	(12.453.350)
Net value of assets and liabilities held for sale	\$ 24.750.000

11. Net Intangible Assets Other than Capital Gains

	As of 31 December 2020	As of 31 December 2019
Software (1)	\$ 255.762.870	\$ 204.036.035
Easement	60.115.949	57.897.561
Licenses	33.159.148	40.440.038
Development costs (2)	5.977.178	3.832.935
Net intangible assets	\$ 355.015.545	\$ 306.206.569
Software	425.010.157	331.480.028
Easement	74.645.633	70.340.763
Licenses	83.148.960	81.924.186
Development costs	35.357.142	32.773.246
Gross intangible assets	\$ 618.161.892	\$ 516.518.223
Software	(169.247.288)	(127.443.993)
Easement	(14.529.684)	(12.443.202)
Licenses	(49.989.412)	(41.484.148)
Development costs	(29.379.964)	(28.940.311)
Accumulated amortisation	\$ (263.146.348)	\$ (210.311.654)

(1) Corresponds to the following software:

	Net cost as of 31 December 2020	Remaining life (Years)	Net cost as of 31 December 2019	Remaining life (Years)
Administrative management systems	5.735.005		\$ 4.495.027	
Microsoft	1.644.224	1	0	-
Software SAP	1.194.586	9	1.864.360	2
Latam Institutional Portal Project	-	-	1.369.443	2
GRID Local Projects	902.859	3	-	-

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	Net cost as of 31 December 2020	Remaining life (Years)	Net cost as of 31 December 2019	Remaining life (Years)
Functional Performance Improvements SPA	762.902	3	-	-
Archibus system	577.862	3	508.592	3
Big Data lot	288.854	3	-	-
Direct Costs ERP E4E	205.285	3	-	-
Software SAP RRHH	158.433	2	351.623	3
Storia System	-	2	303.910	3
Mercurio	-	-	97.099	1
Other minor computer programs	-	-	-	-
Commercial Management Systems	92.114.503		45.932.406	
Billing (a)	44.133.973	-	4.175.839	3
3D Modelling (b)	6.157.384	-	-	-
CRM Sales Force	6.129.387	2	22.818.071	3
Global Front Office	4.227.994	1	-	-
TR_ENG_Sets de datos Datagran	3.157.658	2	-	-
E-CityX-Customer	3.423.871	3	-	-
Epica CRM	2.519.778	2	4.173.423	3
Digital Supply Chain - Evoluzione MIm	2.227.971	3	-	-
BI: Capa + datos	2.163.474	3	-	-
Control System	1.967.262	-	-	-
Unique ID	-	-	1.972.704	-
Web One Hub 2.0	1.791.887	3	-	-
E-Home	-	-	1.806.699	-
Service Quality Management	1.684.757	-	-	-
Epic Evolution CRM	1.662.385	2	-	-
IC_Front Office Rete	1.448.874	-	-	3
Electronic bill	1.318.919	3	1.648.964	-
Force Beat	1.282.372	2	-	-
Contract Lifecycle Managemnt (CLM)	1.240.865	-	-	-
Retail N III	1.231.554	-	1.010.938	-
E-Home projects	1.204.466	-	-	-
GESI (including integrations with SALES)	1.159.740	-	-	1
Synergia 4J Project	534.205	2	801.307	3
One Hub	370.417	1	1.026.750	2
ICT online services portal	188.636	-	188.636	-
Starbeats	569.519	-	-	-
Local adaptations Customer Journey	317.155	2	-	-
E - Order field work management	-	-	6.291.910	-
Vehicle Charging Automation System	-	-	17.165	-
Distribution Management System	157.913.361		153.608.602	5
Sap E4E	102.604.054	9	100.316.235	3
Software Scada STM	12.468.015	4	10.963.609	3
Software Scada - Front-end Comunicación	5.111.251	4	8.060.473	3
Software DMS / EMS	5.706.792	3	7.609.056	4
Digi&N Colombia	-	-	5.491.267	-
Actualización BT-AU3	3.566.124	3	-	-
Software Scada STM	3.592.212	-	-	-
BT- OYM Update	3.558.724	3	-	-
Lidaproy	3.439.026	3	-	-
Low Tension Lifting Bases	2.876.224	3	-	-
Asset Management	2.777.301	3	-	-
Big Data Analytics and Dashboards	1.595.874	4	3.494.843	5
Local MEF Projects	-	-	2.500.168	-
Software Scada	-	-	2.464.962	-

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	Net cost as of 31 December 2020	Remaining life (Years)	Net cost as of 31 December 2019	Remaining life (Years)
DIGI&N	1.517.556	-	-	-
Project Infrastructure	1.186.669	-	-	-
Asset Management	1.173.982	4	1.467.478	5
Mlm e Arqc	-	-	1.105.970	-
SIR-Regulatory Information System	366.559	2	549.839	3
Corporate Data Network Metrolan HA	329.931	2	494.896	3
Power Quality PIM System	256.900	2	385.349	3
IBM Transformation Project	173.977	2	260.966	3
Service Now Project	-	-	173.677	1
Oracle Licensing	-	-	95.441	1
Linux Licensing	-	-	93.259	0,1
Effective Power Monitoring	-	-	6.785	-
Other minor computer programs	5.612.191	-	8.074.329	-
	255.762.870		\$ 204.036.035	

- (a) Corresponds to the FARO project that includes the adoption of the product developed by the Enel Group on the SAP platform for the billing, collection and collection processes of the energy business.
- (b) Corresponds mainly to the development and commissioning of the project (3D Modeling), which aims to standardize the systems that support the marketing models in business processes, marketing management and the operation of Codensa S.A. E.S.P.

The composition and movements of the item intangible assets are detailed below:

	Development Costs	Easement	Licenses	Computer Software	Intangibles under Construction	Intangible Assets
Initial balance						
01/01/2019	\$ 2.187.164	\$ 55.967.613	\$ 39.207.888	\$ 31.957.604	\$ 99.708.850	\$ 229.029.119
Additions	41.093	3.277.364	3.416.243	-	103.670.558	110.405.258
Transfers	-	-	5.249.254	167.163.458	(172.412.712)	-
Amortisation	(451.322)	(1.723.806)	(7.433.347)	(26.051.723)	-	(35.660.198)
Other increases and decreases	2.056.000	376.390	-	-	-	2.432.390
Movements of the period	1.645.771	1.929.948	1.232.150	141.111.735	(68.742.154)	77.177.450
Final balance 31/12/2019	\$ 3.832.935	\$ 57.897.561	\$ 40.440.038	\$ 173.069.339	\$ 30.966.696	\$ 306.206.569
Additions	-	-	-	5.966.755	95.676.909	101.643.664
Transfers	2.583.898	4.304.868	1.224.774	25.102.271	(33.215.811)	-
Amortisation	(439.655)	(2.086.480)	(8.505.264)	(41.803.289)	-	(52.834.688)
Movements of the period	2.144.243	2.218.388	(7.280.490)	(10.734.263)	62.461.098	48.808.976
Saldo final 31/12/2020	\$ 5.977.178	\$ 60.115.949	\$ 33.159.548	\$ 162.335.076	\$ 93.427.794	\$ 355.015.545

As of 31 December 2020, the Company has no intangible assets with indefinite useful life.

Additionally, there are no restrictions or guarantees on intangible assets.

As of 31 December 2020, there are no acquisition commitments on intangible assets through official subsidy.

12. Net Property, Plant and Equipment

	As of 31 December 2020	As of 31 December 2019
Construction in progress (1)	924.609.419	706.371.675
Buildings	216.539.216	213.462.060
Land	121.602.530	114.895.524
Improvements in third-party property	969.898	1.404.815
Plant and equipment	4.764.429.712	4.420.209.426
<i>Electrical distribution networks and installations</i>	3.776.276.025	3.517.638.230
<i>Substations and high voltage lines</i>	988.153.687	902.571.196
Fixed installations and others	81.497.111	91.316.517
<i>Other installations</i>	43.470.425	56.463.546
<i>Fixed installations and accessories</i>	38.026.686	34.852.971
Finance leases	59.894.793	27.466.177
Fixed installations and others	1.263.004	4.127.220
IFRS 16 right-of-use assets	58.631.789	23.338.957
<i>Buildings and Land</i>	56.888.597	21.818.785
<i>Fixed installations and others</i>	1.743.192	1.520.172
Net property, plant and equipment	6.169.542.679	5.575.126.194
Construction in progress	924.609.419	706.371.675
Buildings	278.871.011	273.060.575
Land	121.602.530	114.895.524
Improvements in third-party property	10.128.371	10.128.371
Plant and equipment	9.747.641.263	9.116.910.663
<i>Electrical distribution networks and installations</i>	7.630.346.331	7.122.147.152
<i>Substations and high voltage lines</i>	2.117.294.932	1.994.763.511
Fixed installations and others	236.200.567	227.298.061
<i>Other installations</i>	150.234.892	148.372.380
<i>Fixed installations and accessories</i>	85.965.675	78.925.681
Finance leases	94.740.448	46.556.145
Fixed installations and others	13.975.083	14.695.326
IFRS 16 right-of-use assets	80.765.365	31.860.819
<i>Buildings and Land</i>	77.557.254	29.699.503
<i>Fixed installations and others</i>	3.208.111	2.161.316
Gross property, plant and equipment	11.413.793.609	10.495.221.014
Buildings	(62.331.795)	(59.598.515)
Improvements in third-party property	(9.158.473)	(8.723.556)
Plant and equipment	(4.983.211.551)	(4.696.701.237)
Electrical distribution networks and installations	(3.854.070.306)	(3.604.508.922)
Substations and high voltage lines	(1.129.141.245)	(1.092.192.315)
Fixed installations and others	(154.703.456)	(135.981.544)
<i>Other installations</i>	(106.764.467)	(91.908.834)
<i>Fixed installations and accessories</i>	(47.938.989)	(44.072.710)
Finance leases	(34.845.655)	(19.089.968)
Fixed installations and others	(12.712.079)	(10.568.106)
IFRS 16 right-of-use assets	(22.133.576)	(8.521.862)
<i>Buildings and Land</i>	(20.668.657)	(7.880.718)
<i>Fixed installations and others</i>	(1.464.919)	(641.144)
Accumulated depreciation of property, plant and equipment	(5.244.250.930)	(4.920.094.820)

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(1) Assets undergoing construction correspond to the following projects:

Proyecto	As of 31 December 2020	As of 31 December 2019
Replenishment of rural infrastructure level 1	225.921.082	65.334.329
Medium voltage lines quality plan	145.613.419	49.948.823
Standardisation and quality medium voltage service	117.269.941	110.693.230
Replenishment of transformers and rural urban equipment	104.142.151	30.091.992
Electric Bus Charging Stations	80.474.513	-
Latam - Codensa tele-control project	65.808.438	43.256.569
Connections lines and mass urban networks	58.567.295	96.270.446
Modernisation of public lighting Bogota	43.583.661	64.237.684
Medium voltage capacity expansion	23.037.279	35.706.574
Replenishment of rural and urban infrastructure level 2	16.273.042	2.618.358
Public Lighting Expansion	8.227.601	5.166.655
Adaptation of loss control measurement equipment	6.836.682	26.949.027
Substation equipment modernisation	6.387.108	10.054.947
Standardisation and quality high voltage service	4.969.753	18.472.180
Commercial Headquarters Adaptations	3.790.824	8.188.564
Rural Public Lighting	3.666.079	4.155.028
San Jose substation	3.347.962	6.753.449
IDU land use plan - Municipalities	3.165.067	8.165.895
Other minor projects	2.050.597	9.501.344
Peripheral networks expansion MV - LV	505.296	2.789.676
High voltage capacity expansion	414.542	12.451.876
Construction of the Portugal STN-115Kva Substation	290.992	7.355.066
Smart Metering	136.408	8.871.936
Construction of the STN-115Kva Terminal Substation	129.687	4.734.694
Construction of the 115-11.4Kva Compartir Substation	-	27.938.633
Concessions of medium voltage lines	-	6.914.405
Construction of the STN-115Kva North Substation	-	39.750.295
	\$ 924.609.419	\$ 706.371.675

The composition and movements of the line item Properties, plant and equipment are detailed below:

	Construction in progress	Lands	Buildings	Improvements third-party property	Substations and high voltage lines	Installations and electric distribution networks	Other installations	Finance leases	Property, plant and equipment
Initial balance 01/01/2019	\$ 1.087.398.798	\$ 108.751.871	\$ 187.860.259	\$ 1.940.277	\$ 863.876.401	\$ 2.784.854.721	\$ 66.862.309	\$ 8.487.325	\$ 5.110.031.961
Period movements									
Movements in property, plant and equipment									
Additions (a)	809.728.662	1.358.091	-	-	-	-	362.127	42.265	811.491.145
Transfers	(1.188.323.395)	6.118.432	29.390.310	-	87.307.576	1.024.378.106	41.128.971	-	-
Withdrawals (b)	-	-	-	-	(1.167.459)	(8.895.596)	(3.226)	(15.679)	(10.081.960)
Depreciation expenses (see note 26)	-	-	(3.788.509)	(535.462)	(47.445.322)	(282.699.001)	(17.033.664)	(12.081.023)	(363.582.981)
Other increases (decreases)	(2.432.390)	(1.332.870)	-	-	-	-	-	31.033.289	27.268.029
Period movements	(381.027.123)	6.143.653	25.601.801	(535.462)	38.694.795	732.783.509	24.454.208	18.978.852	465.094.233
Final balance 31/12/2019	\$ 706.371.675	\$ 114.895.524	\$ 213.462.060	\$ 1.404.815	\$ 902.571.196	\$ 3.517.638.230	\$ 91.316.517	\$ 27.466.177	\$ 5.575.126.194
Period movements									
Movements in property, plant and equipment									
Additions (a)	928.849.956	-	-	-	-	-	-	52.314.815	981.164.771
Transfers	(710.191.046)	6.710.110	5.810.436	-	130.257.174	558.345.768	8.902.505	165.053	-
Withdrawals (b)	-	(3.104)	-	-	(7.243.503)	(50.146.588)	-	(4.295.565)	(61.688.760)
Depreciation expenses (see note 26)	-	-	(2.733.280)	(434.917)	(43.942.139)	(291.532.950)	(18.721.833)	(16.551.095)	(373.916.214)
Other increases (decreases)	(421.166)	-	-	-	6.510.959	41.971.565	(78)	795.408	48.856.688
Period movements	218.237.744	6.707.006	3.077.156	(434.917)	85.582.491	258.637.795	(9.819.406)	32.428.616	594.416.485
Final balance 31/12/2020	\$ 924.609.419	\$ 121.602.530	\$ 216.539.216	\$ 969.898	\$ 988.153.687	\$ 3.776.276.025	\$ 81.497.111	\$ 59.894.793	\$ 6.169.542.679

- (a) As of 31 December 2020 and 2019, \$4,410,456 and \$4,220,664 of financial expenses were capitalised into eligible assets for projects such as replacement and redesign of urban and rural medium voltage, Portugal substation, Compartir substation and Norte substation.
- (b) Corresponds mainly to the removal of HV/MV/LV equipment, networks and distribution transformers and public lighting associated with modernisation and replenishment projects.

Additional information net property, plant and equipment

Main investments

As of 31 December 2020 and 2019, additions to property, plant and equipment correspond to investments in conditioning, modernisation, expansion and construction of substations, lines and networks in high, medium and low voltage and distribution transformers in order to enhance efficiency, Charging Stations for Electric Buses, Purchase of Warehouses and levels of quality of service. The main additions to property, plant and equipment correspond to:

Additions by project	Class	As of 31 December 2020	As of 31 December 2019
Adaptation and modernisation in HV, MV and LV lines and networks *	Líneas y Redes	278.578.676	\$ 336.312.453
Adaptation, modernisation and expansion of HV / MV and MV / MV substations *	Subestaciones	192.705.722	93.315.140
Expansion and modernisation of rural and urban public lighting	Líneas y Redes	45.706.545	85.241.316
Expansion of HV, MV and LV lines and networks *	Líneas y Redes	95.569.899	84.347.202
	Estaciones		
E-Bus Project	Recarga	128.848.882	-
Telecontrol Latam	Líneas y Redes	81.350.396	64.287.922
Expansion and adaptation of MV and LV distribution transformers *	Líneas y Redes	35.337.781	42.245.823
Acquisition of measuring devices to control MV and LV losses *	Líneas y Redes	7.056.071	22.834.443
Construction substation Compartir 115-11.4Kva	Subestaciones	-	19.282.925
Expansion substation Mosquera STN/115 Kv	Subestaciones	11.111.940	-
Expansion substation Norte STN/115 Kv	Subestaciones	-	10.386.214
Expansion substation Portugal STN/115 Kv	Subestaciones	16.545.174	7.354.969
Expansion substation Terminal STN/115 Kv	Subestaciones	-	4.464.964
Expansion substation Gran Sabana	Subestaciones	-	2.684.130
Adaptation and modernization of Headquarters	Sedes	10.647.848	-
Purchase of warehouse central file T Patio	Bodegas	14.699.373	-

* HV (High voltage), MV (Medium voltage) and LV (Low voltage)

As of 31 December 2020 and 2019, direct workforce was capitalised directly related to the construction in progress for \$92,651,801 and \$95,721,646. The variation corresponds mainly to the greater execution of tele-control projects, replacement quality and urban and rural infrastructure in medium voltage networks, Mosquera, Portugal, Terminal substation, North substation, massive urban and rural connections in medium and low voltage networks, Charging Stations for Electric Buses, and compliance with the district land use plan.

Main transfers to operation

As of 31 December 2020, the main constructions in progress that started operations correspond to:

Project	Total Activation
Modernisation, adaptation and expansion of medium voltage lines and networks	348.701.319
Modernisation, adaptation and expansion of low voltage lines and networks	169.944.831
Modernisation, adaptation and expansion of Public Lighting	128.983.842
Modernisation, adaptation of high and medium voltage substation compensation	52.074.077
Modernisation, adaptation and expansion of distribution transformers	4.594.575
Modernisation, adaptation and expansion of high voltage lines and networks	6.822.799

Insurance policies

Below are the policies for the protection of Company property:

Insured property	Hedged risks	Insured value (Figures in thousands)	Maturity	Insurance company
	Non-contractual civil liability	USD \$20.000	1/11/2021	Axa Colpatría
Company assets	Non-contractual civil liability (tier of USD \$200 million in excess of USD \$20 million)	USD \$200.000	1/11/2021	Mapfre Seguros Colombia
	Non-contractual civil liability (tier of USD \$ 233 million in excess of USD \$ 200 million)	USD \$233.960	1/11/2021	Mapfre Seguros Colombia
Civil works, equipment contents, stores and loss of profit	Environmental civil liability	USD 20.000	31/10/2021	SBS
	All risk material damage, earthquake, seaquake HMACC – AMIT, loss of profit and machinery breakdown	USD 1.169.800 por siniestro Limite Indemnización	31/10/2021	Mapfre Seguros Colombia
Vehicles	Non-contractual civil liability	\$3.000.000 por vehículo	02/01/2021	Mapfre Seguros Colombia
Goods and assets	Freight transport	\$5.000.000 por despacho	31/07/2021	HDI Seguros S.A.

13. Net deferred taxes

The recovery of asset balances for deferred taxes depends on the achievement of profit in the future. Management considers that future tax profit is sufficient for asset recovery.

Below is the detail of the net deferred tax assets (liabilities) as of 31 December 2020:

	Initial balance 01/01/2020	Increases (decreases) for deferred tax in profit or loss (i)	Increase (decrease) for deferred tax in other comprehensive income (ii)	Final balance 31/12/2020
Deferred tax assets				
Provisions and others (1)	\$ 51.916.650	\$ 31.703.086	\$ -	\$ 83.619.736
Defined contribution obligations	28.275.768	(413.984)	(318.380)	27.543.404
Hedging instruments	17.441	-	(17.441)	-
Total deferred tax assets	\$ 80.209.859	\$ 31.289.102	\$ (335.821)	\$ 111.163.140
Deferred tax liabilities				
Excess of tax depreciation on book value (2)	79.945.132	(7.472.680)	-	72.472.452
Others	617.061	(255.446)	-	361.615
Total deferred tax liabilities	\$ 80.562.193	\$ (7.728.126)	\$ -	\$ 72.834.067
Net deferred tax assets (liabilities)	\$ (352.334)	\$ 39.017.228	\$ (335.821)	\$ 38.329.073

- (i) As of December 31, 2020, the increase in deferred tax results includes: Deferred tax for the period \$ 40,178,268 and deferred tax from previous years for (\$ 1,161,040).

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(ii) The deferred tax asset corresponds to the difference of the actuarial calculation of pensions of Decree 2783 of 2001 for tax purposes and the resulting one under IFRS as of December 31, 2020 for (\$ 318,380).

(1) As of 31 December 2020, the detail of deferred tax assets on account of other provisions corresponds to:

	Final balance 01/01/2020	Increase (decrease) for deferred tax in profit or loss	Final balance 31/12/2020
Provision of uncollectible accounts (a)	25.243.724	1.043.090	26.286.814
Provisions of works and services	2.978.559	3.235.844	6.214.403
Labour obligations provision (b)	2.226.212	16.597.888	18.824.100
Provision for contingent liabilities	6.225.980	(6.225.980)	-
Provision for dismantling	165.326	161.773	327.099
Others (b)	15.076.849	4.881.989	19.958.838
Industry and Trade Tax Diff. (c)	-	12.008.482	12.005.473
	51.916.650	31.703.086	83.619.736

(a) Corresponds to the provision of the Public Lighting VAT portfolio.

(b) This item corresponds mainly to provisions for personnel costs for restructuring (Transition Fund).

(c) Corresponds to the recognition of deferred tax for the tax deduction of the industry and commerce tax in accordance with article 115 of the Tax Statute modified by the Financing Law (Act 2010 of 2019).

(2) As of December 31, 2020, corresponds to the difference in accounting and tax depreciation due to: i) depreciation requested in excess for additional shifts in 1998, ii) depreciation due to reduction of balances as of 2014, iii) difference in the cost of assets due to technical re-appraisal, iv) accounting and tax difference due to inflation adjustments for 2004, 2005 and 2006, v) different percentages of asset depreciation, considering that for tax purpose, since 2017 the depreciation percentages defined in article 137 of the Tax Statute are applied.

Act 2010 of 2019 defined the following rates: year 2020 at 32%, year 2021 at 31%, year 2022 onwards at 30%, which show no changes compared to 31 December 2019. The deferred tax as of 31 December 2020 by rate is presented below:

	2020 Income tax and surcharge	2021 Income tax and surcharge	2022 Onwards
Estimated provisions and liabilities	\$ -	\$ 72.105.768	\$ 167.980.271
Property, plant and equipment	-	(25.718.845)	(215.661.210)
Portfolio	-	28.600.887	58.471.712
Others	-	(75.164)	(1.127.698)
	\$ -	\$ 74.912.646	\$ 9.663.075
Rate	32%	31%	30%
	\$ 0	\$ 23.222.920	\$ 2.898.923
Occasional earnings	24.010.964		
Rate	50%		
Tax	12.008.482		
Occasional earnings	1.987.475		
Rate	10%		
Tax	198.748		
Total deferred tax liabilities	\$ 38.329.073		

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The following is the detail of net deferred tax assets (liabilities) as of 31 December 2019:

	Initial balance 01/01/2019	Increase (decrease) for deferred tax in profit or loss (i)	Increase (decrease) for deferred tax in other comprehensive income (ii)	Final balance 31/12/2019
Deferred tax assets				
Provisions and others (1)	\$ 46.603.750	\$ 5.312.792	-	\$ 51.916.542
Defined contribution obligations	20.849.093	(421.473)	7.848.148	28.275.768
Hedging instruments	-	-	17.441	17.441
Total deferred tax assets	\$ 67.452.843	\$ 4.891.319	\$ 7.865.589	\$ 80.209.751
Deferred tax liabilities				
Excess of tax depreciation on book value (2)	71.785.596	8.159.536		79.945.132
Others (3)	1.174.403	(557.342)	-	617.061
Total deferred tax liabilities	\$ 72.959.999	\$ 7.602.194	\$ -	\$ 80.562.193
Net deferred tax assets (liabilities)	\$ (5.507.156)	\$ (2.710.875)	\$ 7.865.589	\$ (352.442)

(iii) As of December 31, 2019, the increase (decrease) for deferred tax in income corresponds to: Deferred tax for the period (\$ 541,897) and Deferred tax from previous years for (\$ 2,168,978).

(iv) The deferred tax asset corresponds to the difference of the actuarial calculation of pensions of Decree 2783 of 2001 for tax purposes and the resulting one under IFRS as of December 31, 2019 for \$ 7,848,146, and to the movements of the forwards settled for \$ 17,441.

(1) As of 31 December 2019, the detail of deferred tax assets for other provisions corresponds to:

	Final balance 01/01/2019	Increase (decrease) for deferred taxes in profit or loss	Final balance 31/12/2019
Provision of uncollectible accounts (a)	\$ 24.834.982	\$ 408.742	\$ 25.243.724
Provisions of works and services	2.435.738	542.713	2.978.451
Labour obligations provision	4.634.177	(2.407.965)	2.226.212
Provision for contingent liabilities (b)	5.711.135	514.845	6.225.980
Provision for dismantling	150.491	14.835	165.326
Others (b)	8.837.227	6.239.622	15.076.849
	\$ 46.603.750	\$ 5.312.792	\$ 51.916.542

(a) Corresponds to the provision of the Public Lighting VAT portfolio with the UAESP.

(b) Corresponds mainly to vehicle rental for \$ 74,294, recognition for the adoption of IFRS 16 for \$ 6,604,322, provision of materials and other long-term estimated liabilities (\$ 438,994).

(2) As of December 31, 2019, corresponds to the difference in accounting and tax depreciation due to: i) depreciation requested in excess for additional shifts in 1998, ii) depreciation due to reduction of balances as of 2014, iii) difference in the cost of assets due to technical re-appraisal, iv) accounting and tax difference due to inflation adjustments for 2004, 2005 and 2006, v) different percentages of asset depreciation, considering that for tax purpose, since 2017 the depreciation percentages defined in article 137 of the Tax Statute are applied, vi) liability for the adoption of the equivalent IFRS 16 (\$ 6,440,608).

Act 2010 of 2019 defined the following rates: year 2020 at 32%, year 2021 at 31%, year 2022 and following 30%, which do not present changes compared to December 31, 2018. The deferred tax at December 31, December 2019 by rate is presented below:

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	2020	2021	2022
	Income tax and surcharge	Income tax and surcharge	Onwards
Estimated provisions and liabilities	\$ 25.571.519	\$ 3.803.135	\$ 151.384.463
Property, plant and equipment	(15.988.398)	(24.833.443)	(225.908.285)
Portfolio	26.881.022	26.881.022	28.266.900
Others	(20.677)	(75.180)	(1.898.991)
	\$ 36.443.466	\$ 5.775.534	\$ (48.155.913)
Rate	32%	31%	30%
	\$ 11.661.909	\$ 1.790.416	\$ (14.446.774)
Occasional earnings	6.420.068		
Rate	10%		
Tax	642.007		
Total deferred tax liabilities	\$ (352.442)		

14. Financial Liabilities

	As of 31 December 2020			As of 31 December 2019		
	Current		Non-current	Current		Non-current
	Capital	Interest		Capital	Interest	
Bonds issued (1)	\$ 185.000.000	\$ 29.115.529	\$ 2.198.340.000	\$ 90.000.000	\$ 30.077.478	\$ 1.883.340.000
Bank Obligations (2)	421.443.263	17.940.630	226.513.371	111.688.696	744.388	47817.205
Finance lease (3)	9.665.479	441.860	51.753.430	14.683.471	184.107	13.630.479
Commercial vehicle lease	968.815	-	-	3.985.793	-	1.002.715
IFRS 16 leases	8.696.664	441.860	51.753.430	10.697.678	184.107	12.627.764
Derivatives (4)	-	-	-	54.503	-	-
	\$ 616.108.742	\$ 47.498.019	\$ 2.476.606.801	\$ 216.426.670	\$ 31.005.973	\$ 1.944.787.684

(1) The bond movement from January to December 2020 corresponds mainly to:

- (i) On 25 August 2020, Codensa S.A. E.S.P. issued bonds of the E4-2020 series for \$ 250,000,000 with a fixed rate of 4.70% and B7-2020 for \$ 250,000,000 at a rate of IPC + 2.45 %. The resources received are destined to the refinancing of financial obligations and the financing of the Company's investment plan.
- (ii) On 25 August 2020, Codensa S.A. E.S.P. repurchased series E4-16 bonds for \$ 18,830,000, on 15 September 2020 it cancelled the balance of bonds of the same series for \$ 71,170,000.

The total financial debt of Codensa S.A. E.S.P. in bonds is represented in eight (8) bond issues in force in the local market, below are the main financial characteristics of the bonds issued and effective since 2008 as of 31 December 2020:

Bond Issuance and Placement Programme

Through Resolution No. 194 of 29 January 2010, the Colombian Financial Superintendence ordered the registration in the National Register of Securities and Issuers (RNVE in Spanish) of the Company's Ordinary Bond Issue and Placement Programme for an amount of up to \$600,000,000, and its public offer. Through Resolution No. 0624 of 3 April 2013, the Colombian Financial Superintendence authorised the renewal of the validity term of the authorisation for the public offer of the Codensa Ordinary Bond Issue and Placement Programme for a three-year term counted as of the signing of the aforementioned Resolution, i.e., until 30 April 2016. Subsequently, having met the requirements established for such purpose, the Limit for the Issue and Placement Programme was extended on 13 March 2014 through Resolution No. 0407/2014 of the Colombian

Financial Superintendence to \$185,000,000, increasing the Programme's Global Limit to \$785,000,000. The Limit of the Issue and Placement Programme was extended once again on 7 October 2014 through Resolution No. 1780/2014 of the Financial Superintendence to \$165,000,000, increasing the Programme's Global Limit to \$950,000,000. Resolution No. 0623 of 23 May 2016 approved the extension of the Global Programme Limit to an additional amount of \$560,000,000, bringing the Global Limit to \$1,510,000,000, while the renewal of the term for the authorisation of the public offer of the bonds in the Programme was approved for three additional years as of the execution of said Resolution, i.e., until 3 June 2019. On 28 December 2017, Resolution No. 1893, approved the following amendments to the Company's Issuance and Placement Programme of ordinary bonds: i) The inclusion of Commercial Papers in the Issuance and Placement Programme, their registration with the RNVE and their public offer and ii) The incorporation of the changes derived from the application of article 6.1.1.1.5 of Decree 2555 of 2010, referring to the modality used for issuing the securities, the Plan for the amortisation of the securities and the possibility of publishing the interest rate offered separately from the offer notice. Subsequently, having fulfilled the requirements established for this purpose, Resolution No. 0136 of 31 January 2018 approved the expansion of the Programme's Overall Quota in an additional amount of one trillion two hundred ninety-five billion Pesos (\$1,295,000,000,000) bringing the Overall Quota to a total of two trillion eight hundred five billion Pesos (\$2,805,000,000,000). Finally, Resolution No. 0683 of 28 May 2019, authorised the increase in the Overall Quota of the Programme in an additional amount of \$595,000,000, bringing the Overall Quota to \$3,400,000,000, and approved the renewal of the term of the authorisation of the public offer of the Programme's bonds for an additional three years from the execution of said Resolution, i.e., until 19 June 2022.

As of 31 December 2020, ten (10) issues have taken place under the Programme. The first Tranche was issued on 17 February 2010, the second Tranche on 15 November 2013, the third Tranche on 25 September 2014, the fourth Tranche on 15 September 2016, the fifth Tranche on 9 March 2017, the eighth Tranche on 23 October 2018, the ninth tranche on 7 March 2019 and the tenth tranche on 25 August 2020. Below is the detail of current issues:

Second Tranche under the Programme

	\$375,000,000, as follows:
	Subseries B5: \$181,660,000
	Subseries B12: \$193,340,000
Total placed value	\$193,340,000
Current balance as of 31 December 2020	\$10,000
Par value per bond	
Issue terms	Subseries B5: 5 years
Date of issue	Subseries B12: 12 years
Maturity	15 November 2013 for all series
Issue Manager	Subseries B5: 15 November 2018
Coupon Rate:	Subseries B12: 15 November 2025
Rating	Deceval S.A.
	Subseries B5: CPI + 3.92% E.A.
	Subseries B12: CPI + 4.80% E.A.
	AAA (Triple A)
	Granted by FitchRatings Colombia S.A. S.C.V.).

Third Tranche under the Programme

	\$185,000,000, as follows:
	Subseries B7: \$185,000,000
Total placed value	\$185,000,000
Current balance as of 31 December 2020	\$10,000
Par value per bond	
Issue Terms	Subseries B7: 7 years
Date of Issue	25 September 2014
Maturity	Subseries B7: 25 September 2021
Issue Manager	Deceval S.A.
Coupon Rate:	Subseries B7: CPI + 3.53% E.A.
Rating	AAA (Triple A)
	Granted by FitchRatings Colombia S.A. S.C.V.).

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Fifth Tranche under the Programme

	\$430,000,000, as follows:
	Subseries E2: \$160,000,000
	Subseries E5: \$270,000,000
Total placed value	\$270,000,000
Current balance as of 31 December 2020	\$10,000
Par value per bond	Subseries E2: 2 years
Issue Terms	Subseries E5: 5 years
Date of Issue	9 March 2017
Maturity	Subseries E2: 9 March 2019
Issue Manager	Subseries E5: 9 March 2022
Coupon Rate:	Deceval S.A.
Rating	Subseries E2: 7.04% E.A.
	Subseries E5: 7.39% E.A.
	AAA (Triple A)
	Assigned by Fitch Ratings Colombia S.A. S.C.V.

Sixth Tranche under the Programme

	\$200,000,000, as follows:
	Subseries E7: \$200,000,000
Total placed value	\$200,000,000
Current balance as of 31 December 2020	\$10,000
Par value per bond	Subseries E7: 7 years
Issue Terms	8 June 2017
Date of Issue	Subseries E7: 8 June 2024
Maturity	Deceval S.A.
Issue Manager	Subseries E7: 6.46% E.A.
Coupon Rate:	AAA (Triple A)
Rating	Assigned by Fitch Ratings Colombia S.A. S.C.V.

Seventh Tranche under the Programme

	\$360,000,000, as follows:
	Subseries E7: \$200,000,000
	Subseries B12: \$160,000,000
Total placed value	\$360,000,000
Current balance as of 31 December 2020	\$10,000
Par value per bond	Subseries E7: 7 years
Issue Terms	Subseries B12: 12 years
Date of Issue	11 April 2018
Maturity	Subseries E7: 11 April 2025
Issue Manager	Subseries B12: 11 April 2030
Coupon Rate:	Deceval S.A.
Rating	Subseries E7: 6.74% E.A.
	Subseries B12: CPI+3.59% E.A.
	AAA (Triple A)
	Assigned by Fitch Ratings Colombia S.A. S.C.V.

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Eighth Tranche under the Programme

Total placed value	\$195,000,000, as follows: Subseries B5: \$195,000,000
Current balance as of 31 December 2020	\$195,000,000
Par value per bond	\$10,000
Issue Terms	Subseries B5: 5 years
Date of Issue	23 October 2018
Maturity	Subseries B5: 23 October 2023
Issue Manager	Deceval S.A.
Coupon Rate:	Subseries B5: CPI+2.82% E.A.
Rating	AAA (Triple A) Assigned by Fitch Ratings Colombia S.A. S.C.V.

Ninth Tranche under the Programme

Total placed value	\$480,000,000, as follows: Subseries E4: \$280,000,000 Subseries B10: \$200,000,000
Current balance as of 31 December 2020	\$480,000,000
Par value per bond	\$10,000
Issue Terms	Subseries E4: 4 years Subseries B10: 10 years
Date of Issue	7 de marzo de 2019
Maturity	Subseries E4: 7 March 2023 Subseries B10: 7 March 2029
Issue Manager	Deceval S.A.
Coupon Rate:	Sub-serie E4: 6,30% E.A. Sub-serie B10: IPC +3,56% E.A.
Rating	AAA (Triple A) Assigned by Fitch Ratings Colombia S.A. S.C.V.

Tenth Tranche under the Programme

Total placed value	\$500,000,000, as follows: Subseries E4: \$250,000,000 Subseries E7: \$250,000,000
Current balance as of 31 December 2020	\$500,000,000
Par value per bond	\$10,000
Issue Terms	Subseries E4: 4 years Subseries E7: 7 years
Date of Issue	25 August 2020
Maturity	Subseries E4: 25 August 2024 Subseries E7: 25 August 2027
Issue Manager	Deceval S.A.
Coupon Rate:	Sub-serie E4: 4.7% E.A. Sub-serie B10: IPC +2,45% E.A.
Rating	AAA (Triple A) Assigned by Fitch Ratings Colombia S.A. S.C.V.

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The detail of the obligations for debt bonds as of 31 December 2020 is as follows:

Series	Rate EA	Type of rate	Current			Non-current			
			Less than 90 days	Over 90 days	Total Current	1 to 2 years	2 to 5 years	5 to 10 years	Total Non-current
Bonds B12-13	6.36%	Variable	\$ 1,541.527	\$ -	\$ 1,541.527	\$ -	\$ 193.340.000	\$ -	\$ 193.340.000
Bonds B7-14	5.07%	Variable	175.640	185.000.000	185.175.640	-	-	-	-
Bonds E5-17 (*)	7.39%	Fixed	16.183.000	-	16.183.000	270.000.000	-	-	270.000.000
Bonds E7-17	6.46%	Fixed	824.548	-	824.548	-	200.000.000	-	200.000.000
Bonds E7-18	6.74%	Fixed	2.952.270	-	2.952.270	-	200.000.000	-	200.000.000
Bonds B12-18	5.14%	Variable	1.809.429	-	1.809.429	-	-	160.000.000	160.000.000
Bonds B5-18	4.35%	Variable	1.599.634	-	1.599.634	-	195.000.000	-	195.000.000
Bonds E4-19	6.30%	Fixed	1.173.961	-	1.173.961	-	280.000.000	-	280.000.000
Bonds B10-19	5.10%	Variable	699.041	-	699.041	-	-	200.000.000	200.000.000
Bonds E4-20	4.69%	Fixed	1.166.423	-	1.166.423	-	250.000.000	-	250.000.000
Bonds B7-20	3.98%	Variable	990.056	-	990.056	-	-	250.000.000	250.000.000
			\$ 29.115.529	\$ 185.000.000	\$ 214.115.529	\$ 270.000.000	\$ 1.318.340.000	\$ 610.000.000	\$ 2.198.340.000

The payment of interest is made quarterly and the amortisation of the principal is made at the maturity of the issue.

(*) The payment of interest has an annual periodicity, payment due 09/03/2021.

The detail of Obligations for debt bonds as of 31 December 2019 is as follows:

Series	Rate EA	Type of rate	Current			Non-current			
			Less than 90 days	Over 90 days	Total Current	1 to 2 years	2 to 5 years	5 to 10 years	Total Non-current
Bonds B12-13	8.83%	Variable	\$ 2.128.625	\$ -	\$ 2.128.625	\$ -	\$ -	\$ 193.340.000	\$ 193.340.000
Bonds B7-14	7.50%	Variable	259.000	-	259.000	185.000.000	-	-	185.000.000
Bonds E4-16	7.70%	Fixed	313.969	90.000.000	90.313.969	-	-	-	-
Bonds E5-17 (*)	7.39%	Fixed	16.290.292	-	16.290.292	-	270.000.000	-	270.000.000
Bonds E7-17	6.46%	Fixed	829.819	-	829.819	-	200.000.000	-	200.000.000
Bonds E7-18	6.74%	Fixed	2.956.457	-	2.956.457	-	-	200.000.000	200.000.000
Bonds B12-18	7.57%	Variable	2.645.534	-	2.645.534	-	-	160.000.000	160.000.000
Bonds B5-18	6.77%	Variable	2.468.276	-	2.468.276	-	195.000.000	-	195.000.000
Bonds E4-19	6.30%	Fixed	1.181.385	-	1.181.385	-	280.000.000	-	280.000.000
Bonds B10-19	7.53%	Variable	1.004.121	-	1.004.121	-	-	200.000.000	200.000.000
			\$ 30.077.478	\$ 90.000.000	\$ 120.077.478	\$ 185.000.000	\$ 945.000.000	\$ 753.340.000	\$ 1.883.340.000

The payment of interest is made quarterly and the amortisation of the principal is made at the maturity of the issue.

(*) The payment of interest has an annual periodicity, payment due 09/03/2020.

(2) The detail of bank loans as of 31 December 2020 is as follows:

On January 14, 2020, Codensa S.A. E.S.P. made use of the credit line committed to Banco BBVA Colombia S.A. for an amount of \$ 200,000,000, under the Finagro line, for a term of 5 years, with a grace period of 2 years. The resources received are used to finance investments in rural areas of the Company's area of influence.

On April 7, 2020, Codensa S.A. E.S.P. acquired a new loan with MUFJ Bank, Ltd for \$ 397,500,110 maturing April 7, 2021 at a rate of 5.80%. The resources received are destined to the financing of investments and working capital.

To ensure the liquidity and the necessary resources to maintain the operational solvency of the domiciliary public utility companies, the Government of Colombia issued Legislative Decree 581 of 2020, with which it authorized Financiera de Desarrollo Territorial S.A. (Findeter) to grant, until December 31, 2020, direct credits to home utility companies, considering the benefits that these companies must grant users in application of legislative decree 517 of 2020.

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Within the framework of these decrees, Codensa S.A. E.S.P. acquired the following credits with Findeter S.A at a rate of 0%; the destination of the resources received was working capital:

- (i) On 28 August 2020 for \$ 5,110,000 maturing 28 August 2023
- (ii) On 16 October 2020 for \$ 6,733,000 maturing 16 October 2023
- (iii) On 30 November 2020 for \$ 2,975,000 maturing 30 November 2023

During 1 January to 31 December 2020, capital repayments of bank loans were made for \$124,601,081.

The detail of bank loans as of 31 December 2020 is as follows:

Description	Maturity	Rate EA	Current			Non-current			Total Non-current
			Less than 90 days	Over 90 days	Total Current	1 to 2 years	2 to 5 years	5 to 10 years	
The Bank of Tokyo Mitsubishi UFJ	7/04/2021	5.93%	\$ -	\$ 414.727.323	\$ 414.727.323	\$ -	\$ -	\$ -	\$ -
Banco de Bogotá	5/04/2026	3.00%	36.521	2.272.456	2.308.977	3.408.669	10.226.022	1.136.225	14.770.916
Banco BBVA	13/06/2022	2.63%	-	16.700.985	16.700.985	8.333.333	-	-	8.333.333
Banco BBVA	14./01/2025	3.16%	487.270	-	487.270	27.083.350	166.666.650	-	193.750.000
Findeter	28/08/2023	0%	464.545	1.393.636	1.858.181	1.858.182	1.238.788	-	3.096.970
Findeter	16./10/2023	0%	408.061	1.836.273	2.244.334	2.448.364	2.040.303	-	4.488.667
Findeter	30/11/2023	0%	90.152	811.364	901.516	1.081.818	991.667	-	2.073.485
Bank of Nova Scotia	26/03/2021	0.30%	155.307	-	155.307	-	-	-	-
Total Bank Loans			\$ 1.641.856	\$ 437.742.037	\$ 439.383.893	\$ 44.213.716	\$ 181.163.430	\$ 1.136.225	\$ 226.513.371

The detail of bank loans as of 31 December 2019 is as follows:

Description	Maturity	Rate EA	Current			Non-current			Total Non-current
			Less than 90 days	Over 90 days	Total Current	1 to 2 years	2 to 5 years	5 to 10 years	
The Bank of Tokyo Mitsubishi UFJ	10/06/2020	9.11%	\$ -	\$ 81.438.740	\$ 81.438.740	\$ -	\$ -	\$ -	\$ -
Banco de Bogotá	5/04/2026	5.47%	66.026	-	66.026	2.272.450	10.226.023	4.544.899	17.043.372
Banco BBVA	21/01/2020	5.13%	247.717	-	247.717	-	-	-	-
Banco BBVA	23/02/2020	5.18%	211.422	-	211.422	-	-	-	-
Banco BBVA	25/03/2020	5.21%	114.423	-	114.423	-	-	-	-
Banco BBVA	21/04/2020	5.13%	412.406	404.484	816.890	-	-	-	-
Banco BBVA	21/05/2020	5.18%	266.999	263.985	530.984	-	-	-	-
Banco BBVA	22/06/2020	5.21%	253.262	252.602	505.864	-	-	-	-
Banco BBVA	17/03/2021	5.86%	621.883	1.844.740	2.466.623	546.978	-	-	546.978
Banco BBVA	21/04/2021	5.78%	317.140	893.482	1.210.622	518.150	-	-	518.150
Banco BBVA	23/05/2021	5.83%	472.850	1.369.409	1.842.259	794.151	-	-	794.151
Banco BBVA	13/06/2022	5.18%	-	16.779.148	16.779.148	16.666.667	8.333.333	-	25.000.000
Banco Agrario	22/08/2021	6.23%	1.602.543	4.599.823	6.202.366	3.914.554	-	-	3.914.554
Total Bank Loans			\$ 4.586.671	\$ 107.846.413	\$ 112.433.084	\$ 24.712.950	\$ 18.559.356	\$ 4.544.899	\$ 47.817.205

As of 31 December 2020, Codensa S.A. E.S.P. has \$ 2,750,524,500 in unused authorized credit lines, jointly with Emgesa S.A. E.S.P. and reassignable between the two Companies, with respect to which, if required, the financial entities will update the conditions for their approval and disbursement, as well as part of their financing strategy signed on 26 March 2020, a Credit line committed for US \$ 60 million with Bank of Nova Scotia, with (1) year of availability of the resources for its disbursement.

Additionally, an intercompany credit line with Emgesa S.A. has been approved. E.S.P. for USD \$ 100 million for general purposes of Codensa S.A. E.S.P.

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The loan with The Bank of Tokyo Mitsubishi UFJ has an active covenant which establishes a maximum Net Debt / Ebitda ratio of 3.5x which has been met.

As of 31 December 2020, there are three guarantees with Scotiabank Colpatría for \$ 6,466,036 that support the fulfillment of the credit obligations subscribed with Findeter S.A, within the framework of legislative decree 517 of 2020.

(3) The detail of the obligations for commercial vehicle leases as of 31 December 2020 is as follows:

Description	Rate	Type of rate	Current		
			Less than 90 days	Over 90 days	Total Current
Mareauto Colombia SAS	11.78%	Flxed	\$ 233.388	\$ 33.721	\$ 267.109
Transportes Especializados Aliados S.A.S.	12.50%	Flxed	256.691	445.015	701.706
Total Obligaciones por Leasing			\$ 490.079	\$ 478.736	\$ 968.815

The detail of the obligations for commercial vehicle leases as of 31 December 2019 is as follows:

Description	Rate	Type of rate	Current			Non-current	
			Less than 90 days	Over 90 days	Total Current	1 to 2 years	Total Non-current
Equirent S.A.	9.54%	Fija	\$ 35.642	\$ 61.211	\$ 96.853	\$ -	\$ -
Mareauto Colombia SAS	11.78%	Fija	731.084	2.207.319	2.938.403	301.010	301.010
Transportes Especializados Aliados S.A.S.	12.50%	Fija	226.667	723.870	950.537	701.705	701.705
Total lease obligations			\$ 993.393	\$ 2.992.400	\$ 3.985.793	\$ 1.002.715	\$ 1.002.715

The detail of the lease obligations under IFRS 16 as of 31 December 2020 and 2019 is as follows

	As of 31 December 2020		As of 31 December 2019	
	Current	Non-current	Current	Non-current
Land (a)	\$ 1.891.168	\$ 50.463.053	\$ 576.784	\$ 3.197.989
Buildings	5.602.869	377.008	9.193.669	8.719.910
Vehicles	367.267	740.434	147.053	84.179
Electrical networks	446.521	172.935	333.825	287.704
Computer equipment	388.839	-	446.347	337.982
	\$ 8.696.664	\$ 51.753.430	\$ 10.697.678	\$ 12.627.764

(a) Corresponds mainly to the leasing of land on which the infrastructure for Transmilenio recharging yards will be developed.

Present value of the minimum obligations for finance leases.

Minimum payments for leases, finance leases:

	As of 31 December 2020		
	Gross	Interest	Value
Not later than one year	\$ 8.411.630	\$ 4.045.884	\$ 12.457.514
After one year, but less than five years	10.636.139	13.566.910	24.203.049
More than five years	41.117.291	17.714.903	58.832.194
	\$ 60.165.061	\$ 35.327.697	\$ 95.492.757

	As of 31 December 2019		
	Gross	Interest	Value
Not later than one year	\$ 10.697.678	\$ -	\$ 10.697.678
After one year, but less than five years	13.037.341	3.233.775	9.803.566
More than five years	5.763.159	2.938.961	2.824.198
	\$ 29.498.178	\$ 6.172.736	\$ 23.325.442

(4) As of 31 December 2019, Codensa S.A. E.S.P. presented exchange rate hedges to cover payment of insurance bills and capex, the valuation of which corresponds to \$54,503 in favor of the SkotiaBank Colombia bank.

15. Commercial accounts payable and other payables

	As of 31 December 2020	As of 31 December 2019
	Other payables (1)	\$ 873.451.169
Energy purchase suppliers (2)	159.304.773	165.554.571
	\$ 1.032.755.942	\$ 939.204.913

(1) The detail of other accounts payable as of 31 December 2020 and 2019 is as follows:

	As of 31 December 2020	As of 31 December 2019
	Accounts payable for goods and services (a)	\$ 749.751.874
Collection in favour of third parties (b)	45.880.166	63.253.211
Balances in favour of customers (c)	47.125.318	22.483.891
Other payables (d)	30.693.811	39.492.316
	\$ 873.451.169	\$ 773.650.342

(a) As of 31 December 2020 and 2019, it corresponds primarily to the account payable to Banco Colpatría Red Multibanca Colpatría S.A. for the collection of the "Crédito Fácil Codensa" business portfolio, which was reconciled and outstanding for \$126,566,752 and \$83,694,548, respectively. This balance was paid in the first week of January 2021 and 2020, respectively.

As of 31 December 2020, it includes the invoicing of energy purchases from Emgesa S.A. E.S.P. for \$ 92,540,471 transferred by this generator to Banco Bilbao Vizcaya Argentaria through factoring operations.

(b) As of 31 December 2020 and 2019, corresponds mostly to liabilities for mandate contracts of subscription to periodicals, magazines and insurance policies for \$19,940,808 and \$20,844,554, respectively; Banco Colpatría Red Multibanca Colpatría S.A. for \$4,514,839 and \$14,000,397 for the collection in the settlement process made by Codensa S.A. E.S.P. of the loan portfolio of the business "Open Book", formerly "Crédito Fácil Codensa", in accordance with the business cooperation contract, respectively. The collections made by the Company are reconciled periodically by the parties and then transferred.

Additionally, the collection of the cleaning service with Área Limpia S.A.S ESP and Promoambiental Distrito S.A.S. E.S.P. for \$ 9,243,077 and \$ 18,477,565 respectively.

(c) Corresponds to balances in favour of customers generated mainly by higher value paid by customers and by billing adjustments.

(d) As of 31 December 2020 and 2019, corresponds mostly to liabilities on account of energy distribution areas (ADDs) for \$17,937,049 and \$16,882,780, respectively. The ADDs correspond to the distribution charge of other network operators that, by regulatory order, must be invoiced and collected by the Company from its final users under the distribution areas scheme. The distribution areas is a regulatory mechanism implemented in Colombia under CREG Resolution 058-068 and 070 of 2008, which is intended for the distribution of costs that are to be assumed by final users, in an equitable manner, in the different regions among all users nationwide.

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(2) The energy purchase suppliers correspond to:

	As of 31 December 2020	As of 31 December 2019
XM S.A. E.S.P. (a)	67,424.750	90,461.341
Empresas Públicas de Medellín E.S.P. (b)	51,864.074	7,090.717
Aes Chivor y Compañía Eca E.S.P.	18,022.908	9,047.667
Isagen S.A. E.S.P.	3,372.439	18,722.553
Celsia S.A. E.S.P.	3,077.043	11,243.836
Generarco S.A. E.S.P.	2,728.062	1,800.852
Electrificadora de Santander S.A. E.S.P.	1,857.627	-
Empresa De Energía De Boyacá S.A. E.S.P.	1,543.574	1,062.529
Compañía energética del Tolima	1,280.195	1,197.635
Central Hidroeléctrica de Caldas	1,342.941	-
Centrales Eléctricas del Norte	1,128.484	-
Empresa Urra S.A. E.S.P.	909.354	5,158.818
Nitro Energy Colombia S.A.S	739.242	727.652
Central Termoeléctrica el Morro 2 S.A.S	-	3,172.900
Termotasajero S.A. E.S.P.	-	5,164.625
Gestión Energética S.A. E.S.P.	-	2,579.746
Termoyopal Generación 2 S.A.S E.S.P.	-	1,604.222
Others of lesser amount	4,014.080	6,519.478
	\$ 159,304.773	\$ 165,554.571

As of 31 December 2020 and 2019, the variation corresponds mainly to the decrease in the average contract price of \$ 213.43 / kWh and \$ 315.67 / kWh respectively.

- (a) XM S.A. E.S. P presents a decrease in the estimate of energy purchases on the stock market for the regulated market by - \$ 23,036,591 mainly caused by the fall in demand caused by COVID 19, additionally there is a decrease in the average price of the stock market with respect to the year 2019.
- (b) Empresas Públicas de Medellín presents an increase of \$ 44,773,357 corresponding to the entry of three new contracts compared to 2019; additionally, the amount of energy purchased was increased.

16. Provisions

	As of 31 December 2020		As of 31 December 2019	
	Current	Non-current	Current	Non-current
Provision for legal claims (1)	\$ 14,761.844	\$ 11,070.122	\$ 16,124.148	\$ 22,057.568
<i>Labour</i>	4,694.871	3,133.894	7,178.192	4,343.461
<i>Civil</i>	10,066.973	7,936.228	8,945.956	17,714.107
Dismantling, restoration and rehabilitation costs (2)	7,555.701	11,743.984	6,795.482	13,940.645
Other provisions	15,596.540	33,775.479	\$ 344.628	\$ 613.062
<i>Provisión Fondo de Transición (3)</i>	7,939.404	33,023.869		
<i>Provisión Incertidumbre Fiscal (4)</i>	6,907.861	-	-	-
<i>Environmental Compensation Terminal (5)</i>	459.594	162.961	-	-
<i>Environmental Compensation San José (6)</i>	190.561	109.020	-	-
<i>Environmental Compensation Compartir (7)</i>	67.163	34.625	264.778	-
<i>Environmental Compensation Portugal (8)</i>	31.957	-	54.710	-
<i>Environmental Compensation Nueva Esperanza</i>	-	-	25.140	-
<i>Other provisions</i>	-	445.004	-	613.062
Total provisions	\$ 37,914.085	\$ 56,589.585	\$ 23,264.258	\$ 36,611.275

- (1) As of 31 December 2020, the value of the claims against Codensa S.A. E.S.P. administrative, civil, labour and constitutional actions amount to \$13,977,786,015; based on the assessment of success probability in the defence of these cases, \$25,831,966 (includes financial updates) have been provisioned to cover probable losses for these contingencies.

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Management estimates that the results of the lawsuits corresponding to the non-provisioned portion will be favourable to the Company's interests, and would not cause significant liabilities to be accounted for or, if they do, they would not materially affect Codensa's financial position.

Given the characteristics of the risks covered by these provisions, it is not possible to determine a reasonable calendar with payment dates.

The Value of claims for administrative, civil, labour and contractor processes is detailed as follows:

Procesos	Calificación	No. of processes	No. of processes (undetermined amount)	Value of contingency	Value of provision	VPN	Total value
	Probable	73	1	21.460.247	18.628.639	(625.438)	18.003.201
	Likely	224	146	822.031.537	-	-	-
Civil	Remote	48	21	6.462.638.500	-	-	-
Total civil		345	168	\$ 7.306.130.284	\$ 18.628.639	\$ (625.438)	\$ 18.003.201
	Probable	44	1	8.340.226	8.038.635	(209.870)	7.828.765
Labour	Likely	70	15	9.844.000	-	-	-
	Remote	1	0	100.000	-	-	-
Total labour		115	16	\$ 18.284.226	\$ 8.038.635	\$ (209.870)	\$ 7.828.765
Total processes		460	184	\$ 7.324.414.510	\$ 26.667.274	\$ (835.308)	\$ 25.831.966

- (a) The value of the contingency corresponds to the amount which, according to the experience of the lawyers, is the best estimate of payment in case of a decision unfavourable to Codensa S.A. E.S.P. The provision is determined by the lawyers as the amount of loss in the event that the decision is probable. Processes qualified as probable are provisioned one hundred per cent on the value of the real contingency.

Below are the details of the main legal proceedings classified as probable that the Company has as of 31 December 2020:

Processes	Start Date	Claim	Subject of the Lawsuit	Estado actual y situación procesal
Cooperativa de Ingeniería y Servicios Isecoop	2016	2.916.000	Administrative-contractual Reinstatement / workers compensation	In the office of the Magistrate in the Council of State
Henry Bernal Avila	2014	2.774.729		Process with unfavourable ruling
Cooperativa De Trabajo Asoc. Servicomtre	2016	1.740.380	Administrative-contractual	In the office of the Magistrate in the Council of State
Dalia Mercedes Lasso	2016	1.037.000	Electrocution	In the evidentiary stage
Agueda Garzon De Rodriguez	2019	989.000	Electrocution	In recognition of the legal status of the new attorney-in-fact
Raul Ernesto Rodriguez	2016	700.000	Electrocution	In the evidentiary stage
Luis Humberto Hernandez Y Otros	2016	508.691	Electrocution	In the evidentiary stage
Olga Josefina Nieto Avendaño	2012	500.000	Electrocution	In the office of the Administrative Court of Cundinamarca
María Elvira Díaz Arango	2011	500.000	Personal injuries	In the office of the Council of State
Hugo Roberto Pavon Rivera Y Otros	2013	500.000	Electrocution	In the evidentiary stage
Maria Cecilia Guerrero Rodriguez Y Otros	2012	500.000	Electrocution	Unfavourable ruling of first instance, pending appeal
Elcy Marlen Ayala Anzola	2019	500.000	Recognition and payment of conventional pension	Process with favourable ruling
Gilberto Garcia Lopez	2014	500.000	Solidarity salaries and social benefits	Pending final ruling by the Supreme Court of Justice
Yordy Alexander Rodriguez Y Otros	2018	500.000	Electrocution	Under second instance appeal
Narda Ruth Botero	2014	444.000	Electrocution	Appeal pending before the Superior Court of Bogota
Visita Leonor Pedroza Gonzalez Y Otros	2014	437.129	Electrocution	Pending to inform the Court of origin of the payment of the sentence

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Processes	Start Date	Claim	Subject of the Lawsuit	Estado actual y situación procesal
Luis Eduardo Sarmiento	2017	400.000	Recognition and payment of conventional pension	Final unfavourable ruling by the Supreme Court of Justice Pending date for the investigation and trial hearing
Solangy Sanchez Bustos	2013	399.750	Electrocution	Process with favourable ruling
José Javier Jimenez Y Otros	2017	394.483	Electrocution	Pending final ruling by the Supreme Court of Justice
Maria Rutby Acosta De Silgado	2016	387.714	Recognition and payment of conventional pension	In the office for second instance ruling
Luz Angela Alvarez Berrio	2011	356.785	Electrocution	In the evidentiary stage
Maria Lucia Angola Zapata	2016	353.700	Electrocution	Final first instance ruling
Luis Antonio Quito Bernal	2016	353.700	Electrocution	
Edgar Reyes Gomez	2016	350.000	Reinstatement, payment of wages and social benefits	Process with unfavourable ruling
Hernando Serrano Tello	2013	300.000	Recognition and payment of conventional pension	Process with favourable ruling
Felipe Rueda Posada	2016	300.000	Reinstatement / workers compensation	Pending hearing for processing and judgment..
Ladrillera San Miguel Arcangel	2016	300.000	Administrative-contractual	In the evidentiary stage
Distrito Bogotá	2014	956.450	Stratification	Second and last instance ruling is expected
Municipio de Agua De Dios	2017	272.971	Public lighting tax	In the office for first instance ruling
Municipio de Agua De Dios	2019	299.275	Public lighting tax	Scheduling of initial hearing of first instance.

Below are the details of the main legal proceedings classified as probable that Codensa S.A. E.S.P. has as of 31 December 2019:

Processes	Start Date	Claim	Subject of the Lawsuit	Current status and procedural situation
Solangy Sanchez Bustos	2013	5.010.750	Electrocution	In court pending ruling
Olga Josefina Nieto Avendaño	2012	3.825.824	Electrocution	On appeal for a second instance ruling
Visita Leonor Pedroza Gonzalez Y Otros	2014	1.974.825	Electrocution	In court pending ruling Appeal that dissociated the ministry of mines and the superintendence of household public utilities, pending date for hearing
Raúl Ernesto Rodriguez	2016	1.900.000	Electrocution	Return to the initial 47 civil court of the circuit, in the evidentiary stage
Hugo Roberto Pavon Rivera Y Otros	2013	1.200.000	Electrocution	
María Elvira Díaz Arango	2011	1.102.871	Accident injuries on public roads.	Pending ruling hearing.
María Cecilia Guerrero Rodriguez Y Otros	2012	700.000	Electrocution	Pending instruction and trial hearing 5 March 2020
José Javier Jimenez Y Otros	2017	500.000	Electrocution	First instance judgment on appeal with the civil chamber of the Bogota court, pending second instance arguments and ruling.
Luz Stella Ceballos Alzate	2015	500.000	Labour claim - Retirement Pension	Pending supreme court ruling.
Jose Gustavo Veloza Zea	2019	500.000	Recognition and payment of regular pension	Executive process stage.
Elcy Marlen Ayala Anzola	2019	500.000	Recognition and payment of regular pension	Processes for cost collection in favour of the company.
Arnol Arnulfo Rincon	2019	500.000	Recognition and payment of regular pension	Executive process stage.
Gloria Ines Garcia Leon	2015	500.000	Recognition and payment of regular pension	Closed and filed in favour of the company.
Gilberto Garcia Lopez	2014	500.000	Solidarity wages and social benefits.	Pending final ruling supreme court. Open term for allegations and first instance ruling.
Narda Ruth Botero	2014	444.000	Electrocution	
Luis Eduardo Sarmiento	2017	400.000	Recognition and payment of regular pension	Pending final ruling supreme court.

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Processes	Start Date	Claim	Subject of the Lawsuit	Current status and procedural situation
Luz Angela Alvarez Berrio	2011	356.786	Electrocution	Ruling in favour first instance.
Sonia Gualteros	2017	300.000	Recognition and payment of regular pension	Process closed
Jose Serrato Malaver Y Otros	2014	300.000	Electrocution	Payment of the ruling without further developments in the process.
Jaime Aponte Fandiño	2019	300.000	Recognition and payment of regular pension	Executive process stage.
Henry Alonso Velasquez	2019	300.000	Labour reinstatement and compensation without just cause	Executive process stage.
Efrain Pinzon Villabona	2019	300.000	Recognition and payment of regular pension	In court pending ruling
Guillermo Mejía Rodriguez	2019	300.000	Reinstatement /compensation for dismissal without just cause	In cost collection in favour of the Company
Hernando Serrano Tello	2013	100.000	Regular pension - legislative act	Pending supreme court ruling.
José Domingo Hernandez	2017	16.000	Regular pension - legislative act	Pending second instance ruling.

(2) Taking into account that Colombia, through Act 1196 of 2008, embraced the Stockholm Convention, inasmuch as this event is regulated by Ministry of Environment Resolution No. 222 of 15 December 2011, as amended by Resolution 1741 of 2016, Codensa S.A. E.S.P. acknowledged the provision for transformers contaminated with PCB (polychlorinated biphenyls) as of 2012 and has subsequently made the updates of the obligation taking into account changes in financial variables and main assumptions.

Export of contaminated transformers

On 11 November 2014, an agreement was entered into with LITO S.A.S., which intended to carry out the disposal process of PCB-contaminated transformers, upon authorisation of the border transit permit issued by the ANLA (National Authority of Environmental Licenses). However, in 2015 the MAERSK shipping company was limited during the period of authorisation to carry out the agreed transport, taking into account the existence of the period of exclusive transport restrictions for food destined to Europe.

In order to generate costs and export efficiency of the contaminated transformers, Codensa S.A. E.S.P. implemented ultrasonic cleaning technology for the treatment of equipment contaminated with PCB, which was endorsed at large by the Ministry of Environment and Sustainable Development as a result of the pilot project implemented by Codensa S.A. E.S.P. together with its partner company LITO S.A.S. In August 2016, addendum No. 1 to the agreement with LITO S.A.S. was executed, which included the handling, packaging, loading, transport, treatment and final disposal of electrical equipment contaminated with PCB without oil using the ultrasound cleaning technique.

On 9 September 2016, the National Authority of Environmental Licenses (ANLA) issued the permit for the transboundary movement of waste, which was the reason for the decontamination of 164 equipment contaminated with PCB with a weight equivalent to 65 tons during the last quarter using the new technology, representing savings of 31% of the cost of the traditional export alternative. In addition, the traditional export of 23 tons was made which due to their characteristics cannot be cleaned. The total export and washing cost during 2016 amounted to \$461,067.

During 2017, Codensa S.A. E.S.P. performed shell washing for 4.7 tons at a cost of \$17,256, however, no export was made in this period, taking into account that the term of the aforementioned contract ended. In December, the award of the new contract for the service of "Handling, packing, loading, transport, treatment and final disposal of waste contaminated with PCBs" was made to LITO S.A.S. for \$ 531,220, with an expected term of 3 years. In accordance the previous paragraph, Codensa S.A. E.S.P. moved the export activities planned in 2017 to the following periods.

During 2018, Codensa S.A. E.S.P. performed shell washing for 21.92 tons at a cost of \$102,257 and exported 9.66 tons for \$85,997. These activities were carried out under the contract LITO S.A.S.

During 2019, Codensa S.A. E.S.P. performed shell washing for 32.81 tons at a cost of \$121,975. These activities were carried out under the contract LITO S.A.S.

During 2020, 26.09 tons were decontaminated through the ultrasound technique implemented by the LITO S.A.S Company, at a cost of \$ 127,301.

Inventory Marking and Sampling

On 21 December 2015, agreement 5600014180 was entered into with Empresa Colombia Multiservicios S.A. (hereinafter CAM) for a 3-year term, whose objective is to carry out sampling, handling, analysis and storage of samples and marking of equipment in general. On 2 February 2016 began the marking and sampling of medium voltage equipment.

In early 2016, the real rates were updated after the award of this agreement, generating an approximate impact of \$4,419 million pesos.

On 26 April 2016, the Empresa de Energía de Bogotá signed the agreement 5600014342 for a 3-year term, for the inventory of the Cundinamarca area. On 5 September 2016 began the marking and sampling of medium voltage equipment in the area in question.

On 2 November 2017, Codensa S.A. E.S.P. and CAM signed a transaction agreement for each of the agreements in question that had as purpose (i) to carry out the early termination with an end date of 31 July 2017; (ii) recognise the cost overruns assumed by CAM in relation to the displacement of crews, availability of crews to provide the service, equipment among other concepts. The amount of the transaction agreements amounts to \$658,123 and \$282,463 on the agreements signed by Codensa S.A. E.S.P. and EEC, respectively.

During 2018, a new contract was signed for sampling and marking with Compañía Ingel Eléctrica S.A, expenditures associated with MV and AT oil equipment amounted to \$ 101,593.

During 2020 and 2019, the expenditures associated with sampling and marking with Compañía Ingel Eléctrica S.A. amount to \$ 7,130,959 and \$ 4,298,636, respectively

Changes in Other Assumptions

In addition, during 2016 the provision presented important changes associated with the following assumptions: (i) savings for the implementation of the stratification in the assets of the Cundinamarca area; (ii) inclusion of costs associated with non-performance visits within the marking activities; (iii) inclusion of quality control activities included in the integrated audit framework; (iv) incorporation of the workforce required for the project; (v) update of prices due to the change of value added tax from 16% to 19%, among others.

As of 31 December 2020 and 2019, the value of the projected undiscounted flows are as follows:

Year	As of 31 December 2020	As of 31 December 2019
2020	-	6.795.482
2021	7.171.726	6.221.715
2022	6.616.556	6.414.588
2023	3.070.313	1.582.200
2024	2.304.318	1.631.248
	\$ 19.162.913	\$ 22.645.233

As of 31 December 2020 and 2019, Codensa S.A. E.S.P. updated the provision discounting future cash flows at net present value at a rate of 4.16% and 5.12% E.A., generating a financial effect of \$595,855 and \$965,144, the most appropriate discount rate, considering the interest rates of government bonds (TES) that have maturities similar to those of the obligation.

- (3) Recognition of the Transition Fund provision, which aims at the efficiency of the workforce in line with the investment plan in digitization and automation of the Enel Group worldwide in the different areas and lines of business of the Group. The foregoing implies identifying efficiencies to change profiles and having the necessary financial resources as part of the aforementioned strategy, which leverages the achievement of the objectives defined by the Group. The value of the provision established was \$ 40,963,272 distributed between the years 2021 and 2023, with a discount rate on long-term flows of 4.10%.
- (4) As of 1 January 2020, Codensa S.A. E.S.P. applies IFRIC 23, "Uncertainties regarding the treatment of income taxes", which is taken into account for the determination of both current income tax and income tax. Deferred income tax. This interpretation defines "uncertain tax treatment" as the position adopted by an entity regarding the determination of Income Tax, with respect to which it is probable that the Tax Administration will not accept said position, whether or not it has been validated in the past. by the aforementioned Administration.

In applying this interpretation, Codensa S.A. E.S.P. has been carrying out the review of the contracts entered into with foreign entities and the fulfilment of requirements that must be taken into consideration, therefore the Administration has decided to constitute a provision of \$6,907,861, to cover the risk of eventual differences in criteria.

- (5) Environmental license Terminal Substation

Through Resolution 00500 of 13 February 2020, the District Secretary for the Environment granted the environmental license for the 115 kV Terminal Substation and Associated Line project (attached file), which required a clarification requested by Codensa S.A. E.S.P. through the filing 2020ER48888 on 2 March 2020; This clarification was answered under the filing 2020EE53326 by the SDA on 9 March 2020, date on which the obtaining of the environmental license granted for the project is final. The environmental license granted under the mentioned administrative act, authorizes the construction, assembly, operation and dismantling of the Terminal Substation and Associated Line at 115 kV; In addition, it imposes on Codensa S.A. E.S.P. the fulfillment of the obligations established in the Environmental Impact Study and the complementary information, in the Environmental Management Plan, the current environmental regulations, as well as the obligations written in Resolution 00500 of 2020.

Once the analysis by the specialist staff of the UOAT has been carried out, regarding the costs associated with the obligations contained in Resolution 00500 of 2020, the Environmental Management Plan of the project which establishes the actions and management measures to avoid, mitigate, correct and compensate for the environmental impacts derived from the project, as well as the Follow-up and Monitoring Program, it is determined that the implementation of management activities is required such as: complementation of the characterization of the Paraíso Bavaria neighbourhood, social outreach activities and informative pieces, mobile office, elements to scare away fauna, living barrier, Environmental Compliance Reports -ICA (annual), air quality monitoring (under construction), noise monitoring (at the start of operation), electromagnetic field monitoring (prior to entry in operation and annual), simulation electromagnetic fields with JAL and talk, archaeological monitoring and payment for follow-up to the District Secretary of Environment authority - SDA.

Since March 2020, the planning of the socializations of the project began, during that month due to the declaration of a national state of emergency due to COVID-19 and later to the mandatory isolation, social management had to be rethought towards a virtual model (remote connections and Webinar) and through written communications and social networks.

In accordance with the new virtual social management strategy, socialization meetings were held with the Local Action Board, the local Mayor's Office of Fontibón, the Chaneme company, the EDS, the Local Risk Management Council and other stakeholders in the area of direct and indirect influence of the project. In addition, the project website was updated and contacts were made by written means with the community in the area of influence. In the framework of virtual

social management, work is carried out such as: informative pieces for socialization of the Terminal project, technical tables with the Local Mayor's Office and other actors, as well as people from the neighborhood, media work, study of electromagnetic fields and study of noise.

Additionally, in December 2020, the observation phase proposed by the Yanhaas contractor was carried out to collect socioeconomic information on the Paraíso Bavaria neighborhood.

In turn, the archaeological intervention license was processed before the Colombian Institute of Anthropology and History through the firm CPA Ingeniería S.A.S. in charge of the implementation of the Archaeological Management Plan.

During 2020, the actions of the Environmental Management Plan and the Environmental License were complied with, in accordance with the actual progress of the project.

(6) Environmental license San José Substation

On 29 July 2020, through Resolution No. 01502, the District Secretary for the Environment granted the environmental license for the San Jose project, in which it resolved: "Grant Codensa S.A. E.S.P. an Environmental License to develop the project called: Conversion of the San Jose Substation. Jose 57.5 kV to 115 kV and Associated Lines, to be developed on Calle 11 between Carrera 19^a Bis and Carrera 20, Barrio La Sabana, town of the Mártires de Bogotá". Once analyzed by the UOAT specialist staff, regarding the associated costs, the implementation of activities such as: Informative pieces, social outreach activities, Environmental Compliance Reports -ICA (annual), air quality monitoring is required. (under construction), noise monitoring (at the beginning of operation), electromagnetic field monitoring (prior to entry into operation and annually - for the life of the project), electromagnetic field talks and payment for follow-up to the environmental authority that for that matter, it is the District Secretary for the Environment - SDA.

Working groups were held to define the comprehensive socialization plan of the project aligned with the requirements of the environmental license and taking into account the restrictions imposed by the government due to COVID19, the drafts of the different communication pieces were prepared and the presentations were designed to socialize the project with the communities and different interest groups. They begin virtual socialization meetings with the community of the area of influence and the local municipality of Los Mártires.

(7) Environmental license Compartir Substation

Corresponds to compensations included in Resolution 0255 of February 2018 of the Regional Autonomous Corporation of Cundinamarca (CAR), where the environmental license is granted for the construction of the 115 kV Compartir substation and connection modules located in the municipality of Soacha and environmental obligations such as waste management, wildlife management, forest use and social programs are set.

Codensa S.A. E.S.P. presented a plan of activities and actions to comply with the necessary actions aimed at preventing, mitigating, controlling and correcting the impacts generated by the construction of the Compartir substation. As well as a monitoring plan in order to evaluate the effectiveness of said plan detailed in resolution 0255 of 2018.

Said resolution imposes on Codensa S.A. E.S.P. a compensatory measure for the protection of the wetlands of the municipality of Soacha, the acquisition of an excavator machine and the planting of native trees. Codensa S.A. E.S.P. made a detail of all the requested activities and made an internal assessment of the amounts necessary for each activity, which generated an initial provision amount registered in March 2018 for \$ 1,457,089

During 2018, the commitments established in the framework of the Environmental Management Plan were met. It should be noted that during 2018 two days of voluntary planting and four of beautification of gardens of residential complexes located in the municipality of Soacha were carried out, starting the project of shared value called "Reforesting Soacha". In addition, various social outreach activities, training in electromagnetic fields, and noise modelling were carried out. The delivery of the machine to the CAR for the protection and recovery and recovery of wetlands was made in February 2019, a commitment included in the Environmental License.

During 2019, 300 flight diverters were installed on the 115 kV transmission line, air quality monitoring, four (4) electromagnetic fields talks to the community of the project's area of influence, in compliance with the commitments established in the Environmental Management Plan and Environmental License of the Compartir project.

Additionally, two days of voluntary planting and four of beautification of gardens of residential complexes located in the municipality of Soacha were carried out, starting the shared value project called "Reforestation Soacha".

During 2020, the commitments established in the Environmental Management Plan - PMA and the environmental license of the project were fulfilled in accordance with the construction activities of the substation; Within the framework of this fulfillment, the education and training program for the personnel linked to the project (Socioeconomic Component) was carried out, as well as training for the personnel linked to the project. In addition, socializations of the project, the Traffic Management Plan, road intervention of civil works and intervention of the public space were carried out to the interest groups in the area of direct influence of the project.

In addition, archaeological monitoring was carried out in construction activities that required earth removal.

The second Environmental Compliance Report was prepared and filed with CAR on April 15, 2020. This report, the activities for the period from 1 October 2019 to 29 February 2020 were reported, taking into account the established in the technical visit carried out by CAR on October 17, 2019, to date no observations have been received from the Environmental Authority.

Steps were taken before CAR to obtain a ruling on the proposed area presented by Codensa S.A. E.S.P. (biological corridor sector of the Neuta Tierra Blanca wetland), within the framework of compensation activities for authorized forest use. As a result of this management, the CAR gave the guarantee to Codensa S.A. E.S.P. to carry out compensation activities in the proposed area, indicating that this area is located in an area of environmental importance, with an impact on the middle basin of the Bogotá River, and also has the approval of the Mayor's Office of Soacha. For the development of the establishment, the CAR document called "Tierra Blanca Wetland Rehabilitation Plan" was taken as a reference, in which the species chosen to carry out the rehabilitation and recovery of the wetland were described, and applicable models were established in the sowing, which were carried out in the third quarter of 2020.

Codensa S.A. E.S.P. planted and reforested more than 1,100 trees in one hectare in the sector of the biological corridor of the Neuta - Tierra Blanca Wetland, located in the municipality of Soacha. The activity, which was coordinated by municipal and environmental authorities, was part of the compensation measure developed by the Company, within the framework of the Environmental License for the construction of this electrical substation and its associated connection lines. Reforestation in this area of the wetland constitutes a transcendental action, as it will provide plant rehabilitation, environmental protection, beautification of the environment and will contribute to the recovery of the flora and fauna of this ecosystem, so that it is self-sustainable.

The balance of the provision corresponds mainly to maintenance activities, during 2021 to 2023.

(8) Environmental license Portugal Substation:

Corresponds to the obligations of the administrative act of Resolution No. 02182 of August 2019 issued by the Bogota District Secretary for the Environment, where an Environmental License is granted to carry out the project called: "Portugal Substation, transmission line at 115 kV and its connection modules", which imposes compliance with the obligations established in the Environmental Management Plan of the Environmental Impact Assessment, as well as compliance with current environmental regulations.

During 2020, training activities were carried out for the personnel working in the project, to comply with what is described in the environmental management plans and programs of each of the activities that were developed during the project and the mandatory compliance.

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The implementation of the Environmental Management Plan was complied with as established in the project's environmental license within the framework of the development of the construction activities of the substation and the transmission line. The ICA Environmental Compliance report was filed with the District Secretary for the environment on 30 April 2020, as contemplated in the Environmental License. Twenty (20) flight diverters are installed in the project's 115 kV transmission line, an activity that responds to the actions set out in the Environmental Management Plan to avoid affecting the birdlife in the project area.

The balance of the provision corresponds to the uses related to the laboratory analyzes established by measurement of air, noise and electromagnetic fields, as well as the cost of monitoring and control to the environmental authority - SDA, it is estimated that they will be carried out in the first quarter from 2021.

The movement of provisions between 1 January 2019 and 31 December 2020 is as follows

	Provision for legal claims (a)	Dismantling, restoration and rehabilitation costs	Transition Fund Provision	Provision for Fiscal Uncertainty	Environmental Provisions	Others	Total
Initial balance as of 01-01-2019	16.806.485	24.511.191	-	-	861.057	861.592	43.040.325
Increase (Decrease) in provisions	24.770.278	(198.381)	-	-	54.710	(218.722)	24.407.885
Provision used	(2.494.087)	(4.591.276)	-	-	(618.859)	(29.808)	(7.734.030)
Financial effect update	1.503.994	1.014.593	-	-	47.720	-	2.566.307
Recoveries	(2.404.954)	-	-	-	-	-	(2.404.954)
Total movements in provisions	21.375.231	(3.775.064)	-	-	(516.429)	(248.530)	16.835.208
Final balance as of 31-12-2019	38.181.716	20.736.127	-	-	344.628	613.062	59.875.533
Increase (Decrease) in provisions	9.822.897	7.081.748	40.963.273	6.907.861	991.245	(168.058)	65.598.966
Provision used	(3.467.000)	(7.459.063)	-	-	(258.606)	-	(11.184.669)
Financial effect update	(1.702.211)	(540.778)	-	-	3.754	-	(2.239.235)
Recoveries (bc)	(17.003.436)	(518.349)	-	-	(25.140)	-	(17.546.925)
Total movements in provisions	(12.349.750)	(1.436.442)	40.963.273	6.907.861	711.253	(168.058)	34.628.137
Final balance as of 31-12-2020	\$ 25.831.966	\$ 19.299.685	\$ 40.963.273	\$ 6.907.861	\$ 1.055.881	\$ 445.004	\$ 94.503.670

(a) For comparability purposes as of December 31, 2019, the provisions for contingent litigation from the EEC for \$ 20,753,268 are included in the movements, which were classified in note 20 of Other non-financial liabilities.

(b) Corresponds to recoveries of provisions for litigation due to changes in the procedural situation and eventual conviction or termination of processes due to the issuance of judgments.

The following is the movement of 2020 of the provision (recoveries) for legal claims, which mainly corresponds to:

Process type	Plaintiff	Subject of claim	Value
Labour	Henry Bernal Avila	Reinstatement / workers compensation	2.774.729
Civil	Agueda Garzon De Rodriguez	Electrocution	979.000
Civil	Distrito Bogotá	Stratification	956.450
Civil	José Javier Jimenez Y Otros	Electrocution	900.000
Civil	Yordy Alexander Rodriguez Y Otros	Electrocution	490.000
Labour	Felipe Rueda Posada	Reinstatement / workers compensation	300.000
Civil	Municipio de Agua De Dios	Public lighting tax	256.356
Labour	Arturo Montoya	Administrative-contractual	200.000
Labour	José Antonio Suarez Acevedo	Recognition and payment of conventional pension	200.000
Labour	Aristobulo Gamboa Patiño Y Otros	Recognition and payment of conventional pension	(180.000)
Labour	Edgar Reyes Gomez	Reinstatement, payment of wages and social benefits	(187.714)
Labour	Adriana Pereira Y Otros	Work accident	(200.000)
Civil	Jose Gilberto Bernal	Electrocution	(207.536)
Civil	Yeir Antonio Benavides Ladino	Electrocution	(209.452)
Labour	Elizabeth Varon Obiedo	Reinstatement, payment of wages and social benefits	(225.000)
Civil	Virginia Ariza Navarro	Electrocution	(233.350)
Labour	Sandra Liliana Lancheros	Work accident	(240.000)
Civil	Betty Del Carmen Rodriguez	Electrocution	(250.271)
Labour	Jaime Aponte Fandiño	Recognition and payment of conventional pension	(295.000)

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Process type	Plaintiff	Subject of claim	Value
Labour	Efrain Pinzon Villabona	Recognition and payment of conventional pension	(298.000)
Civil	Gloria Amparo Betancourth	Electrocution	(300.000)
Labour	Guillermo Mejia Rodriguez	Reinstatement / workers compensation	(300.000)
Labour	Henry Alonso Velasquez	Reinstatement / workers compensation	(300.000)
Labour	José Domingo Hernandez	Work accident	(300.000)
Labour	Maria Rutby Acosta De Silgado	Recognition and payment of conventional pension	(300.000)
Labour	Sonia Gualteros	Recognition and payment of conventional pension	(300.000)
Labour	Luis Fernando Melo Casallas	Reinstatement / workers compensation	(400.000)
Civil	Omar Leonel Herrera Rodriguez	Electrocution	(450.000)
Labour	Jose Gustavo Veloza Zea	Recognition and payment of conventional pension	(497.000)
Labour	Arnol Arnulfo Rincon	Recognition and payment of conventional pension	(500.000)
Labour	Gloria Ines Garcia Leon	Claim recognition and payment of the retirement pension.	(500.000)
Labour	Jose Humberto Acosta Neira	Recognition and payment of conventional pension	(500.000)
Labour	Luz Stella Ceballos Alzate	Claim recognition and payment of the retirement pension.	(500.000)
Civil	Olga Josefina Nieto Avendaño	Electrocution	(500.000)
Civil	Lisandro Burgos Mayorga	Electrocution	(500.025)
Civil	Diana Patricia Quintero Ossorio	Electrocution	(927.000)
Civil	Esp Municipio De Puerto Salgar	Public lighting tax	(3.795.120)

17. Taxes payable

Income Tax

The income tax is presented below:

	As of 31 December 2020	As of 31 December 2019
Current income tax (1)	\$ 446.514.157	\$ 425.994.627
Withholdings and self-withholdings	(157.573.518)	(149.766.175)
Other withholdings	(91.971.166)	(88.403.011)
Income tax advance	(22.368.761)	(15.197.536)
Tax discount (2)	(36.947.046)	(24.513.490)
\$	137.653.666	\$ 148.114.415

(1) Liabilities for current income tax payable consist of:

	As of 31 December 2020	As of 31 December 2019
Income tax relative to the results of the period (See note 30)	\$ 413.875.876	\$ 400.302.124
Income taxes related to components of other comprehensive income (See numeral 1 Note 32)	(442.430)	1.326.404
Tax discount for investment in science and technology	323.143	2.997.186
Tax discount Industry and Trade Tax	32.122.568	21.084.195
Tax discount donation	635.000	284.718
\$	446.514.157	\$ 425.994.627

(2) As of 31 December 2020 corresponds to the tax discount for payment of the Industry and Trade Tax \$ 32,122,568 in accordance with article 115 of the Tax Code, for investments made in science and technology equivalent to \$ 323,143, for donations \$ 635,000 and the discount for the acquisition of real productive fixed assets \$ 3,866,335 according to article 258-1 of the Tax Code. As of 31 December 2019 corresponds to the tax discount for investments made in science and technology equivalent to \$2,997,186; for payment of the Industry and Trade Tax \$21,084,195, in accordance with article 115 of the Tax Code; for donations \$284,718; and the discount for the acquisition of real productive fixed assets \$147,391, in accordance with article 258-1 of the Tax Code.

The income statements for the taxable years 2016, 2017, 2018 and 2019 are open for review by the tax authorities, as well as the income for equity CREE of 2016. However, in Management's opinion, in the event that an inspection process occurs, no significant differences are expected.

The provision for income tax is calculated at the current rate. For the taxable year 2020, the rate is 32%, by the accrual method and is determined based on the commercial profit adjusted according to the current tax regulations.

The effective rate as of 31 December 2020 was 30.03% and as of 31 December 2019 it was 32.74%. The change in the effective rate was mainly caused by the following factors:

- > The effective rate as of 31 December 2020 is lower than 31 December 2019 due to the decrease in the nominal rate by 1 point (32% for 2020 and 33% for 2019) in accordance with the Growth Law.
- > The application of a tax discount for the payment of the industry and commerce tax; and
- > Use of tax benefits included in the 2019 income tax return (filed in May 2020).

Transfer Pricing

Taxpayers of income tax who execute operations with economic associates or related parties abroad are bound to determine, for income tax purposes, their ordinary and extraordinary revenues, costs and deductions, assets and liabilities, considering for these operations the prices and profit margins that would have been used in comparable operations with independent entities.

The external advisors have validated each of the contracts made during 2019 with foreign related parties in order to verify the correct application of the market prices in each one. The advisors prepared the supporting and informative documentation for sending to the DIAN corresponding to the transactions of the year 2019, which was submitted on 14 July 2020, without any income adjustment.

Transactions made in 2020 will also be validated. The supporting and informative documentation for the taxable year 2020 will be presented in 2021 in the terms established by the National Government.

18. Provisions for employee benefits

	As of 31 December 2020		As of 31 December 2019	
	Current	Non-current	Current	Non-current
Social benefits and contributions to social security (1)	\$ 44.376.596	\$ 1.274.273	\$ 42.628.759	\$ 1.176.817
Obligations for defined post-employment and long-term benefits. (2)	25.889.568	304.645.419	28.423.534	302.848.954
	\$ 70.266.164	\$ 305.919.692	\$ 71.052.293	\$ 304.025.771

- (1) As of 31 December 2020 and 2019, it corresponds mainly to bonuses \$20,986,031 and \$18,318,396, vacations and vacation premiums \$10,850,366 and \$12,608,499. Additionally, the Group makes periodic legal contributions for severance pay and comprehensive social security: health, professional risks and pensions, to the respective private funds and to Colpensiones that assume these obligations in their entirety. As of December 31, 2020 and 2019, social security and parafiscal contributions amount to \$6,035,763 and \$5,310,415, and severance pay and severance pay interest \$7,710,329 and \$6,252,401, respectively.

Contributions of Law

Codensa S.A. E.S.P. makes periodic contributions for severance pay and comprehensive social security: health, professional risks and pensions, to the respective private funds and to Colpensiones, which assume these obligations in full.

- (2) The Group grants different defined benefits plans; post-employment obligations and long-term benefits to its active or pensioned employees; all these in accordance with the fulfilment of previously defined requirements, which refer to:

Retirement Pensions

The Group has a defined benefit pension plan on which it does not present specific assets, except for all resources derived from the performance of its operating activity. The pension benefit plans establish a pension benefit amount that an employee will receive upon retirement, which usually depends on one or more factors such as age of employee, years of service and compensation.

The recognised liability in the separate statement of financial position, with respect to defined benefit pension plans, is that present value of the obligation of the defined benefit on the date of the separate statement of financial position, together with adjustments for unrecognised actuarial gains or losses. The obligation for the defined benefit is calculated by independent actuaries using the projected unit credit method.

The present value is the defined benefit obligation and is determined by deducting the estimated cash outflows, using interest rates based on the yield curve of the Public Debt Bonds of the Colombian Government (TES), expressed in real value units (UVR), whose terms are close to those of that pension obligation until maturity.

Actuarial losses and gains derived from adjustments based on experience and changes in actuarial hypothesis are debited or credited to the net equity in other comprehensive income, in the period of occurrence.

The pensioner base for the recognition of this benefit corresponds to:

Item	As of 31 December 2020	As of 31 December 2019
Pensioners	1.170	1.173
Average age	69,2	68,1

Other post – employment benefits

Pensioner benefits

The Group provides the following aids to pension-retired employees: (i) education aid, (ii) electric energy aid, and (iii) health aid in accordance with the provisions of the collective bargaining agreement.

The right to the aforementioned benefits is generally granted to employees, regardless of whether or not they have worked until the retirement age. The costs expected from these benefits are acquired during the time of employment using a methodology similar to that of the defined benefits plans. The actuarial gains and losses derived from the adjustments for experience and changes in the actuarial assumptions are debited or credited to other comprehensive income in the period of occurrence. These obligations are measured annually by qualified independent actuaries.

The pensioner base for the recognition of this benefit corresponds to:

	As of 31 December 2020	As of 31 December 2019
Education aid		
Pensioner	112	146
Average age	19	19
Energy aid		
Pensioner	971	990
Average age	68,6	67,7
Health aid		
Pensioner	1.176	1.335
Average age	69,0	64,9

Retroactive severance pay

Retroactive severance pay, which is considered a post-employment benefit, is liquidated for employees belonging to the labour regime that was in force prior to Act 50/1990 and who decided not to benefit from this regime change. The social benefit is liquidated for the whole time worked based on the last salary earned and is paid regardless of the employee being dismissed or retiring voluntarily. The actuarial gains and losses of the adjustments for experience and changes in actuarial assumptions are debited or credited to other comprehensive income.

The employee base for the recognition of this benefit corresponds to:

Item	As of 31 December 2020	As of 31 December 2019
Employees	68	68
Average age	54,9	54,9
Seniority	28,6	28,6

Long-term benefits

The Group recognises to its active employees benefits associated to seniority, such as five-year periods, consisting in making an additional payment for every 5 years of uninterrupted service to employees whose hiring date was before 21 September 2005 and employees working in the EEC, and accrues as of the second year in accordance with the provisions of the collective bargaining agreement.

The costs expected from these benefits are accrued during the employment period, using a methodology similar to that used for the defined benefits plan. The actuarial gains and losses derived from adjustments for experience and changes in the actuarial assumptions are debited or credited to profit or loss of the period of occurrence. These obligations are measured by qualified independent actuaries.

The employee base for the recognition of this benefit corresponds to:

Item	As of 31 December 2020	As of 31 December 2019
Employees	159	168
Average age	52,8	52,10
Seniority	25,9	25,0

As of 31 December 2020 and 2019, the actuarial calculation of post-employment benefits was performed by the firm Aon Hewitt Mexico, which used the following set of hypotheses:

Financial Hypotheses:

Type of Rate	As of 31 December 2020	As of 31 December 2019
Discount rate	5,74%	5,81%
Salary increase rate (active personnel)	4,85%	4,90%
Pension increment rate	3,80%	3,85%
Estimated inflation	3,80%	3,85%
Health service inflation	8,00%	8,00%

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Demographic Hypotheses:

Biometric base	
Mortality rate	2008 Colombian mortality rate (valid annuitant)
Disabled mortality rate	Enel internal table
Total and permanent disability	EISS
Turnover	Enel internal table
Retirement	Men: 62 Women: 57

The movement of obligations for benefits defined as of 31 December 2020 is the following:

	Retired personnel		Active personnel		Defined benefits plan
	Pensions (a)	Benefits	Retroactive severance pay	Five-year term	
Initial balance 1 January 2019	\$ 236.461.937	\$ 66.073.684	\$ 3.515.943	\$ 6.242.339	\$ 312.293.903
Cost of current service	-	-	138.873	262.859	401.732
Cost for interests	15.774.145	4.338.998	234.232	387.936	20.735.311
Contributions paid	(21.747.807)	(3.622.605)	(348.736)	(811.169)	(26.530.317)
Actuarial losses arising from changes in financial assumptions	26.754.244	6.529.297	241.111	231.182	33.755.834
Actuarial (gains) losses arising from changes in experience adjustments	(4.850.297)	(4.433.541)	108.458	(208.595)	(9.383.975)
Final balance as of 31 December 2019	\$ 252.392.222	\$ 68.885.833	\$ 3.889.881	\$ 6.104.552	\$ 331.272.488
Cost of current service	-	-	143.474	258.895	402.369
Cost for interests	14.149.854	3.892.163	220.235	330.104	18.592.356
Contributions paid	(21.958.716)	(3.457.065)	(457.278)	(1.190.716)	(27.063.775)
Actuarial losses arising from changes in financial assumptions	691.854	69.342	17.308	5.257	783.761
Actuarial losses arising from changes in experience adjustments	4.569.728	1.328.305	256.891	392.865	6.547.789
Final balance as of 31 December 2020	\$ 249.844.942	\$ 70.718.578	\$ 4.070.511	\$ 5.900.957	\$ 330.534.987

- (a) Complying with the provisions of article 4 of decree 2131 of 2016 that allows the application of IAS 19 for determining the post-employment benefit liability for future retirement pensions, requiring additionally the disclosure of the calculation of pension liabilities in accordance with the parameters established in Decree 1625 of 2016, which restates the provisions of Decree 2783 of 2001; we have, upon apply these parameters as of 31 December 2020 and 2019, that the post-employment benefits liability for future retirement pensions amounts to \$183,266,974 and \$183,533,420, respectively. The sensitivity in question was made by the firm Aon Hewitt México, which used the following set of hypotheses:

Type of Rate	As of 31 December 2020	As of 31 December 2019
Discount rate	8,62%	8,89%
Technical interest	4,80%	4,80%
Estimated inflation	3,64%	3,91%

The following chart shows the behaviour in the present value of the obligation for each of the defined benefits, related to the per cent variation in 100 basic points above or below the Discount Rate used for the current calculation.

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As of 31 December 2020:

Changes in discount rate	Retired personnel		Active personnel		Defined benefits plan
	Pensions	Benefits	Retroactive severance pay	Five-year term	
- 100 basic points	\$ 281.443.583	\$ 79.214.943	\$ 4.323.371	\$ 6.159.282	\$ 371.141.179
+ 100 basic points	\$ 223.697.936	\$ 64.295.853	\$ 3.839.073	\$ 5.662.228	\$ 297.495.090

As of 31 December 2019:

Changes in discount rate	Retired personnel		Active personnel		Defined benefits plan
	Pensions	Benefits	Retroactive severance pay	Five-year term	
- 100 basic points	\$ 282.708.073	\$ 76.815.036	\$ 4.157.762	\$ 6.386.459	\$ 370.067.330
+ 100 basic points	\$ 224.616.366	\$ 61.877.772	\$ 3.646.449	\$ 5.845.508	\$ 295.986.095

Collective Bargaining Agreements

Collective Bargaining Agreement Codensa – SINTRAELECOL

On 12 November 2019, the Collective Labour Agreement was signed with the Sintraelecol union and Codensa S.A. E.S.P., which will be in force until December 31, 2022 and with it the collective conflict and the Arbitration Court constituted by representatives of the parties. With this convention, the conventional texts of Codensa S.A. E.S.P. are unified, being applicable to all employees and personnel from the defunct Empresa de Energía de Cundinamarca (EEC).

Collective Bargaining Agreement Codensa – ASIEB

When ASIEB submitted the petition to Codensa S.A. E.S.P. on December 30, 2019, the direct settlement stage between the Company's representatives and the union organization's representatives began in accordance with the law, a stage that It was extended on March 9 for an additional 20 calendar days and was suspended until August 31, 2020. On September 1 and until September 16, negotiations were resumed through virtual sessions, a stage that ended without an agreement any between the parties, so the procedures associated with the constitution of the Arbitration Tribunal will be carried out, a body that must define the collective conflict with this trade union organization.

19. Other non-financial liabilities

	As of 31 December 2020		As of 31 December 2019	
	Current	Non-current	Current	Non-current
Taxes other than income tax (1)	\$ 64.517.111	-	\$ 59.910.307	-
Deferred income (2)	19.154.800	9.649.479	-	-
Customer advances for network use	7.742.210	-	4.731.358	-
	\$ 91.414.121	\$ 9.649.479	\$ 64.641.665	\$ -

(1) As of December 31, 2020 and 2019, taxes other than income correspond to:

	As of 31 December 2020	As of 31 December 2019
Provision for payment of taxes (i)	\$ 30.087.646	\$ 30.983.168
Land taxes, municipal and related contributions (ii)	34.429.465	28.927.139
	\$ 64.517.111	\$ 59.910.307

(i) As of 31 December 2020 and 2019, it corresponds mainly to the withholding tax made to third parties for \$ 7,145,477 and \$ 6,955,570, self-withholdings and \$ 22,942,169 and \$ 23,990,832, respectively.

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- (ii) As of 31 December 2020 and 2019, it corresponds mainly to industry and trade tax for \$ 16,620,824 and \$ 15,610,776, respectively. The Group is subject to the industry and commerce tax in Bogotá at the rates of 0.966% on its operating income, 1.104% on other non-operating income and at the 15% rate for notices and boards about the tax. In the other municipalities in which the Company is a taxpayer, it is paid in accordance with the rates established by each territorial entity.
- (2) Corresponds to the advance payment of the contracts with Transmilenio S.A. signed in January 2020 in order to lease three patios with electric recharging infrastructure for 15.7 years; This advance corresponds to the first 17 months and 23.31 days of the monthly consideration.

The advance payment is detailed below:

Yard	Prepayment	VAT	Total Value
UFO 1 - Suba	8.105.582	1.540.061	9.645.642
UFO 2 - Fontibón El Refugio	10.450.832	1.985.658	12.436.491
UFO 4 - Fontibón Airport	10.855.351	2.062.517	12.917.867
Total prepayment	\$ 29.411.765	\$ 5.588.236	\$ 35.000.000

As of 31 December 2020, amortization has been made for \$607,486, corresponding to the lease of the 100% electric yard El Refugio.

20. Equity

Capital

The authorised capital consists of 28,378,952,140 shares with a par value of \$100 each.

As of 31 December 2020 and 2019, the subscribed and paid-in shares correspond to 114,864,651 ordinary shares and 20,010,799 preference shares for a total of 134,875,450 shares with a nominal value of \$100.

The shareholding structure as of 31 December 2020 is detailed below:

Shareholders	Voting common shares		Non-voting preferred shares		Shareholding structure	
	Interest (%)	Number of shares	Interest (%)	Number of shares	Interest (%)	Number of shares
Grupo Energía Bogotá S.A. E.S.P.	42,84%	49.209.331	100%	20.010.799	51,32%	69.220.130
Enel Américas S.A	56,72%	65.148.360			48,30%	65.148.360
Other minority shareholders	0,44%	506.960			0,38%	506.960
	100%	114.864.651	100%	20.010.799	100%	134.875.450

Of the total shares of Grupo de Energía de Bogotá S.A. ESP, 20,010,799 shares correspond to non-voting shares with a preferred dividend of US \$0.10 per share. Preferred shares do not grant a right to receive a guaranteed total fixed dividend, just as they have no date set for their redemption.

Basic earnings per share is calculated as the quotient between the net profit for the period attributable to the Company's shareholders and the weighted average number of common shares outstanding during said period, after the appropriation of the preferred dividends corresponding to 20,952,601 shares as of 30 September 2020 of Grupo Energía Bogotá S.A. E.S.P. Preferred dividends are worth US \$0.1107 per share (*).

Distribution of Dividends

The General Shareholders' Meeting of 25 March 2020, according to Minutes No. 73, approved with a vote of 56.717% of present shares the distribution of ordinary dividends for \$572,408,144 and preferred dividends for \$8,214,232 through net income of 31 December 2019.

The dividends on the 2019 net income for 580,622,376 (\$ 4,243.98 per common share (*)) will be paid as follows: 100% of the preferred dividend and 37% of the ordinary dividend, on 20 May 2020; 37% on 15 October 2020; and 25% on 20 January 2021.

The dividends on the 2018 net income for \$430,444,258 (\$3,145.04 per common share (*)) would be paid as follows: 100% of the preferred dividend and 37.19% of the ordinary dividend paid on 22 May 2019; 36.82% on 17 October 2019; and 24.54% on 15 January 2020.

(*) Figures in Colombian pesos.

Arbitration Tribunal of Grupo Energía Bogotá S.A E.S.P. VS. Enel Américas S.A.

On December 4, 2017, Enel Américas S.A. was notified of the request for initiation of arbitration proceedings filed by Grupo Energía Bogotá S.A. E.S.P. in relation to the differences arising in the profits distribution of the year 2016 for Emgesa S.A. E.S.P. and Codensa S.A. E.S.P., as regulated by the Investment Framework Agreement -AMI-.

Grupo Energía Bogotá S.A. E.S.P. argues Enel Américas acted against its own actions when voting for a profits distribution of 70%, in breach of provisions of clause 3.8 of AMI which establishes the form of profits distribution compelling the parties to vote favourably for the distribution of the 100% possible to distribute during each exercise.

The claims of the lawsuit are (i) Declaration of non-compliance of AMI by Enel Américas S.A. (ii) Legitimacy of Grupo Energía de Bogotá S. A. E.S.P. to convene an Extraordinary Shareholders' Meeting that includes in the agenda the distribution of the percentage pending distribution for the year 2016. (iii) Distribution of 100% of the percentage pending distribution for each Company.

On 12 December 2017, a public draw for arbitrators was held for the arbitration court; however the parties chose their own arbitrators as indicated in the Investment Framework Agreement .

Grupo Energía Bogotá S.A. E.S.P. filed a new lawsuit which was notified on 10 April 2019 and answered by Enel Américas on 13 May 2019. The parties were summoned to a conciliation hearing, but it never took place because Grupo Energía Bogotá S.A. E.S.P. file an amendment to the lawsuit, including claims for damages for more breaches of the Investment Framework Agreement: i) Distribution of profits 2016, 2017 and 2018, ii) Non-development of non-conventional renewable energy generation projects, ii) Conflicts of interest in contracts with economic related companies of the Enel Group and iv) Imposition of the Enel brand on the companies Codensa S.A. E.S.P. and Emgesa S.A. E.S.P.

Along with the development of the Tribunal and specifically in the last quarter of 2020, negotiation tables were held between shareholders in order to resolve their differences, as a result of these, on 29 January 2021, Enel Américas signed a new framework agreement of investment with Grupo Energía Bogotá. The main agreements reached include the integration of the renewable business to their joint investments, the definition of new corporate governance rules more in line with the new objectives and opportunities of this stage and the parties would propose conciliation agreements to terminate the existing arbitration claims. between them.

This process is attended directly by the lawyers of Enel Américas. Taking into account the final allegations stage of the process currently in progress, preceded by a settlement agreement to end this litigation, the contingency is qualified as remote. Management considers that this situation does not affect the condensed separate interim financial statements as of 31 December 2020.

Arbitration Tribunals of Grupo Energía Bogotá SA ESP vs. Codensa S.A. E.S.P.

There are 17 arbitration proceedings requests filed by the local partner Grupo Energía Bogotá against Codensa S.A. E.S.P., seeking the annulment of the Minutes of the Board of Directors and General Shareholders' Minutes, raising the following arguments: i) Conflicts of Interest with related economic companies; ii) Impossibility of ratification of authorisations to contract; iii) Undue removal of the conflict of interest; iv) Violation of the AMI regarding the distribution of profits.

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The claims of the lawsuit are similar, stating that the decisions are flawed because they breach a peremptory standard, are absolutely null and void for the purpose and cause, breach the provisions of the AMI regarding the distribution of profits, and approving some minutes while an arbitration is in progress. The amount is undetermined, however, decisions are being made regarding the operations with economic related companies of high impact for the business.

By order dated 25 October 2019, the Arbitration Court that was first installed decided to accumulate the procedures into one because the claims are similar and they can be carried out by the same proceedings between the same parties. This way, Codensa S.A. E.S.P. will only be involved in only one arbitration. The arbitration is currently in the lawsuit response phase; however, the parties by common agreement requested the suspension of the process until 3 May 2021, since the shareholders are developing working groups to resolve their differences; if favourable, this will allow the termination of these arbitration procedures.

The minutes challenged by Grupo Energía de Bogotá S.A E.S.P. specifically against Codensa S.A. E.S.P. are the following:

Board of Directors:

- Minutes No. 269 of February 22, 2018
- Minutes No. 270 of March 21, 2018
- Minutes No. 271 of April 25, 2018.
- Minutes No. 272 of May 24, 2018
- Minutes No. 273 of June 21, 2018
- Minutes No. 274 of July 19, 2018
- Minutes No. 275 of August 23, 2018
- Minutes No. 276 of September 25, 2018
- Minutes No. 277 of October 24, 2018
- Minutes No. 278 of November 22, 2018
- Minutes No. 279 of December 20, 2018
- Minutes No. 280 of January 24, 2019
- Minutes No. 282 of February 21, 2019
- Minutes No. 283 of March 21, 2019

General Shareholders' Meeting:

- Minutes No. 69 of March 20, 2018
- Minutes No. 70 of September 20, 2018.
- Minutes No. 71 of March 26, 2019

Other reserves

	As of 31 December 2020	As of 31 December 2019
Reserve for deferred depreciation (Art. 130 Tax Code)	\$ 197606.365	\$ 202.298.711
Legal reserve	26.454.481	26.454.481
	\$ 224.060.846	\$ 228.753.192

Legal reserve

In accordance with Colombian law, the Company must transfer at least 10% of the year profit to a legal reserve, until it is equal to 50% of the subscribed capital. This reserve is not distributable before the Company's liquidation; however, it may be used to absorb or reduce annual net losses. The balances of the reserve in excess of 50% of the subscribed capital are freely available to shareholders.

Reserve for Deferred Depreciation (Article 130 of the Tax Code)

In the tax reform established by Act 1819 of 2016, article 130 of the tax code was repealed; consequently, the reserves constituted until 31 December 2017 will revert to the extent that the accounting depreciation equals the fiscal depreciation. Therefore, for the March 2020 and 2019 Meetings, the release of \$4,692,346 and \$4,395,664, respectively, from the reserve established, leaving a balance of \$197,606,365.

The General Shareholders' Meeting of 2017, 2016, 2015 ordered the establishment of the reserve on account of accelerated depreciation pursuant to article 130 of the Tax Code for \$38,898,151, \$43,029,236 and \$76,995,746, respectively through profit or loss each year.

Additionally, in previous periods, a reserve of 70% of the depreciation requested in excess was established since 1998 for tax purposes, amounting to \$50,962,398.

21. Revenue and other operating revenues

	For the year ended 31 December 2020	For the year ended 31 December 2019
Energy Sales	\$ 4,655,361,344	\$ 4,541,786,666
<i>Distribution and trade of energy – regulated market (1)</i>	4,506,102,607	4,401,047,033
<i>Supply of public lighting service (2)</i>	149,258,737	140,739,633
Energy Transportation (3)	566,151,107	485,647,500
Business and Government Services (4)	236,448,413	187,151,595
Leases	200,784,673	203,095,752
Total revenue	\$ 5,658,745,537	\$ 5,417,681,513
Other operating revenue	55,035,992	48,266,387
<i>Recovery loss of energy</i>	20,120,322	23,613,854
<i>Others</i>	34,915,670	24,652,533
Total revenue and other operating revenues	\$ 5,713,781,529	\$ 5,465,947,900

- (1) As of 31 December 2020 and 2019, energy sales in the regulated market amount to 8,628 Gwh and 8,943 Gwh, of which 5,407 Gwh and 5,112 Gwh correspond to residential customers, 2,035 Gwh and 2,507 Gwh to commercial customers, 927 Gwh and 1,045 Gwh to industrial customers, and 259 Gwh and 278 Gwh to official customers, respectively.

Below are the increases in the component rate received during 2020:

	Applied average rate 2019	Applied average rate 2020	Variation
Gm	208,31	223,24	7,2%
Tm	34,22	37,73	10,3%
Pr	37,63	43,78	16,3%
D	152,40	164,42	7,9%
Rm	16,05	12,07	-24,8%
Cv	47,06	51,94	10,4%
Cu	495,66	533,17	7,6%

Transmission costs Tm: 10.3% increase in the transmission component associated with the variation in demand compared to the previous year.

Generation costs (Gm): 7.2% increase compared to the previous year, there is a 9.7% increase in the average price of purchases on the stock market, going from \$ 234.5 / kWh in 2019 to \$ 257.2 / kWh in 2020; purchases on the stock market represented on average 7.9% of total purchases.

Distribution Costs (D): Increase of 7.3% (ADD) in the distribution cost component mainly explained by the implementation of the new Distribution charges, according to CREG Resolution 015 of 2018, for some agents belonging to the eastern distribution area – ADD.

Restriction Costs (Rm): 24.8% decrease in the restriction component, due to a decrease in generation without merit related to the increase in the stock price that averaged 257.2 \$ / kWh in 2020 (9.7 % above the 2019 average).

Marketing costs (Cv): Increase in marketing costs of 10.4% related to the increase in contributions paid to the SSPD in the third quarter of the year and the increase in the CPI.

Loss Costs (Pr): 16.3% increase in the loss component, due to the inclusion of the variable associated with the loss reduction plan –CPROG.

Provision for rate option

During 2020, Codensa S.A. E.S.P. chose to apply the regulatory mechanism of rate option in accordance with CREG Resolution 122 of 18 June 2020, which resolves the appeal for reconsideration filed by Codensa S.A. E.S.P. against CREG resolution 189 of 2019 in which The variables necessary to calculate the income and charges associated with the electricity distribution activity for the commercialization market were approved. Given the retroactive adjustment of Resolution CREG036/19 and the retroactive adjustment associated with the service quality incentives, an increase in the charge occurs during the 12 months following the approval of charges, that is, from July 2020 to June 2021 of distribution. As of 31 December 2020, the account receivable for rate option is for \$97,208,663

- (2) As of 31 December 2020, energy sales of the non-regulated market for public lighting have decreased from 289 Gwh in 2019 to 273 Gwh in 2020, mainly for the consumption of the Capital District at 187 Gwh and 205 Gwh and other municipalities at 87 Gwh and 83 Gwh, respectively.
- (3) As of 31 December 2020, the increase corresponds mainly to billing for the electric energy infrastructure use service of Codensa S.A. E.S.P. by other energy marketers in the local distribution systems of \$395,979,923 and \$ 336,117,671, and regional transmission systems \$170,171,183 and \$149,529,829.
- (4) As of 31 December 2020, there is an increase in revenues from business and government services, mainly for value added services \$ 228,257,028 and \$ 178,516,116; rendering of engineering services \$ 163,381 and \$ 2,237,538 and Other rendering of services \$ 3,638,340 and \$ 1,442,200 respectively.

Breakdown of revenue from contracts with customers

The Group obtains its revenues from contracts with customers, for the transfer of goods and/or services; These contracts were grouped into categories that have similar characteristics in the contractual terms and conditions, in accordance with the practical solution of IFRS 15.

The following table summarises the categories, the groups of contracts they contain, the main performance obligations and how these performance obligations are met.

Category	Groups of contracts	Performance obligations	Fulfilment of performance obligations
Energy Sales	Distribution and Trade of Energy, Customers Regulated Market	Provision of the energy service	Over time
		Connection Service	
		Meter review service	
		Reconnections	
	Supply of Public Lighting service with the Bogota District	Provision of energy service and maintenance of public lighting	
Non-regulated market	Sale of energy to the non-regulated market		
Supply Public Lighting service with Municipalities	Provision of energy service and maintenance of public lighting		

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Category	Groups of contracts	Performance obligations	Fulfilment of performance obligations
Energy Transportation	Energy transport - Tolls and transmission	Use of the distribution network	Over time
	Collaboration and financing of goods and services	Promotion, origination, administration, billing and collection of exclusive financial services	
Business and Government Services	Connection, administration, operation and maintenance	i) Supply, testing and commissioning of the communications network	Over time
		ii) Review of connection designs, construction inspection, assembly, testing and commissioning	
		iii) Administration, operation and maintenance of the line module	
		iv) Supervision of the signals of the connection point from the Company's control centre	
	Business management mandate	Commercial management of products, works and/or services	
	Collaboration - Insurance	Trade and disposal of marketing channels	
	Electrical works	Access to the Company's customers for the provision of electrical works services, supply of material and financing	
	Insurance and publications	Promotion, billing and collection services through the invoices of public energy service and the delivery of policies and contracts	
	De-energizing manoeuvres	Operation service to de-energise the networks owned by the Company	
	Other electrical works and projects	Electrical works and projects related to the transfer of high voltage networks and lighting (Graphic design and constructive design of Christmas lighting)	
Cooperation agreements - electrical networks	Electrical works and projects related to the installation, protection, transfer, replacement or relocation of electrical networks		
Advertising inserts	Print, insert and deliver advertising information on the bills		
Metering equipment	Supply of serial material (meters, current and power transformers and seals)	On a point in time	

Performance obligations correspond to commitments to transfer to a customer a series of different goods or services, or a series of different goods or services but which are substantially the same and have the same pattern of transfer to customers.

Performance obligations are met to the extent that goods and/or services undertaken with customers are transferred, i.e., to the extent that the customer gains control of the goods and services transferred.

In the Company's business lines, the fulfilment of performance obligations is mainly carried out over time, given that customers simultaneously receive and consume the committed goods or services and benefit to the extent that contracts are executed.

For the "Other income" category, the fulfilment of the associated performance obligations is generally made at a specific time, taking into account that the goods and/or services offered to the customers do not present future commitments.

The Company's revenues are generated in Colombia.

Significant judgments in the application of the standard

The Group recognises revenues when control of the committed goods and/or services is transferred to customers, and they have the ability to use the goods and/or services provided, obtaining the economic benefits associated with them.

Regarding the schedule of fulfilment of performance obligations, we have that for performance obligations met over time, the method of measuring the progress of fulfilment of performance obligations is carried out by the product method, as the Company is entitled to receive as compensation from customers the value of the goods and/or services provided to

customers, up to the date of delivery.

The prices for the provision of the energy service are established based on the regulation and for other items in accordance with the contractual agreement. The Group does not offer discounts or other types of benefits to customers that may have variable consideration in the supply of goods and services.

Contract assets and liabilities

Contract assets

The Group does not have contractual assets, since the goods and/or services provided to customers that have not yet been invoiced generate an unconditional right to the consideration paid by customers, because only the passage of time is required in the enforceability of payments by customers, and the Group has fulfilled all performance obligations.

The Group does not incur costs to obtain or fulfil contracts, so it does not have assets associated with this item.

Contract liabilities

The Group presents contract liabilities in the statement of financial position, in the line item of other current non-financial liabilities. Contract liabilities reflect the Group's obligations in the transfer of goods and/or services to customers for which the entity has received an advance consideration.

As of 31 December 2020, the Group has received advance payments for the energy transportation service for \$14,499,818.

The Group recognises as revenue the contract liabilities, to the extent that it fulfils the performance obligations.

22. Provisioning and Services

	For the year ended 31 December 2020	For the year ended 31 December 2019
Energy purchases (1)	\$ 2.398.233.475	\$ 2.363.426.429
Transport costs (2)	590.245.236	534.572.684
Other variable provisioning and services (3)	284.646.752	259.141.014
	\$ 3.273.125.463	\$ 3.157.140.127

(1) As of 31 December 2020 and 2019, energy purchases amount to 10,069 Gwh and 10,348 Gwh; Purchases destined for the regulated market through contracts amount to 9,185 Gwh and 8,512 Gwh and purchases on the stock market 884 Gwh and 1,762 Gwh, for 2020 there are no purchases destined for the unregulated market, for 2019 it corresponds to 69 Gwh, respectively

There is an increase in the average price on the energy market that amounts to \$ 232.17 / kWh and \$ 228.85 / kWh as of December 31, 2020 and 2019, respectively.

(2) As of 31 December 2020 and 2019, it is mainly composed of the costs of the right of use in the national transmission power systems \$ 380,049,122 and \$ 358,234,865 and regional transmission \$ 196,281,363 and \$ 166,422,820 respectively.

(3) Below is a description of other variable provisioning and services:

	For the year ended 31 December 2020	For the year ended 31 December 2019
Costs of providing goods and services to individuals (a)	\$ 107.875.346	\$ 107.751.129
Industry and trade tax	66.202.491	64.379.883
Costs related to metering equipment	52.689.104	42.438.822
Public lighting maintenance and others	11.439.370	19.092.455
Cut and reconnection costs	23.878.307	18.699.176
Contributions regulation entities	19.390.185	4.676.890
Other local taxes related to sales	3.171.949	2.102.659
	\$ 284.646.752	\$ 259.141.014

- (a) As of 31 December 2020 and 2019, corresponds mainly to associated business costs of value-added services such as electrical works, Christmas lights and subscriptions to magazines, insurance and other products.

23. Personnel expenses

	For the year ended 31 December 2020	For the year ended 31 December 2019
Wages and salaries (1)	\$ 201.870.021	\$ 189.368.233
Social security service and other social charges	39.738.883	39.935.608
Expense for obligation of retirement plans (2)	40.963.272	-
Other personnel expenses (3)	1.903.509	4.538.392
Expense for obligation of post-employment benefits (4)	795.233	818.965
	\$ 285.270.918	\$ 234.661.198

- (1) As of 31 December 2020 and 2019, it corresponds to wages and salaries for \$ 149,197,868 and \$ 142,025,100, bonuses for \$ 17,274,936 and \$ 16,450,621, vacations and vacation premiums \$ 14,280,844 and \$ 13,270,983, premiums for services \$ 10,652,826 and \$ 7,894,304, severance pay and severance pay interest \$ 7,399,419 and \$ 6,324,227, amortization of employee benefits for \$ 3,064,128 and \$ 3,402,998, respectively.
- (2) Recognition of the Transition Fund provision, which is aimed at staff efficiency in line with the Enel Group's investment plan in digitization and automation worldwide in the different areas and lines of business of the Company. The foregoing implies identifying efficiencies to change profiles and having the necessary financial resources as part of the aforementioned strategy, which leverages the achievement of the objectives defined by the Company. The value of the provision established was \$ 40,963,272 distributed between the years 2021 to 2023, with a discount rate on long-term flows of 4.10%.
- (3) As of 31 December 2020 and 2019, corresponds to:
- (a) Labor litigation: Recognized provision for litigation that were subject to changes in the rating according to analyzes carried out by the attorneys-in-fact for \$ 142,129 and \$ 463,366 respectively.
- (b) Retirement bonus: Corresponds to the expenses associated with the provision of retirement bonus for executive personnel \$ 1,761,380 and \$ 4,075,026 respectively.
- (4) As of 31 December 2020 and 2019, it corresponds to the current service cost of active personnel associated with the benefit of retroactive severance pay for \$ 143,474 and \$ 138,873, five-year terms for \$ 258,894 and \$ 265,953, respectively.

As of 31 December 2020 and 2019, as a result of the actuarial calculation carried out by the firm Aon Hewitt México, the effect of actuarial losses in five-year periods arising from changes due to variable modifications is included for \$ 392,965 and \$ (208,595), respectively.

24. Other fixed operating expenses

	For the year ended 31 December 2020	For the year ended 31 December 2019
Independent professional services, outsourced and others (1)	\$ 197.574.893	\$ 194.497.193
Repairs and maintenance (2)	115.599.229	76.389.122
Other supplies and services (3)	23.286.179	26.033.983
Leases and fees (4)	12.916.442	7.690.083
Taxes and rates (5)	3.897.604	4.512.483
Insurance premiums	7.008.128	5.922.646
Advertising, marketing and public relations	10.071.492	12.261.035
Transport and travel expenses	1.181.359	3.907.356
	\$ 371.535.326	\$ 331.213.901

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(1) Below is the detail of independent professional services, outsourced and others:

	For the year ended 31 December 2020	For the year ended 31 December 2019
Maintenance services, software development and computer applications (a)	\$ 49.268.129	\$ 37.181.150
Market recovery contracts	27.546.625	24.079.514
Reading	22.160.941	18.828.864
Diagnosis, inspection and maintenance of substations, networks and electrical installations (c)	17.628.867	15.641.618
Collection contracts	14.431.078	15.956.613
General administration expenses (b)	12.943.474	18.781.269
Fees	11.694.450	10.692.165
Other management and operation contracts (d)	10.533.829	15.101.366
Customer service contracts	9.450.224	12.491.150
Telecommunications services	7.956.714	7.268.184
Billing	6.562.401	4.838.777
Temporary staff service	3.775.273	3.259.173
Non-payment management contracts	1.688.946	2.556.831
Diner and cafeteria	896.545	2.413.970
Civil and administrative litigations	780.234	2.910.541
Industrial safety	129.810	1.499.721
Office supplies and stationery	127.353	996.287
	\$ 197.574.893	\$ 194.497.193

- (a) As of 31 December 2020 and 2019, the increase corresponds mainly to the contracting and implementation of services associated with the cloud architecture and the maintenance of technical and commercial operation applications, mainly Amazon Web Service, Synergia 4J, Genesis, and applications of technical systems.
- (b) The decrease in general administrative expenses is presented by the inactivity in administrative headquarters caused by the general confinement of personnel related to measures given to mitigate the expansion of Covid-19.
- (c) Increased due to maintenance operations performed on substations, medium and low voltage networks and public lighting.
- (d) The decrease in the cost of administration and operation contracts is due to inactivity in commercial and administrative headquarters caused by the general confinement of customers and service personnel related to measures taken to mitigate the expansion of Covid-19.
- (2) Corresponds to the cost of the contracts associated with the maintenance of the Group's infrastructure and the materials used in them.
- (3) The decrease is mainly due to the cost of public services.
- (4) Includes short-term leases outside the scope of IFRS 16 of commercial headquarters, infrastructure and elements necessary for the execution of business activities.
- (5) The decrease corresponds mainly to the payment of property tax in 2020 and to assumed tax withholdings.

25. Expense for Depreciation, Amortisation and Impairment Losses

	For the year ended 31 December 2020	For the year ended 31 December 2019
Depreciations (Note 13)	\$ 373.916.214	\$ 363.582.981
Amortisations (Note 12)	52.834.688	35.660.198
Depreciations and amortisations	426.750.902	399.243.179
Impairment financial assets (1)	62.814.991	25.974.706
Recovery impairment of assets held for sale (2)	–	(11.264.073)
Impairment losses	62.814.991	14.710.633
	\$ 489.565.893	\$ 413.953.812

(1) As of 31 December 2020, corresponds mainly to the allocation of:

(a) 100% provision of the Public Lighting Infrastructure VAT portfolio \$ 17,421,481, prescribed customers that do not present a demand in progress \$ 3,387,456, customers that present risk of non-compliance according to the collective impairment model \$ 29,031,730 and others \$ 1,860,789

(b) In the supplementary business portfolio, the variation is mainly due to customers that present non-compliance in payment agreements: Uniaguas SA ESP \$ 5,579,972 and Aguas del Sinú SA ESP \$ 3,163,846.

(2) Corresponds to the update of the fair value of PCH (Rio Negro Hydroelectric Power Plant) for \$(11,264,073).

26. Net Financial Income

	For the year ended 31 December 2020	For the year ended 31 December 2019
Revenues from cash and cash equivalents (1)	\$ 10.875.464	\$ 10.291.550
Default interest (2)	10.385.531	401.806
Interest on loans to employees (3)	5.111.577	5.255.716
Other financial revenues (4)	4.118.319	539.436
Interest on customer financing	3.446.039	2.413.070
Financial revenues	33.936.930	18.901.578
Financial obligations (5)	(164.989.037)	(161.885.832)
Obligation for post-employment benefits	(18.597.613)	(20.966.493)
Tax on movement of funds (6)	(18.401.548)	(23.778.189)
Other financial costs (7)	(6.786.828)	(4.939.318)
Finance leases (8)	(5.407.111)	(2.916.385)
Recovery of financial assets (9)	3.249.841	2.111.285
Financial expenses	(210.932.296)	(212.374.932)
Capitalised financial expenses	4.411.421	4.178.743
Net financial expenses	(206.520.875)	(208.196.189)
Revenues from exchange difference	21.546.909	27.526.425
Expenses from exchange difference	(27.151.408)	(27.515.514)
Net exchange difference (10)	(5.604.499)	10.911
Total net financial income	\$ (178.188.444)	\$ (189.283.700)

(1) Corresponds mainly to financial returns in national currency from deposits and investments in different entities such as Corredores Asociados, Credicorp, Fiduciaria Bogota, Fiduciaria de Occidente, Alianza Valores, BBVA Fiduciaria, Fondo abierto Alianza, Valores Bancolombia and Fiduciaria Corficolombiana.

(2) Corresponds to the billing of default interest to customers for energy service and other products, the variation corresponds mainly to the adjustment made in December 2019 corresponding to default interest on VAT for the lease of public lighting infrastructure billed to UAESP from December 2015 to February 2016 for \$ 6,208,001.

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- (3) As of 31 December 2020 and 2019, it corresponds to the financial interest of the housing loans \$ 138,657 and \$ 410,089, and to the financial effect of loans to employees agreed at a market differential rate \$ 4,972,920 and \$ 4,845,627, respectively.
- (4) The variation corresponds mainly to the financial update of the provision for civil, tax and labor litigation for \$ 2,017,149 and the financial update of the provision for PCB contaminated transformers for \$ 1,462,849.
- (5) Corresponds to the interests on bonds issued generated under the Bond Issue and Placement and loan interest Programme, as follows:

Issue	For the year ended 31		For the year ended 31	
	December 2020		December 2019	
Loans Bank of Tokyo (a)	\$	20.418.049	\$	21.939.507
Interest Bonds E5-17		19.845.708		19.952.898
Interest Bonds E4-19		17.240.856		13.906.749
Interest Bonds B12-18		13.770.329		16.045.934
Interest Bonds E7-18		13.155.814		13.160.000
Other commercial loans		12.733.814		7.007.849
Interest Bonds E7-17		12.614.928		12.620.206
Interest Bonds B10-19		12.004.720		12.011.917
Interest Bonds B7-14		10.944.490		12.875.521
Interest Bonds B5-18		10.299.398		12.262.448
Interest Bonds B12-13		9.539.255		11.302.821
Interest Bonds E4-16		4.719.947		6.741.013
Interest Bonds E4-20		4.077.673		-
Interest Bonds B7-20		3.624.056		-
Interest Bonds E2-17		-		2.058.969
Total	\$	164.989.037		161.885.832

- (a) Corresponds to the interests of the loans acquired with the MUFG Bank, Ltd., on 10 June 2016 for \$ 162,000,000, with an agreed rate of EA 8.8150% and on April 7, 2020 for \$ 397,500,110 , with an agreed rate EA 5.80%.
- (6) The variation corresponds mainly to the savings achieved in 2020 from the payment of taxes with Tidis and returns from GMF on the transfers made by the collection of the Crédito Fácil Codensa business.
- (7) As of 31 December 2020, corresponds mainly to interest for late payment of taxes \$ 2,625,360, bond issuance costs for \$ 1,928,041, update of the provision of dismantling liability of Patios Transmilenio, PCB and offices for \$ 926,135, and commission from the line of credit committed to Bank of Nova Scotia for \$ 492,572.
- (8) As of 31 December 2020, corresponds to interest for leases under IFRS 16 for \$ 5,014,526 and interest for vehicle renting for \$ 392,585.
- (9) Expense recognized for the impairment of financial assets such as cash and equivalents, agreements and other assets, in accordance with the provisions of IFRS 9 in relation to the expected credit loss.

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(10) The origins of the effects on results of exchange differences correspond to:

	For the year ended 31 December 2020	
	Revenues from exchange difference	Expenses from exchange difference
Cash	\$ -	\$ (483)
Bank balance	14.725.166	(25.444.920)
Cash and cash equivalents	14.725.166	(25.445.403)
Current accounts receivable	(483.777)	(30.895)
Total Assets	14.241.389	(25.476.298)
Accounts payable for goods and services	7.305.520	(1.675.111)
Total liabilities	7.305.521	(1.675.110)
Net results	\$ 21.546.909	\$ (27.151.408)

	For the year ended 31 December 2019	
	Revenues from exchange difference	Expenses from exchange difference
Cash	\$ 686	\$ (45.068)
Bank balance	23.253.026	(21.447.334)
Cash and cash equivalents	23.253.712	(21.492.402)
Current accounts receivable	228.996	(4.699.476)
Total Assets	23.482.708	(26.191.878)
Accounts payable for goods and services	4.043.717	(1.160.349)
Commercial creditors	-	(163.287)
Total liabilities	4.043.717	(1.323.636)
Net results	\$ 27.526.425	\$ (27.515.514)

27. Results of companies accounted for using the equity method

	For the year ended 31 December 2020	For the year ended 31 December 2019
Dividends of investments in associates	257	20.993
\$	257	\$ 20.993

28. Income from the Sale and Disposal of Assets

	For the year ended 31 December 2020	For the year ended 31 December 2019
Property, plant and equipment (1)	9.651.366	11.938.475
\$	9.651.366	\$ 11.938.475

(1) Corresponds primarily to the write-off of substation equipment, lines and networks, distribution transformers and public lighting luminaires due to obsolescence, damage and replacement.

29. Income Tax Expenses

The provision recognised through profit or loss, for income tax and income tax surcharge is broken down as follows:

	For the year ended 31 December 2020	For the year ended 31 December 2019
Current income tax	\$ 413.935.363	\$ 400.302.133
	413.935.363	400.302.133
Income tax previous years	(13.335.966)	(2.271.469)
Deferred tax movement (1)	(40.178.268)	541.789
Deferred tax movement previous years (1)	1.144.631	2.168.978
\$	361.565.760	\$ 400.741.431

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- (1) As of 31 December 2020 and 2019, corresponds to the decrease in net deferred tax of \$ 39,033,637 and \$ 2,710,875 and which comprises (i) deferred tax for the period (\$ 40,178,268) \$ 541,789 and \$ 541,897 (ii) Deferred tax from previous years for \$ 1,144,631 and \$ 2,168,978.

Below is the reconciliation of the income tax that would result from applying the current general tax type to “earnings before taxes” and the expense registered equivalent to an effective rate on net income as of 31 December 2020 and 2019 of 30.03% and 32.74, respectively:

Reconciliation effective tax rate	For the year ended 31 December 2020	Rate	For the year ended 31 December 2019	Rate
Net income	\$ 842.530.417		\$ 822.757.186	
Income tax expense	361.565.760		400.741.431	
Earnings before taxes	1.204.096.177		1.223.498.617	
Legal tax rate in force	32%		33%	
Tax according to legal rate in force	(385.310.777)	(32%)	(403.754.544)	(33%)
Permanent differences:				
Non-deductible taxes (1)	(24.131.262)	(2,00%)	(25.459.069)	(2,08%)
Non-causal and other non-deductible expenses (2)	(11.918.283)	(0,99%)	3.049.095	0,25%
Net effect of movement of estimated liabilities and permanent provisions	(70.122)	(0,01%)	31.877	0%
Assumed interests	(11.007)	0%	(13.022)	0%
Other permanent differences	50.493	0%	52.574	0%
Additional deduction disabled	128	0%	124	0%
Rate difference adjustment – deferred adjustments previous years	1.851.440	0,15%	882.954	0,08%
Special deduction Act 1715/2015	1.149.040	0,10%	-	0%
Other tax benefits (3)	32.644.442	2,71%	24.366.099	1,99%
Deferred industry and trade tax	12.008.482	1,00%	-	0%
Adjustment for income tax return prior year (4)	12.171.668	1,01%	102.491	(0,06%)
Tax for presumptive income	(2)	0%	(10)	0%
Total permanent differences	23.745.017	1,97%	3.013.113	0,26%
Income tax expense	\$ (361.565.760)	(30,03%)	\$ (400.741.431)	(32,74%)

- (1) As of 31 December 2020 and 2019, corresponds to the effect on the income tax of the industry and trade tax of \$21,184,218 and \$21,342,607, tax on movement of funds of \$2,944,044 and \$4,116,419, respectively.
- (2) The variation, for the year 2020, corresponds mainly to the recognition of non-deductible expenses of the collaboration contract with Colpatría “Open Book” \$ 20,947,983, non-deductible expenses for contracts with foreign suppliers without tax requirements, \$ 5,340,386, contingency for contracts entered into with foreign entities for \$ 2,679,173 and for 2019 to be recognized as untaxed income for the recovery of impairment of assets held for sale for (\$ 11,264,073), as well as the effect of non-causal expenses such as donations and loan forgiveness, among others.
- (3) As of 31 December 2020 and 2019 corresponds to the recognition of tax discounts in: industry and trade tax for \$32,122,569 and \$21,084,195, donations for \$635,000 and \$284,719, investment in science and technology for \$323,142 and \$2,997,186.
- (4) The variation corresponds to the difference between the calculation of the income provision and the values presented in the income tax return. These differences generate a change in both the current tax and the deferred tax, the main items that generated the variation are: (i) tax benefits, (ii) the difference in accounting depreciation and fiscal depreciation, and (iii) differences in the calculation of provisions for costs and expenses.

30. Earnings per Share

Basic earnings per share are calculated dividing profit attributable to Codensa S.A. E.S.P. shareholders adjusted to preferred dividends after taxes between the weighted averages of common outstanding shares over the year. As of 31 December 2020 and 2019, there are no common shares acquired by the Group.

	For the year ended 31 December 2020	For the year ended 31 December 2019
Profit attributable to owners	\$ 842.530.417	\$ 822.757.186
Preferred dividends (1)	6.868.707	6.557.819
Profit attributable to owners adjusted to preferred dividends	835.661.710	816.199.367
Number of outstanding shares	134.875.450	134.875.450
Basic earnings per share (*)	\$ 6.195,80	\$ 6.051,50

(*) Figure in Colombian pesos.

(1) Out of total shares of Grupo Energía Bogotá S.A. E.S.P., 20,010,799 shares correspond to shares without voting rights with an annual preferred dividend of US \$0.10 (*) per share.

(*) Full figure expressed in USD

31. Other Comprehensive Income

The breakdown of other comprehensive income is shown below:

	For the year ended 31 December 2020	For the year ended 31 December 2019
Components of other comprehensive income that will not be reclassified to net income		
Losses for new measurements of defined benefits plans (1)	\$ (6.933.428)	\$ (24.349.272)
Losses on new measurements of financial instruments measured at fair value rough OCI	-	(12.567)
Other comprehensive income that will not be reclassified to earnings before taxes	(6.933.428)	(24.361.839)
Other comprehensive income that will be reclassified to earnings before taxes		
Gains (losses) on cash flow hedges	54.503	(54.503)
Other comprehensive income that will be reclassified to earnings before taxes	54.503	(54.503)
Income and deferred taxes relative to components of other comprehensive income that will not be reclassified to net income		
Tax effect for losses on new measures of defined benefits plans (1)	124.050	6.521.742
Total income taxes relative to components of other comprehensive income that will not be reclassified to net income	124.050	6.521.742
Total income taxes relative to components of other comprehensive income that will be reclassified to net income		
Effect of taxes on cash flow hedges	(17.441)	17.441
Total income taxes relating to components of other comprehensive income will be reclassified to net income	(17.441)	17.441
Total other comprehensive income	\$ (6.772.316)	\$ (17.877.159)

- (1) Corresponds to the effect of actuarial losses valued by Aon Hewitt México. As of 31 December 2020 and 2019, actuarial losses with effect on equity are presented below:

	For the year ended 31 December 2020			For the year ended 31 December 2019		
	Pension and benefits	Retroactive severance pay	Temporary income	Pension and benefits	Retroactive severance pay	Temporary income
Initial balance	\$ (89.451.637)	\$ (616.572)	\$ (2.745.417)	\$ (71.868.805)	\$ (371.874)	\$ (2.745.417)
Actuarial loss	(6.659.229)	(274.199)	-	(23.999.703)	(349.569)	-
Current tax (note 17)	442.430	-	-	(1.326.404)	-	-
Deferred tax (note 20)	(414.778)	96.398	-	7.743.275	104.871	-
Final balance	\$ (96.083.214)	\$ (794.373)	\$ (2.745.417)	\$ (89.451.637)	\$ (616.572)	\$ (2.745.417)

The value of the losses is transferred directly to retained earnings and will not be reclassified to profit or loss.

32. Assets and Liabilities in Foreign Currency

The standards existing in Colombia allow for the free negotiation of foreign currency through banks and financial institutions at free exchange rates. Nonetheless, most of the transactions in foreign currency require compliance with certain legal requisites.

Summary of assets and liabilities expressed in foreign currency:

	As of 31 December 2020		
	(in EUR)	(in US Dollars)	(in thousands of pesos)
Cash and cash equivalents	€ -	US 1.103.221	\$ 3.786.807
Debtors	144.686	528.958	2.423.306
Accounts payable	(14.039.881)	(6.806.393)	(82.328.133)
Net liability position	€ (13.895.195)	US (5.174.214)	\$ (76.118.020)

	As of 31 December 2019		
	(in EUR)	(in US Dollars)	(in thousands of pesos)
Cash and cash equivalents	€ -	US 251.428	\$ 823.966
Debtors	683.633	263.621	3.378.721
Accounts payable	(13.619.460)	(15.513.732)	(100.940.946)
Net liability position	€ (12.935.827)	US (14.998.683)	\$ (96.738.259)

33. Penalties

In the period between 1 January and 31 December 2020 and 2019, the company has been notified of the following penalties:

- > On 27 May 2019, the Superintendence of Household Public Utilities (SSPD), under file No. 2017240350600018E, decided to sanction with a fine of \$ 39,750, for considering that Codensa S.A. E.S.P. failed to provide the service because the estimated regulatory compensation for 7 users of the service exceeded the distribution charge billed for the respective month. An interim appeal was filed against the penalty with the Superintendence of Household Public Utilities and through Resolution 20202400003805 of 10 February 2020 the Superintendence of Household Public Utilities resolved to confirm the sanction. As of 31 December 2019, the fine was provisioned and paid on 19 March 2020.
- > On 26 July 2019, the Superintendence of Household Public Utilities, under file No. 2017240350600037E, decided to sanction the Company with a fine of \$1,656,232, for considering that the Company failed to timely report assets of voltage level 4 out of operation to not exclude them from remuneration. An interim appeal was filed against the penalty with the Superintendence of Household Public Utilities and through Resolution 20202400008055 of 5 March 2020 the

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Superintendence of Household Public Utilities resolved to confirm the sanction. As of 31 December 2019, the fine was provisioned and paid on 19 March 2020.

34. Other Insurance

In addition to policies relative to properties, plant, and equipment (see note 13), Codensa S.A. E.S.P. has the following policies:

Property/person insured	Risks covered	Insured amount (figures in thousands)	Expiry	Insurance Company
Transport of goods	Loss or damage to the transported goods	\$5,000,000 by court	31/07/2021	HDI Seguros S.A.
Employees having a direct contract	Muerte, incapacidad total y permanente	Suma asegurada máxima individual: \$1.800.000	31/01/2021	Seguros Bolivar
Counsellors or directors	Civil responsibility of directors and managers	\$18.580.362	10/11/2021	SBS Seguros S.A.

35. Commitments and Contingencies

(a) Purchase Commitments:

Codensa S.A. E.S.P. as of 31 December 2020 has commitments to purchase electric energy as follows:

Year	Commitments with third parties	Commitments with Emgesa S.A. E.S.P.	Total
2021	\$ 1.061.662.767	\$ 1.512.353.747	\$ 2.574.016.514
2022-2023	1.080.179.550	1.130.683.179	2.210.862.729
2024-2027	1.734.728.350	961.788.990	2.696.517.340
2028-2032	678.348.064		678.348.064
2033 onwards	542.678.451		542.678.451
	\$ 5.097.597.182	\$ 3.604.825.916	\$ 8.702.423.098

Below is the summary of purchase commitments of materials and services:

Year	Materials	Services
2021	\$ 275.164.367	\$ 223.041.517
2022 - 2023	127.079.246	433.209.102
2024 - 2025	-	216.996
2028 - 2033	-	3.144.263
	\$ 402.243.613	\$ 659.611.878

(b) Litigations and Arbitrations:

Codensa S.A. E.S.P. faces litigations classified as possible or contingent, with respect to which Management, with the support of its external and internal legal advisors, estimates that the outcomes corresponding to the part not provisioned will be favourable to Codensa S.A. E.S.P. and will not cause significant liabilities which must be accounted for or which, if they do, will not significantly affect their financial position.

(c) Litigations Classified as Contingent

The main litigations that Codensa S.A. E.S.P. has as of 31 December 2019 classified as contingent are:

a. Process Sabana Medical Center PH and Others

Start date: 2014

Claim: \$337,000,000

Purpose of the claim: The plaintiffs seek that Codensa S.A. E.S.P. returns what it has allegedly charged in excess for not applying the rate benefit to said group of users belonging to Voltage Level 1, who are also owners of the distribution assets.

The claim and the main event of the claim are based on the fact that Codensa S.A. E.S.P. is committing illicit enrichment because it does not apply any rate benefit to the users that belong to this voltage level and who own the infrastructure, as established in Resolution 082/2002, as amended by Resolution 097/2008. The plaintiff determines the amount of this process based on the fact that this situation is replicated in approximately 550 thousand users and that each one is entitled to compensation.

Current status of process: A settlement hearing was held, which was declared unsuccessful.

On 8 September 2017, the firm agreed to the request of the plaintiff to include the initial plaintiffs' group of 4 legal representatives of the co-properties (Office Class Building, Minicentro Shopping Center, Santa Ana II Building and Beatriz Building), which are grouped together not as direct plaintiffs, but as a group affected by the events that constitute the presumed violation, in case the judgment is favourable to them.

The proceeding entered the evidentiary stage on 27 July 2018 and on 4 December 2018, it entered the Court with the evidentiary material gathered by the parties and by the required Authorities.

On 1 February 2019, the Court confirmed the evidentiary request made to Codensa S.A. E.S.P. and Grupo de Energía de Bogotá, in order to gather missing documentation.

On 7 February 2019, an appeal for reversal is filed against the confirmation order, arguing that all the requested evidentiary information had already been provided.

On 20 February 2019, the Court resolves the appeal for reversal, requesting the list of all users who own the voltage level 1 assets.

On 28 March 2019, the requested information and the date for receiving the testimonies are expected.

On 2 August 2019, the Office process is brought, setting the date on 24 October 2019 to carry out the testimonies requested by the parties and submit the expert opinion that was requested by Court.

On 21 August 2019, Codensa S.A. E.S.P. is required to provide further documentation, this order is contested because a detailed list is being requested of the users who, without being part of the lawsuit, are owners of the voltage level assets. In addition, The Company withdraws the expert opinion ordered by the Court and submits a new one, to dispute all the points that are unfavourable for the Company.

The process enters the Office on 8 October 2019 to resolve the appeal for reconsideration presented and with the expert opinion provided by Codensa S.A. E.S.P.

As of 31 December 2020, the ongoing process is still in evidentiary stage pending the hearing where testimonies will be delivered and the opinions provided will be disputed.

b. Process Owners Association of the Urban Centre Antonio Nariño

Start date: 2009

Claim: \$15,000,000

Purpose of the claim: The Association claims a property located within its facilities where an energy substation of Codensa S.A. E.S.P. operated. The Company counterclaims the prescription of the property or easement.

Current status of process: In February 2019 began the logistics of serving notice to the defendants in counterclaim, which are all co-owners of the properties that make up the joint ownership.

The notices began to be served on Friday 29 March 2019, through successive servicing until completing almost 800 notices that must be served. However, on 22 April 2019, the Judge decided to declare the tacit withdrawal of the membership claim (in counterclaim) that Codensa S.A. E.S.P. had filed. The above insofar as it was not possible to comply with the requirement given by the court, consisting of serving notice the defendant in full within the 30 days, in accordance with the provisions of article 317 of the General Procedural Code.

Codensa S.A. E.S.P. filed an appeal against this decision, which was resolved unfavourably by the Superior Court of the Judicial District of Bogota. The process continued regarding the claim. A writ for the protection of fundamental rights was filed on the understanding that this procedural charge is impossible to comply with and violates the Company's right of defence.

c. Public Lighting Litigation with the UAESP

As of 31 December 2020, there is an unfavourable ruling issued on 21 August 2019 within the process of nullity and restoration of the right of Codensa S.A. E.S.P. against UAESP for the re-liquidation of public lighting from 1998 to 2004.

The main events of this litigation and the events that occurred during 2019 are described below:

On 20 April 1997, an inter-administrative agreement was entered into by the District and the GEB (Grupo Energía de Bogotá), which ensures the supply of electric energy to the city for public lighting purposes. The agreement was assigned to Codensa S.A. E.S.P. on 23 October 1997; the same year, the CREG, through Resolution No 99/97, modified the household electric energy service rate, expressly excluding public lighting, and Codensa S.A. E.S.P. submitted to the District some invoices where it made its own, unilateral calculation of the value of electric energy it supplied. The District questioned the Company's rate, but paid what it considered was the fair cost. On 25 January 2002, the parties established a methodology that would be applicable in the future and decided to prepare a georeferenced inventory, the result of which would be compared with the existing census so that, in the event of differences, the costs and remunerations would be recalculated with respect to given periods as applicable. The georeferenced inventory (prepared between the years 2000 and 2003) resulted in a difference of 8,661 luminaries less than those invoiced by Codensa S.A. E.S.P. to the District, so the Company is required to recalculate, and to include default interest for the excess values paid between 1998 and 2004.

As a result of a popular action that took place in the Tenth Administrative Court of Bogotá, A first instance judgement was issued on 09 November 2009 compelling the UAESP and Codensa S.A. E.S.P. to take all necessary measures, within two months as of the issue of the ruling, to finally settle the balance, in favour or against, duly updated with the DTF (values updating formula), plus interest. Should no agreement be reached, the UAESP must prepare within two months a liquidation for consideration of Codensa S.A. E.S.P., which can resort to pertinent government channels and in case of no payment, it can proceed to execute the judgement. The second instance judgement confirms what was declared and currently is in force, without other appeals being applicable.

On 26 August 2014, UAESP and Codensa S.A. E.S.P. signed an agreement in which they reached an agreed settlement where the Company assumed 50%, equivalent to \$14,432,754. This agreement had to be authorised by the Company and the director of the UAESP and ratified by the Administrative Judge No. 10 of Bogotá (who became aware of the process in the 1st instance).

On 1 June 2017, the 10 Administrative Judge of the Circuit of Bogota refused to consider the aforesaid agreement taking into account that it was not executed within two months following the enforcement of the ruling of 29 September 2011, which expired on 2 February 2012; ordering the UAESP to carry out the unilateral settlement. However, taking into account that the Judge did not issue a statement of approval or rejection of the agreement, it remains enforceable for the parties.

On 31 August 2017, in compliance with the order of the Administrative Judge, the UAESP issued resolution 412 of 2017, through which it made the invoicing re-settlement for the public lighting subject of the process for an amount of \$141,016,977. Consequently, Codensa S.A. E.S.P. filed an appeal for reconsideration.

On 29 December 2017, Codensa S.A. E.S.P. was notified of resolution 730 of 2017 issued on December 18 by the UAESP through which it resolved the appeal filed by the Company, confirming the contested decision and reconsidering the calculation of the

re-settlement notified in August on the basis of updating the DTF in accordance with the order of the Judge in judgment of September 2009. Accordingly, the new claim of UAESP amounts to \$113,082,893.

On 25 January 2018, the UAESP summoned Codensa S.A. E.S.P., the Company, faced with this situation, offered the UAESP the payment of the amount that it considers fair of \$14,432,754, which as of 28 February and according to the agreed update amounted to \$23,633,336. This sum may be offset with three invoices that the UAESP must pay for public lighting as of the date. Given the silence of the UAESP, a request was filed on 16 March 2018 for a working table to reach an agreement, as the UAESP began non-coercive persuasion of the debt. However, on 22 March 2018, the UAESP notified the decision to issue a payment order against Codensa S.A. E.S.P. for the sums of money contained in the Resolution.

On 22 March 2018, the UAESP informed that a payment order had been issued against Codensa S.A. E.S.P. as judicial collection began. Once the judicial collection was answered and the Company's exceptions were resolved unfavourably, the UAESP was informed of the admission of the claim for nullity and reinstatement of the right by the Administrative Court of Cundinamarca, upon which the UAESP, through writ of 6 September, proceeded to suspend the judicial collection process.

Given the impossibility of reaching an agreement with the UAESP regarding the amounts of administrative acts, Resolutions No. 412 of 2/08/2017 and 730 of 18/12/2017, on 25 July 2018, Codensa S.A. E.S.P. proceeded to file with the Administrative Court of Cundinamarca for the Nullity and Reinstatement of Right. This lawsuit was admitted on August 21, 2018.

On 28 September 2018, Codensa S.A. E.S.P. paid UAESP the sum of \$24,471,044, which corresponds to the amount that was agreed upon in the agreement signed by the parties in 2014, updated with a rate equal to the DTF from the date the difference occurred to the actual date the payment is made. The remaining value of the unilateral settlement is the purpose of the lawsuit against UAESP.

On 21 August 2019, the Administrative Court of Cundinamarca ruled the process denying the claims of the lawsuit, reducing the value of the agreement concluded in 2014 as it was considered out of time.

Codensa S.A. E.S.P. filed an appeal because: i) the Court was not aware that the transaction entered into by the parties on 26 June 2014 is fully valid and, therefore, UAESP was required to incorporate it in the partial and unilateral settlement of the inter-administrative agreement. (Act 80 of 1993, article 60). ii) The Court was not aware of the existence and validity of the transaction contained in the settlement agreement signed by the parties on 26 June 2014 and therefore its res judicata effect (art. 2483 Civil Code). iii) The Court was not aware of the principle of good faith (art. 83 Political Constitution) and the prohibition against going against one's own acts (estoppel). iv) The Court was not aware that management cannot obtain any benefit from its own non-compliance. The delay is not attributable to CODENSA, since the obligation to re-settle unilaterally (2 months) was only for UAESP and this occurs after 24 months, so the delay is attributable to UAESP.

The appeal was admitted by the Council of State and considering the congestion that the administration of justice currently has, Codensa S.A. E.S.P. considers that it can have a decision not earlier than five years.

In turn, in the framework of the judicial debt collection process, a surety policy was presented under the terms of art. 837-1 of the Tax Code, in order to prevent the execution of attachment orders against Codensa S.A. E.S.P.

The contingency is classified as possible or eventual, given that the Court's affirmations are controversial in our favour before the Council of State, and in view of the ruling against us, the success rate is not over 50%.

d. Litigations for Water Use Rate in 2016 and 2017

The Regional Autonomous Corporation of Cundinamarca (CAR) intends to charge the rate for the use of water on the total concession and not for the volume actually used, in the Small Hydroelectric Power Plant of Rionegro in 2016 and 2017. The CAR alleges alleged failures in the measurement of the flow rate. Codensa's defense is based on the arguments that (i) the generating event of the rate is the effective use of water for generation: there was no continuous generation 365 days a year, but only on specific days; and (ii) measurement commitments were met, and therefore, CAR did not have the right to calculate the rate on the entire flow under concession.

As of 31 December 2020, the two lawsuits have an amount of COP \$ 7,271 million (rate and interest), and are estimated as possible risks due to their probability of loss (45%). The proceedings against the 2016 and 2017 settlements began before the contentious administrative jurisdiction in September 2019 and December 2020, respectively. There is no sentence of first instance in either of the two yet.

e. Class Action Zipaquirá – Public Lighting

A class action was filed against Codensa and the Municipality of Zipaquirá, with the claim that the Public Lighting Tax collected between 1979 and 2012 in the Municipality be returned, based on a regulation that had been annulled in 2008. Codensa maintains that (i) It is only a collecting agent in favor of the Municipality, and that (ii) the plaintiffs have already lost the right to a refund (the action expired.)

The favourable first instance ruling was issued in June 2019, concluding that Codensa is only a collecting agent and that it is the Municipality that must return the tax collected between 2008 and 2012. The class action is currently known by the Administrative Court of Cundinamarca in Second instance.

As of 31 December 2020, the litigation has an amount of COP \$11,933 million (tax and interest), and is estimated as a possible risk due to its probability of loss (25%).

Litigations as Plaintiff:

As of 31 December 2020, Codensa S.A. E.S.P. acts as a plaintiff in one lawsuit that, in the event of being decided favourably, could generate a revenue. This litigation correspond to actions for nullity and reinstatement of right filed against the resolutions through which the Superintendence of Household Public Utilities settled the special provided in article 85 of Act 142/1994 for the year 2013, estimated on a taxable base higher than that set out in the Act. If a favourable ruling is obtained, the Superintendence of Household Public Utilities shall return what the judge determines as an excess paid value. The amount under discussion is \$520,000 (litigation assumed on the account of the merger with EEC). There is no ruling of first instance yet.

In 2020, an unfavourable ruling was received in the process underway regarding the tax paid during 2015, in which the Council of State rejected the return of \$5,102,000.

36. Risk Management

Codensa S.A. E.S.P. is exposed to certain risks it manages through the implementation of identification, measurement, concentration limitation, and supervision systems.

The basic principles defined by Codensa S.A. E.S.P. to implement its risk management policy include the following:

- > Comply with good corporate governance standards.
- > Comply strictly with the entire corporate regulatory system.
- > Each management, corporate area and business line defines:
 - (a) Markets in which it can operate on the basis of sufficient knowledge and skills to ensure effective risk management.
 - (b) Criteria about counterparties.
 - (c) Authorised operators.
- > Managements, corporate areas and business lines establish for each market where they operate their risk exposure consistent with the defined strategy.
- > All managements corporate areas and business line are performed within the limits approved in each case.
- > Managements, corporate areas and business lines establish risk management controls as necessary to ensure that market transactions are carried out in accordance with the Company's policies, standards and procedures.

Interest Rate Risk

The variations of interest rates change the fair value of such assets and liabilities earning a fixed interest rate, as well as the flow of assets and liabilities referenced at variable interest rate.

The purpose of risk management relative to interest rates is to reduce the volatility of the financial cost reflected in the separate income statement.

Depending on the estimates by Codensa S.A. E.S.P. and the objectives of debt structure, hedging operations were undertaken through the contracting of derivatives that mitigate such risks. Instruments that can be used correspond to rate swaps, setting from variable to fixed rates. Currently Codensa S.A. E.S.P. has not contracted interest rate hedging.

The following chart shows the sensitivity analysis of the financial cost associated with issued debt, relative to the per cent variation of interest rates as follows:

Interest rate	As of 31 December 2020			As of 31 December 2019		
	Variation (basic points)*		Sensitivity in COP thousands	Variation (basic points)*		Sensitivity in COP thousands
IPC	+/-	1,91 %	(+/-)\$ 23.418.265	+/-	3,16 %	(+/-)\$ 30.610.313
DTF	+/-	2,00 %	(+/-)\$ 4.588.118	+/-	2,23 %	(+/-)\$ 1.390.295
DTF				+/-	1,66 %	(+/-)\$ 345.073

(*) Changes or movements in interest rates were calculated based on their historical volatility over a three-year period (2018-2020 and 2017-2019 for the 2020 and 2019 calculations, respectively), taking twice the standard variation of the series.

Exchange Rate Risk

The type of exchange risks can be presented essentially with the following transactions:

- Debt contracted by Codensa S.A. E.S.P. in a currency other than that at which its flows are indexed to.
- Payments to be made for the acquisition of materials associated with projects in a currency other than that at which its flows are indexed to.
- Revenues directly related to the evolution of currencies other than that of its flows.

Taking into account that the functional currency of Codensa S.A. E.S.P. is the Colombian peso, it is necessary to mitigate the exchange rate risk by minimising the exposure of the flows to the risk of changes in the exchange rate.

The instruments that can be used correspond to derivatives (forwards and swaps) of exchange rate.

Codensa S.A. E.S.P. currently contracts exchange rate hedges to cover the payment of invoices in dollars for the purchase of assets in foreign currency. As of December 31, 2020, the company has not contracted exchange rate hedges.

Commodity Risks

Codensa S.A. E.S.P. is exposed to the risk of price variation of commodities, mainly through energy purchase and sale operations carried out in local markets.

Codensa S.A. E.S.P. performs most of its energy purchase transactions through contracts where a price has been previously agreed upon, thus mitigating this risk.

Currently, the Company does not have any type of contracted commodities.

Liquidity Risk

Codensa S.A. E.S.P. has in place a consistent liquidity policy for contracting long-term credit facilities, cash and temporary financial investments, for amounts that are sufficient to support the needs projected for a period depending on the situation and expectations of debt and capital markets.

The resources available must cover the needs of net financial debt service (principal plus interest), i.e., after financial derivatives.

Included below are the contractual cash flows of financial liabilities with third parties, undiscounted:

Item	Current			Non-current				Total Non-current
	Less than 90 days	Over 90 days	Total current	1 to 3 years	3 to 5 years	5 to 10 years	Over 10 years	
Issued bonds (principal + interest)	\$ 52.011.585	\$ 279.468.070	\$ 331.479.655	\$ 992.195.542	\$ 982.620.538	\$ 722.582.800	\$ -	\$ 2.697.398.880
Bank loans (principal + interest)	5.092.191	448.714.949	453.807.140	136.999.917	112.772.496	1.149.489	-	250.921.902
Finance lease obligations (principal + interest)	513.799	493.406	1.007.205	-	-	-	-	-
Lease obligations IFRS 16 (principal + interest)	3.953.515	8.503.999	12.457.514	12.553.190	11.649.859	28.467.963	30.364.231	83.035.243
Commercial accounts payable and other payables	1.032.755.942	-	1.032.755.942	-	-	-	-	-
Total	\$ 1.094.327.032	\$ 737.180.424	\$ 1.831.507.456	\$ 1.141.748.649	\$ 1.107.042.893	\$ 752.200.252	\$ 30.364.231	\$ 3.031.356.025

Credit Risk

Codensa S.A. E.S.P. performs a detailed follow-up of credit risk.

Commercial Accounts Receivable

To mitigate significant risks of defaults in the electricity business, we deploy a robust scheme of payment reminder preventive measures, which seeks that our customers prioritise payment avoiding delinquency. Faced with non-payment, in the first instance we proceed with persuasive actions such as the suspension of electricity service and the early management of collection on high amounts of debt. Subsequently, failure to receive payment or reach an agreement, judicial debt collection begins, by assigning the debts to specialised collection firms, thus reducing the possibility of high portfolio impairment. The evolution of the portfolio is periodically monitored and, if required, complementary recovery management actions are defined on amounts and situations that may represent a high impact of non-payment for Codensa S.A. E.S.P.

To mitigate significant credit risks and defaults in the commercial portfolio, a credit analysis is made of the financing applications on VAPS and the guarantee is requested in each business. Codensa S.A. E.S.P. deploys a robust scheme of payment reminder preventive measures, which seeks that our customers prioritise payment avoiding delinquency. Faced with non-payment, in the first instance, persuasive actions are taken, such as early collection management on high amounts of debt. Subsequently, failure to receive payment or reach an agreement, judicial debt collection begins, by assigning the debts to specialised collection firms, thus reducing the possibility of high portfolio impairment. Periodic monitoring of credit performance is performed and, if required, complementary recovery management actions are defined on amounts and situations that may represent a high impact of non-payment for Codensa S.A. E.S.P.

Financial Assets

Investment of the Company's available resources (treasury investments), originated in the operation and in other non-operating revenues and the operation of financial derivatives are carried out with national and foreign first line entities that meet the minimum risk rating required by the Group.

The minimum risk rating of their financial counterparties must be long-term international investment level, or its equivalent at local scale, taking into account the minimum international rating in foreign currency for the Republic of Colombia. The investment can be made only in counterparties with lower ratings, within the limits established for counterparty's risks, level

of investment or prior approval through a valid “Waiver” granted on risks. The local risk ratings must be issued by a risk-rating agency that is well recognised and legally established in Colombia. For international risk rating, those granted by Moody’s, S&P and Fitch are acceptable. The following rules apply to determine the rating awarded to counterparties:

- > If the counterparty has only one rating, this rating is chosen.
- > If the counterparty has two ratings, the best rating of the two available is taken.
- > If the counterparty has more than two ratings, the second best available rating is taken.

The liquidity surplus operations must meet the following general criteria:

Safety: In order to preserve the value of the investment portfolio, the available resources for placement must meet the credit rating requirements set forth herein.

Liquidity: The instruments that are part of the investments must have high liquidity in the market.

Profitability: Within the risk limits allowed for, the highest possible return on investment must be sought.

Diversification: Risk concentration must be avoided in a given type of issuer or counterparty.

Transparency: All operations and commitments undertaken for management of available resources must be explicitly registered and supported, and shall be governed by the norms and procedures in force.

Risk Measurement

The Group adopted IFRS 9 as of 1 January 2018, which introduced a new hedge accounting model, with the objective of aligning accounting more closely with the companies’ risk management activities and establishing an approach more based in principles.

Under the new approach, a hedging relationship is effective if and only if it meets the following criteria:

- (a) There is an economic relationship between the hedged item and the hedging instrument
- (b) The effect of credit risk does not predominate over the changes in value that come from that economic relationship
- (c) The hedge ratio, understood as the relationship between the notional of the hedged item and the notional of the hedging instrument, is the same as the one used by the Company for risk management purposes and this ratio is adequate for hedge accounting purposes.

37. Information on fair value

The fair value of financial assets and liabilities is presented for the value at which the instrument could be swapped in a current transaction between the parties, by mutual consent rather than in a forced transaction or liquidation, in accordance with the defined policy.

Below are the financial assets and liabilities with variations between the book value and the fair value as of 31 December 2020:

Financial assets (1)	Book value		Fair value	
Net commercial accounts and other receivables	\$	1.014.123.645	\$	1.018.766.049
Financial liabilities (2)				
Issued bonds	\$	2.412.455.529	\$	2.630.976.963
Bank loans		665.897.264		688.898.800
Lease obligations		61.860.769		85.590.197
Total liabilities	\$	3.140.213.562	\$	3.405.465.960

- (a) Codensa S.A. E.S.P. evaluates accounts receivable and other long-term receivables based on parameters such as interest rates, risk factors in each country, customer solvency and risk characteristics of the financed portfolio. Based on this

evaluation, provisions are registered to account for expected losses on these receivable accounts.

- (b) The financial and financial leases are estimated by discounting future cash flows using available rates for debts with conditions, credit risk and similar maturities. Codensa S.A. E.S.P. uses discount rates of the zero coupon curve in accordance with maturities of each issue.

The fair value of cash and cash equivalents and commercial accounts payable are rounded up to their book value, due to the short-term maturities of these instruments.

As of 31 December 2020, Codensa S.A. E.S.P. has no financial assets or financial liabilities measured at fair value in its statement of financial position.

38. Categories of financial assets and financial liabilities

The categories under IFRS 9 of financial assets and financial liabilities are as follows:

Financial Assets	As of 31 December 2020		of 31 December 2019	
	Current	Non-Current	Current	Non-Current
Amortised cost				
Cash and cash equivalents	\$ 490.315.106	\$ –	\$ 325.923.429	\$ –
Commercial accounts receivable and other receivables	913.032.969	101.090.676	689.749.754	53.367.281
Accounts receivable from related entities	26.355.793	–	16.953.427	–
Other financial assets	3.620.989	–	720.495	–
Total financial assets at amortised cost	\$ 1.433.324.857	\$ 101.090.676	\$ 1.033.347.105	\$ 53.367.281
Fair value through OCI				
Other financial assets	–	6.602	–	6.602
Total financial assets at fair value through OCI	\$ –	\$ 6.602	\$ –	\$ 6.602

Financial liabilities	As of 31 December 2020		of 31 December 2019	
	Current	Non-Current	Current	Non-Current
Amortised cost				
Other financial liabilities	\$ 663.606.761	\$ 2.476.606.801	\$ 247.432.643	\$ 1.944.787.684
Commercial accounts payable and other payables	1.032.755.942	–	939.204.913	–
Accounts payable to related entities	185.011.975	–	316.168.994	–
Total financial liabilities at amortised cost	\$ 1.881.374.678	\$ 2.476.606.801	\$ 1.502.806.550	\$ 1.944.787.684

39. Reclassification in the Financial Statements

In note 16, Commercial accounts payable and other payables, for comparability purposes as of 31 December 2019, the Non-income taxes item was reclassified to note 20 Other non-financial liabilities, net for \$59,712,731.

In note 17 Provisions, for comparability purposes as of 31 December 2019, a value of \$20,753,268 was reclassified from note 20 Other non-financial liabilities corresponding to provisions for contingent litigation from EEC.

40. Approval of Financial Statements

The general-purpose Financial Statements of the Company as of 31 December 2020 were approved by the Board of Directors as per Minutes No. 309 of 25 February 2021 for presentation to the General Shareholders' Meeting, pursuant to the Code of Commerce.

41. Relevant Issues

Covid-19 impact measures

On March 11, 2020, the World Health Organization declared the Coronavirus COVID-19 outbreak a pandemic, due to its rapid spread throughout the world, having affected more than 150 countries. Most governments are taking restrictive measures to contain the spread, which include: isolation, confinement, quarantine and restriction of the free movement of people, closure of public and private premises, except those of basic necessity and health, closure of borders and reduction drastic air, sea, rail and land transport. In Colombia, the Government has adopted various legislative measures to alleviate the adverse effects, both human and economic-financial, that could occur, where appropriate, caused by this health crisis caused by COVID-19.

To mitigate the economic-financial impacts of this crisis, the Colombian Government has adopted various measures at the business, financial and fiscal-tax level, aimed at ensuring the continuity of business activity; and, in particular, in certain sectors of activity in the country.

Measures that the Company has been taking to face the new market conditions due to COVID-19

Regarding the measures that the Company has taken regarding the mitigation of COVID-19 and complying with the measures established by the National Government, the Contingency Plan implemented by the Company is detailed below, which is structured in four main focal points:

(a) Personnel Protection:

After the activation of the Business Continuity Plan on March 9, 2020, the first measures adopted by the Company were the cancellation of national and international trips, corporate events, internal group training, and made a strong call for individual self-care through campaigns that he activated through internal means.

On 16 March, it took the measure of sending home 50% of the people who can carry out their work remotely, before the Government issued the preventive quarantine order.

By 19 March, 100% of the people who could do remote work were at home. Additionally, and as a preventive measure, all employees over 60 years of age were also working from home.

On 1 August, taking into account the increase in infections, the decision was made to re-contract the number of people who were on the ground to minimize possible infections.

The balance to date is that 71% of the operation's personnel carry out work at home and 29% continue to carry out field operations; The Company has been mitigating the risk of contagion for this last group of people by providing protection elements. In addition, it has been developing the coordination of the shift shifts, ensuring that the crews start and close at different times and the rotation of personnel, ensuring that a different person leaves each day. Additionally, 100% of the support areas or staff are working from home. Finally, the operational flexibility of the technicians is periodically evaluated and permanent health monitoring and prevention campaigns led by the HSEQ Management are carried out, with special monitoring of workers with vulnerability criteria, in order to minimize the risk of infection. .

It is worthwhile to mention that, under the remote work modality, the Group continues to provide the service to its customers with total normality.

(b) Financial soundness and access to financing:

Despite the possible impacts due to the lockdown measures imposed in the country, the Company maintains a stable financial position, which allows it to effectively face the challenges of the COVID-19 contingency. Additionally, as a preventive measure, Codensa S.A. E.S.P. closed a committed line for USD 60 million for immediate use if necessary, with a validity of one year and during the month of April it contracted a loan with MUFG Bank for \$ 397,100,000 to one year for working capital and investments. In addition, the Company has ample access to financing to meet future cash needs in the local and international market, if required. Finally, in June 2020 Fitch Ratings affirmed the risk rating at "AAA" on the national scale.

We highlight that to date there are no material impacts on income, net income, cash flow and equity. In the event of any significant impact, it will be promptly informed to the market.

(c) Customer Service:

Responsible virtual and face-to-face customer service

In 2020 we evolved our service models leveraged on the Company's digital tools, getting closer to our customers by making available service alternatives just a click away. This was possible due to the expansion of the channel portfolio, where the customer chooses the medium of their choice. In this way, you can solve your requirements through a simple and agile experience. This allowed the contactability of channels such as Chat, WhatsApp and E-mail, among others, to represent 93% of the total attention that was managed in the face-to-face points.

The On-site Service Channel also had an evolution and a high capacity to adapt to the new reality, the Controlled Reopening Plan allowed the reactivation of service in 10 points in Bogotá and 7 in Cundinamarca during 2020, obtaining the Biosecure Operations certification for the Venice, Av. Suba, Girardot and Facatativá offices by the ICONTEC certifier. In this way, we provide personalized attention in a self-care environment, with strict monitoring of the well-being of the members of the operation and a high control of attendance that allows us the modality of mandatory prior appointments.

Standardization in Cutting and Reconnection Operations

By the end of 2020, we have managed to normalize our portfolio control activities and we have strengthened the process with complementary and / or more robust actions, among which the following stand out:

- (1) Suspension of the service due to late payment on Saturdays: We have reinforced the weekly suspension management by extending the operation to one more day. With this measure, about 1,000 more operations are being programmed per week. We hope that this initiative will accelerate the recovery from the impact caused by the pandemic and will continue throughout 2021.
- (2) Continuity of Massive Preventive Management: We continue to remember payments to our clients in a robust way, reaching more than 1.6 million clients per month. This measure will be maintained until the timely payment culture is once again consolidated in our market and we will continually stimulate it in its content via SMS.
- (3) New virtual channels to access payment agreements: In order to provide more alternatives to our customers with payment problems, we have enabled new channels so that they can virtually access a payment agreement. They are already available at this time via the web and automatic IVR self-services to achieve a payment agreement.

Launch of the New App and its services

Since its launch, the Mobile APP has been a fundamental part of the digital transformation strategy, which seeks to generate proximity and a path of contact with customers through simple and agile experiences. With this objective in mind, we worked on a new version in which we mainly focused on improving the user experience and their interaction to make it easier for our customers to use. Some of the most relevant transactions are: Know the detail of your bill, the amount to be paid for energy consumption, make the payment of the bill, report failures, cuts or emergencies associated with the energy supply, consult daily the scheduled works and make requests through online form.

Virtual Billing

At the end of 2020, after a digital transformation driven by the Covid -19 situation, the evolution in the figures during the last quarter of 2020 is as follows:

Virtual Billing: 508,488 to 553,282

Digital Payments: 9,440,168 to 13,113,646

42. Subsequent events

Bank loans:

On 6 January 2021, Codensa S.A. E.S.P. acquired two new loans with Banco Itaú through Findeter's compensated rate rediscount line: (i) for \$12,543,000 maturing on 6 January 2024 at a monthly rate of IBR + 0%, (ii) for \$23,984,000 maturing on 6 January 2023 at a monthly rate of IBR - 0.15%. The resources received are used to finance working capital.

On 8 February 2021, Codensa S.A. E.S.P. acquired two new loans with Banco Itaú through Findeter's compensated rate rediscount line: (i) for \$ 6,137,000 maturing 8 February 2023 at a monthly rate of IBR-0.15% (ii) for \$ 2,872,000 maturing 8 February 2024 at a monthly rate of IBR + 0%. The resources received are used to finance working capital.

Intercompany loan

On 18 January 2021, Codensa S.A. E.S.P. disbursed a new loan to Emgesa S.A E.S.P. for \$45,000,000 maturing March 1, 2021 at a rate of 2.35% per annum. The resources disbursed are used to pay energy to the company XM Compañía Expertos en Mercado S.A E.S.P.

Payment of dividends

On 20 January 2021, the excess of the dividends declared corresponding to the 2019 net income was paid for \$142,564,154.

Investment framework agreement with Grupo Energía de Bogotá

On 29 January 2021, Enel Américas signed a new investment framework agreement with Grupo Energía Bogotá; Among the main agreements reached, this new framework agreement would allow the integration of the renewable business to their joint investments, the definition of new corporate governance rules more in line with the new objectives and opportunities of this new stage, and the parties would propose conciliation agreements to arbitration claims between them.

Tax benefits for taxable year 2020

Between 26 January and 4 February 2021, Codensa S.A. E.S.P. received from the Ministry of Science and Technology - Minciencias the Resolutions for the approval of investment projects, which give rise to a tax benefit for the income statement for the taxable year 2020, with the which will review the corresponding executions and will be taken in the declaration of said validity.

Incorporation of Crédito Fácil Codensa S.A. Financing Company

On 12 February 2021, Resolution 0054 of 26 January 2021 of the Financial Superintendence of Colombia, authorized the incorporation of Crédito Fácil Codensa S.A. Financing Company in association with Scotiabank Colpatria S.A. and other shareholders.

Within the following two months, the draft of the bylaws must be formalized as public deed and the financing company must be registered in the trade register. The financing company will only be able to start operating once the operation permit is issued by the Financial Superintendence, after verifying the legal requirements.

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