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SEPARATE FINANCIAL STATEMENTS  
**Emgesa S.A. E.S.P.**





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SEPARATE FINANCIAL STATEMENTS

Emgesa S.A. E.S.P.

For the years ended 31 December 2019 and 2018 and for  
the twelve-month period ended 31 December 2019 and  
2018, with Statutory Auditor's Report



## Independent Auditor's Report

To the Shareholders of:

Emgesa S.A. E.S.P.

### Opinion

I have audited the accompanying financial statements of Emgesa S.A. E.S.P, which comprise the statement of financial position as of 31 December 2019 and the corresponding statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and the summary of significant accounting policies and other explanatory notes.

In my opinion, the accompanying financial statements fairly present, in all material respects, the Company's financial position, taken from the books, as of 31 December 2019, the results of its operations and the cash flows for the year then ended, in accordance with the Accounting and Financial Reporting Standards accepted in Colombia.

### Basis for opinion

I conducted my audit in accordance with International Standards on Auditing accepted in Colombia. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company, in accordance with the Code of Ethics Manual for accounting professionals and with the ethical requirements that are relevant to my audit of the financial statements in Colombia, and I have fulfilled my other ethical responsibilities in accordance with these requirements. 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 accompanying financial statements. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. Based on the above, below, I detail how each key matter was addressed during my audit.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Consequently, my audit included the performance of procedures designed to respond to the risks of material misstatement assessed in the financial statements. The results of my audit procedures, including the procedures performed to address the matters listed below, form the basis of my audit opinion on the accompanying financial statements.

## Key audit matter

### Key audit matter 1

The Company has established a procedure for the monthly recognition of the estimate for income and costs (variable margin) corresponding to the sale of energy in the wholesale market, non-regulated market, power exchange and gas sales. Said estimate is presented by the difference between the commercial billing cut-off and the monthly accounting cut-off, in which the estimate corresponds to the energy that has been delivered but not invoiced at the accounting cut-off. For income with commercial cycles that do not match the accounting cut-off, management estimates the amount to be recognized for energy delivered but not invoiced and its associated costs (variable margin) at the end of the fiscal year. This area is identified as a key aspect of auditing due to the complexity of the estimation process and management's judgment applied in the assumptions used.

## How my audit addressed the key audit matter

In relation to this key audit matter, our audit procedures as of 31 December 2019 included the following:

1. Understanding the criteria and procedures used by management for the estimate of income from energy delivered but not invoiced, including verification of the effectiveness of the relevant controls associated with the process.
2. We carried out substantive analytical procedures related to management's estimate of energy purchases for a given month of the current year versus management's estimate of energy purchases for the same month of the previous year, obtaining an explanation of possible significant deviations.
3. We performed an analysis of fluctuations between revenues from energy delivered but not invoiced and in the accumulated income accounts compared to the previous period to identify possible significant deviations.
4. We carried out, through sampling, a selection of the energy purchases issued by the most representative third parties from which Emgesa purchases energy.
5. We compared the economic variables (PPI and Exchange Rate) estimated by management versus real data for the month with external sources, which allows us to identify possible significant deviations and whether they are justified.
6. We identified that the differences determined by management in relation to the estimated variable margin and real margin are duly justified according to the behaviour of real purchases and energy already invoiced for the current month.
7. We tested the effectiveness in terms of design and operation of controls executed by management in which variable margin is compared against the resulting real margin once the income and costs are fully invoiced

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Financial Reporting Standards generally accepted in Colombia (CFRS), which includes designing, implementing and maintaining such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying the appropriate accounting policies, as well as establishing the accounting estimates reasonable under the circumstances.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related 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 Company's financial reporting process

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- » Identify and assess the risks of material misstatement of the 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 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 Group'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 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 my 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicated 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 my audit.

I also provided those charged with 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 my independence, and where applicable, related safeguards.

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

#### **Other affairs**

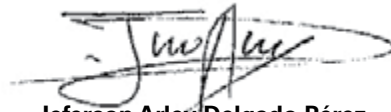
The financial statements under accounting and financial reporting standards accepted in Colombia of Emgesa S.A. E.S.P. as of 31 December 2018, which are part of the comparative information in the accompanying financial statements, were audited by another auditor designated by Ernst & Young Audit S.A.S., on which he expressed his unqualified opinion on 20 February 2019.

#### **Report on other legal and regulatory requirements**

Based on the scope of my audit, I am not aware of situations indicative of non-compliance in the fulfilment of the following Company obligations: 1) Keep the minutes books, shareholder register and accounting, according to legal regulations and accounting technique ; 2) Carry out the operations in accordance with the bylaws and decisions of the Shareholders' Meeting and the Board of Directors, and the regulations related to comprehensive social security; and 3) Keep the correspondence and the vouchers of the accounts. Additionally, there is agreement between the accompanying financial statements and

Management's report, which includes Management's statement on the free circulation of the invoices issued by vendors or suppliers. The report corresponding to the requirements of article 1.2.1.2 of Decree 2420 of 2015 was issued separately on 20 February 2020.

The engagement partner on the audit resulting in this independent auditor's report is Edwin Vargas.



**Jeferson Arley Delgado Pérez**  
Independent Auditor  
Professional License 220202 –T  
Designated by Ernst & Young Audit S.A.S.  
TR-530

Bogota, Colombia  
20 February 2020



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## Emgesa S.A. E.S.P.

### Statement of Financial Position – Separate

(Thousands of pesos)

	Note	As of 31 December 2019	As of 31 December 2018
<b>Assets</b>			
<i>Current Assets:</i>			
Net cash and cash equivalents	4	\$ 283.674.744	634.767.165
Net other current financial assets	5	13.471.927	85.969.598
Net other current non-financial assets	6	24.096.655	19.027.599
Net commercial accounts receivable and other receivables	7	239.008.801	152.986.102
Current accounts receivable from related entities	8	183.358.252	135.427.801
Net inventories	9	82.219.623	65.551.826
<b>Total current assets</b>		<b>825.830.002</b>	<b>1.093.730.091</b>
<i>Non-current assets:</i>			
Net Other non-current financial assets	5	554.417	1.923.594
Net Other non-current non-financial assets	6	32.179.900	7.611.813
Net commercial accounts receivable and other receivables	7	12.315.176	16.979.005
Investments in subsidiaries, joint ventures and associates	10	9.150.247	9.044.889
Net intangible assets other than capital gains	11	106.535.547	79.282.827
Net Property, plant and equipment	12	8.130.921.628	8.041.391.221
<b>Total non-current assets</b>		<b>8.291.656.915</b>	<b>8.156.233.349</b>
<b>Total assets</b>		<b>\$ 9.117.486.917</b>	<b>9.249.963.440</b>
<b>Liabilities and equity</b>			
<i>Current liabilities:</i>			
Other financial liabilities	13	329.192.028	761.644.281
Current commercial accounts payable and other payables	14	349.053.095	390.931.680
Current accounts payable to related entities	8	226.662.717	189.108.090
Provisions	15	102.533.817	83.963.304
Current tax liabilities	16	207.188.045	169.973.468
Provisions for employee benefits	17	36.624.002	30.791.084
Other non-financial liabilities	18	30.258.940	41.908.207
<b>Total current liabilities</b>		<b>1.281.512.644</b>	<b>1.668.320.114</b>
<i>Non-current liabilities:</i>			
Other financial liabilities	13	2.688.684.643	3.042.178.911
Provisions	15	147.259.379	120.395.854
Provisions for employee benefits	17	88.556.371	79.386.870
Deferred tax liabilities	19	168.255.638	100.433.685
<b>Total non-current liabilities</b>		<b>3.092.756.031</b>	<b>3.342.395.320</b>
<b>Total liabilities</b>		<b>\$ 4.374.268.675</b>	<b>5.010.715.434</b>

## Emgesa S.A. E.S.P.

### Statement of Financial Position – Separate (Continued)

(Thousands of pesos)

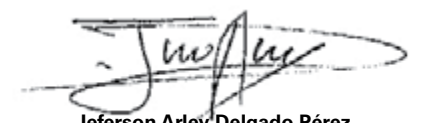
	Note	As of 31 December 2019	As of 31 December 2018
<b>Equity</b>			
Issued capital	20	\$ 655.222.313	\$ 655.222.313
Issue premiums		113.255.816	113.255.816
Other reserves	20	560.353.525	566.750.629
Other comprehensive income (OCI)		(31.398.646)	(23.850.401)
<i>Net income</i>		1.232.152.218	1.020.338.048
<i>Retained earnings</i>		743.412.486	437.311.071
<i>Earnings from CFRS conversion effect</i>		1.470.220.530	1.470.220.530
Accumulated earnings and profits		3.445.785.234	2.927.869.649
<b>Total equity</b>		<b>4.743.218.242</b>	<b>4.239.248.006</b>
<b>Total liabilities and equity</b>		<b>\$ 9.117.486.917</b>	<b>\$ 9.249.963.440</b>

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

The undersigned Legal Representative and Accountant certify that we have previously verified the affirmations contained in these financial statements and that they have been accurately taken from the Company's accounting books.

  
**Marco Fragale**  
Legal Representative

  
**Alba Lucia Salcedo Rueda**  
Public Accountant  
Professional Card 40562-T

  
**Jeferson Arley Delgado Pérez**  
Statutory Auditor  
Professional Card 220202-T  
Appointed by Ernst & Young Audit S.A.S. TR-530  
(Refer to my report dated 20 February 2020)

## Emgesa S.A. E.S.P.

### Income Statement, by Nature – Separate

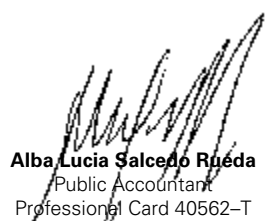
(Thousands of pesos, except earnings per share)

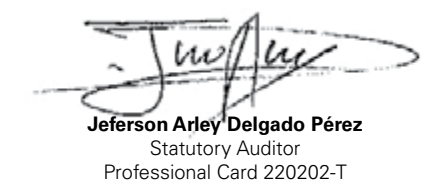
	Note	Twelve-month period from 1 January to 31 December 2019	Twelve-month period from 1 January to 31 December 2018
Revenues from ordinary activities	21	\$ 4.069.676.348	\$ 3.667.452.751
Other operating revenues	21	22.181.772	50.996.157
<b>Total revenues from ordinary activities and other operating revenues</b>		<b>4.091.858.120</b>	<b>3.718.448.908</b>
<b>Provisioning and services</b>	22	(1.528.368.514)	(1.412.020.726)
<b>Contribution margin</b>		<b>\$ 2.563.489.606</b>	<b>\$ 2.306.428.182</b>
Works for fixed assets		10.859.668	7.773.531
Personnel expenses	23	(105.074.712)	(90.715.014)
Other fixed operating expenses	24	(134.305.286)	(128.916.425)
<b>Gross operating profit</b>		<b>2.334.969.276</b>	<b>2.094.570.274</b>
Depreciations and amortisations	25	(242.039.717)	(216.269.595)
Impairment losses	25	(455.677)	(2.426.192)
<b>Operating profit</b>		<b>2.092.473.882</b>	<b>1.875.874.487</b>
Financial revenues		20.471.977	24.685.196
Financial expenses		(299.356.318)	(332.963.582)
Capitalised financial expenses		13.566.737	7.977.253
Exchange difference		(419.754)	(786.833)
<b>Net financial earnings</b>	<b>26</b>	<b>(265.737.358)</b>	<b>(301.087.966)</b>
<b>Earnings from other investments</b>			
Earnings from other investments		105.358	97.587
Earnings from sale of assets	27	(3.359.067)	(6.719.474)
<b>Earnings before taxes</b>		<b>1.823.482.815</b>	<b>1.568.164.634</b>
Income tax expense	28	(591.330.597)	(547.826.586)
<b>Net income</b>		<b>\$ 1.232.152.218</b>	<b>\$ 1.020.338.048</b>
<b>Basic earnings per share</b>			
Basic earnings per share from continuing operations	29	8.223,20	6.801,24
Weighted average number of common shares outstanding		<b>148.914.162</b>	<b>148.914.162</b>

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

The undersigned Legal Representative and Accountant certify that we have previously verified the affirmations contained in these financial statements and that they have been accurately taken from the Company's accounting books.

  
**Marco Fragale**  
 Legal Representative

  
**Alba Lucía Salcedo RuEDA**  
 Public Accountant  
 Professional Card 40562-T

  
**Jeferson Arley Delgado Pérez**  
 Statutory Auditor  
 Professional Card 220202-T  
 Appointed by Ernst & Young Audit S.A.S. TR-530  
 (Refer to my report dated 20 February 2020)

## Emgesa S.A. E.S.P.

### Statement of Comprehensive Income – Separate

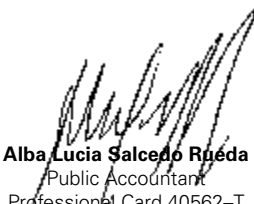
(Thousands of pesos)

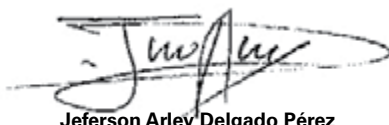
	Note	Twelve-month period from 1 January to 31 December 2019	Twelve-month period from 1 January to 31 December 2018
<b>Net Income</b>		<b>\$ 1.232.152.218</b>	<b>\$ 1.020.338.048</b>
<b>Components of other comprehensive income not reclassified to earnings before taxes:</b>			
Gains (losses) on new measurements of financial instruments measured at fair value through OCI	5-30	(1.948.552)	(1.342.940)
Gain (losses) on new measurements of defined benefit plans	30	(8.131.850)	(5.747.248)
Gains (losses) on cash flow hedges	30	959	959
<b>Other earnings before taxes</b>		<b>\$ (10.079.443)</b>	<b>\$ (7.089.229)</b>
<b>Components of other comprehensive income reclassified to earnings before taxes</b>			
Gains (losses) on cash flow hedges	30	1.066.579	3.754.778
<b>Other gains reclassified to earnings before taxes</b>		<b>1.066.579</b>	<b>3.754.778</b>
<b>Income tax relative to components of other comprehensive income not reclassified to earnings before taxes</b>			
Gain (losses) on new measurements of defined benefit plans	30	1.886.585	564.163
<b>Total income tax relative to components of other comprehensive income not reclassified to income tax</b>		<b>1.886.585</b>	<b>564.163</b>
Income tax relative to cash flow hedges of other comprehensive income	30	(421.966)	(363.953)
Income tax relative to components of other comprehensive income		(421.966)	(363.953)
<b>Other comprehensive income</b>	<b>30</b>	<b>(7.548.245)</b>	<b>(3.134.241)</b>
<b>Total comprehensive income</b>		<b>\$ 1.224.603.973</b>	<b>\$ 1.017.203.807</b>

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

The undersigned Legal Representative and Accountant certify that we have previously verified the affirmations contained in these financial statements and that they have been accurately taken from the Company's accounting books.

  
**Marco Fragale**  
 Legal Representative

  
**Alba Lucia Salcedo Rueda**  
 Public Accountant  
 Professional Card 40562-T

  
**Jeferson Arley Delgado Pérez**  
 Statutory Auditor  
 Professional Card 220202-T  
 Appointed by Ernst & Young Audit S.A.S. TR-530  
 (Refer to my report dated 20 February 2020)

# Emgesa S.A. E.S.P.

## Statement of Changes in Equity – Separate

(Thousands of pesos)

	Other reserves				Other comprehensive income			Accumulated earnings and profits	Total Equity
	Issued capital	Issue premium	Legal reserve	Statutory Reserve	Occasional reserve	Gains and losses on new measurements of financial instruments measured at fair value and cash flow hedges	Gains and losses on defined benefit plans		
<b>Initial balance as of 31 December 2017</b>	<b>\$ 655,222,313</b>	<b>\$ 113,255,816</b>	<b>\$ 327,611,157</b>	<b>\$ 178,127</b>	<b>\$ 241,806,480</b>	<b>\$ -</b>	<b>\$ (18,063,144)</b>	<b>\$ 2,530,928,567</b>	<b>\$ 3,948,286,300</b>
<b>Changes in equity</b>									
Comprehensive income	-	-	-	-	-	-	-	1,020,338,048	1,020,338,048
Net income	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	2,048,844	(5,183,085)	(623,784,115)	(3,134,241)
Comprehensive income	30	-	-	-	-	2,048,844	(5,183,085)	1,020,338,048	1,017,203,807
Dividends recognised as distributions to owners	-	-	-	-	-	-	-	(623,784,115)	(623,784,115)
Increases (decreases) due to other changes, equity	-	-	-	-	(2,845,135)	-	-	387,149	(2,457,986)
<b>Total increase (decrease) in equity</b>	<b>\$ 655,222,313</b>	<b>\$ 113,255,816</b>	<b>\$ 327,611,157</b>	<b>\$ 178,127</b>	<b>\$ 238,961,345</b>	<b>\$ 2,048,844</b>	<b>\$ (5,183,085)</b>	<b>\$ 2,927,869,649</b>	<b>\$ 4,239,248,006</b>
<b>Final balance as of 31 December 2018</b>	<b>\$ 655,222,313</b>	<b>\$ 113,255,816</b>	<b>\$ 327,611,157</b>	<b>\$ 178,127</b>	<b>\$ 232,564,241</b>	<b>\$ (604,172)</b>	<b>\$ (23,246,229)</b>	<b>\$ 3,445,785,234</b>	<b>\$ 4,743,216,242</b>
<b>Changes in equity</b>									
Comprehensive income	-	-	-	-	-	-	-	1,232,152,218	1,232,152,218
Net income	-	-	-	-	-	-	-	-	-
Other comprehensive income	30	-	-	-	-	(1,302,980)	(6,245,265)	1,232,152,218	(754,245)
Comprehensive income	-	-	-	-	-	(1,302,980)	(6,245,265)	1,232,152,218	1,224,603,973
Dividends recognised as distributions to owners	-	-	-	-	-	-	-	(720,633,737)	(720,633,737)
Increases (decreases) due to other changes, equity	20	-	-	-	(6,397,104)	-	-	6,397,104	-
<b>Total increase (decrease) in equity</b>	<b>\$ 655,222,313</b>	<b>\$ 113,255,816</b>	<b>\$ 327,611,157</b>	<b>\$ 178,127</b>	<b>\$ 232,564,241</b>	<b>\$ (1,302,980)</b>	<b>\$ (6,245,265)</b>	<b>\$ 5,179,15,585</b>	<b>\$ 503,970,236</b>
<b>Final balance as of 31 December 2019</b>	<b>\$ 655,222,313</b>	<b>\$ 113,255,816</b>	<b>\$ 327,611,157</b>	<b>\$ 178,127</b>	<b>\$ 232,564,241</b>	<b>\$ (1,307,152)</b>	<b>\$ (29,491,494)</b>	<b>\$ 3,445,785,234</b>	<b>\$ 4,743,216,242</b>

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

The undersigned Legal Representative and Accountant certify that we have previously verified the affirmations contained in these financial statements and that they have been accurately taken from the Company's accounting books.

  
**Marco Fragale**  
 Legal Representative

  
**Alba Lucia Salcedo Rueda**  
 Public Accountant  
 Professional Card 40562-T

  
**Jefferson Arley Delgado Pérez**  
 Statutory Auditor  
 Professional Card 220202-T

Appointed by Ernst & Young Audit S.A.S. TR-530  
 (Refer to my report dated 20 February 2020)

## Emgesa S.A. E.S.P.

### Statement of Cash Flows, Direct Method - Separate

(Thousands of pesos)

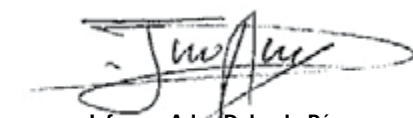
	Twelve-month period from 1 January to 31 December 2019	Twelve-month period from 1 January to 31 December 2018
Cash flows from (used in) operating activities:		
Types of collections by operating activity		
<i>Collections from sales of goods and services</i>	\$ 4.002.059.338	\$ 3.966.164.725
<i>Collections from royalties, fees, commissions and other revenues from ordinary activities</i>	10.055.272	27.622.591
<i>Collections from bonuses and compensations, annuities and other benefits of subscribed policies</i>	16.010.050	22.645.686
Types of cash payments from operating activities:		
<i>Payments to vendors for supply of goods and services</i>	(1.732.941.345)	(1.525.931.428)
<i>Payments of operating leases (IFRS 16)</i>	(5.446.733)	-
<i>Payments to and on behalf of employees</i>	(93.716.912)	(90.021.449)
<i>Payments of bonuses and compensations, annuities and other obligations from subscribed policies</i>	(22.554.752)	(21.561.807)
<i>Other payments for operating activities</i>	(7.919.436)	(8.554.302)
<b>Net cash flows from operating activities</b>	<b>2.165.545.482</b>	<b>2.370.364.016</b>
Paid income taxes	(484.765.676)	(471.236.449)
Other cash outflows	(40.416.322)	(34.399.199)
<b>Net cash flows from operating activities</b>	<b>1.640.363.484</b>	<b>1.864.728.368</b>
Cash flows from (used in) investment activities:		
Cash flows used to gain control of subsidiaries or other businesses	-	(7.162.460)
Other payments to acquire equity or debt instruments from other entities	(136.000.000)	(417.400.000)
Other collections for the sale of equity or debt instruments from other entities	205.400.000	395.000.000
Loans to related entities	(92.658.471)	(81.000.000)
Purchase of property, plant and equipment	(347.482.806)	(260.109.172)
Collections from related entities	81.000.000	448.526
Interest received from investment activities	15.230.931	19.205.113
<b>Net cash flows used in investment activities</b>	<b>(274.510.346)</b>	<b>(351.017.993)</b>
Net Cash flows from (used in) financing activities:		
Loan reimbursements	(746.900.000)	(524.517.306)
Dividends paid to shareholders	(696.571.125)	(599.705.710)
Interest paid financing	(265.948.230)	(314.963.962)
Interest paid for operating leases (IFRS 16)	(872.893)	-
Payments of finance lease liabilities	(2.208.287)	(2.366.183)
Payments of liabilities for operating leases (IFRS 16)	(5.446.733)	-
Other cash outflows financing	1.001.709	(941.808)
<b>Net cash flows used in financing activities</b>	<b>(1.716.945.559)</b>	<b>(1.442.494.969)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>\$ (351.092.421)</b>	<b>\$ 71.215.406</b>
Cash and cash equivalents initial balance	634.767.165	563.551.759
<b>Cash and cash equivalents final balance</b>	<b>\$ 283.674.744</b>	<b>\$ 634.767.165</b>

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

The undersigned Legal Representative and Accountant certify that we have previously verified the affirmations contained in these financial statements and that they have been accurately taken from the Company's accounting books.

  
**Marco Fragale**  
 Legal Representative

  
**Alba Lucía Salcedo Rueda**  
 Public Accountant  
 Professional Card 40562-T

  
**Jeferson Arley Delgado Pérez**  
 Statutory Auditor  
 Professional Card 220202-T  
 Appointed by Ernst & Young Audit S.A.S. TR-530  
 (Refer to my report dated 20 February 2020)

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## 1. Overview

### Economic Entity

Emgesa S.A. E.S.P. (hereinafter the “Company”) is a commercial stock company organised according to the Colombian laws as a public utility, regulated by Act 142/1994.

The Company was established by public deed No. 003480 of the 18th Notary Public of Bogota on 15 October 1980 and registered with the Chamber of Commerce on 17 August 2007 under No. 01151755 of Book IX, trade registration No. 01730333, with the contribution of generation assets from Grupo Energía Bogotá S. A. E.S.P. (formerly Empresa de Energía de Bogotá S.A. E.S.P.) with 51.51 % of common and preferred shares and cash contributions from other investors with 48.49% of common shares.

The Company is of Colombian origin, has its seat and main offices at Carrera 11 No. 82-76, Bogota D.C. Its term of duration is indefinite.

Emgesa S.A. E.S.P. 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 Sociedad 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. E.S.P. 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).

Corporate Purpose –The Company’s main object is generation and trading of electrical power according to Act 143 of 1994 and the regulations that regulate, add and modify or repeal it, and all types of related activities directly, indirectly, complementary or auxiliary with the gas fuel trade business, executing the necessary actions to preserve the environment and good relations with the community in the area of influence of its projects; and perform works, designs and consulting in electrical engineering and market products for the benefit of its customers. In addition, the company may develop its corporate purpose, perform all activities related to exploration, development, research, exploitation, trade, storage, marketing, transportation and distribution of minerals and stone material, as well as administrative, operational and technical management related to the production of minerals and the exploration and exploitation of deposits in the Republic of Colombia, including the purchase, sale, rental, distribution, import and export of raw materials, elements, machinery and equipment for the mining sector; the import of liquid fuels derived from crude oil for the generation of energy, as well as the import of natural gas for the generation of energy and/ or its trade. Additionally, the company may promote and establish premises or agencies in Colombia and abroad; acquire any kind of real or personal property, lease them, transfer them, encumber them and pledge them as collateral; use trademarks, trade names, patents, inventions or any other intangible property; participate in public and private tenders; execute and perform all kinds of contracts and acts, whether civil, labour, commercial or financial or otherwise of any nature necessary, convenient or appropriate for the achievement of its purposes, including participation in financial derivatives markets of energy commodities; give to, or receive from, its shareholders, parent companies, subsidiary, and third parties money in loan; transfer, accept, endorse, collect and pay all kinds of securities, negotiable instruments, shares, executive titles and others; enter into partnership agreements or acquire shares in companies and participate as partners in other public service companies; split

and merge with other companies that have a related corporate purpose; assume any form of association or business collaboration with natural and legal persons, national or foreign, to carry out activities related, similar or complementing to its corporate purpose.

**Change in the Company's corporate purpose** - on 18 December 2017, an extraordinary session of the General Shareholders' Meeting was held, which approved the opening of new business lines and, as a result, the extension of the Company's corporate purpose, in the sense of including (i) the import of liquid fuels derived from crude oil for the generation of energy, as well as the import of natural gas for the generation of energy and/or its trade and (ii) the participation in financial derivatives markets of energy commodities. The formalisation and subsequent registration of this amendment to the Company Bylaws with respect to the Company's corporate purpose was conditioned upon the approval of this change by the Bondholders' Meeting, which gave its approval on 3 May 2018. Through public deed No. 1555 of the 11th Notary Public of the Bogota Circle dated 17 May 2018, the corporate bylaws amendment that accounts for the foregoing was formalised and registered in the public register of the Chamber of Commerce on 25 May 2018 .

The Company has 1 hydraulic generation stations and 2 thermal power plants, located in the departments of Cundinamarca, Huila and Bolívar:

<b>Plant</b>	<b>Technology</b>	<b>Declared Capacity</b>
Guavio	Hydraulics	1.250,0 MW
Menor Guavio	Hydraulics	9,9 MW
Betania	Hydraulics	540,0 MW
El Quimbo	Hydraulics	400,0 MW
Guaca	Hydraulics	324,0 MW
Paraiso	Hydraulics	276,0 MW
Darío Valencia	Hydraulics	150,0 MW
Tequendama	Hydraulics	56,8 MW
Salto II	Hydraulics	35,0 MW
Charquito	Hydraulics	19,4 MW
Limonar	Hydraulics	18,0 MW
Laguneta	Hydraulics	18,0 MW
Termostipa	Thermal	225,0 MW
Cartagena	Thermal	184,0 MW

### **Gas Trading**

The gas regulatory year ended 30 November 2019, the new gas year begins with 11 industrial customers located in the cities of Bogota, Manizales, Cartagena and Barranquilla. In addition to strengthening relationships with customers in the wholesale market, by 2020 the Company continues to be a relevant player in the natural gas market in Colombia. Sales during 2019 were 112.2 Mm<sup>3</sup>, which meant a contribution of 0.12% to the Company's variable margin, while in 2018 sales were 79.5 Mm<sup>3</sup>, which meant a contribution of 0.18% to the Company's variable margin.

### **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 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, the Generation-Transmission Reference Expansion Plan and the natural gas supply plan. In the case of generation this plan is for reference purposes, while for transmission it is binding. 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 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 electricity market is based on the fact that trading companies and large consumers can trade energy through bilateral agreements or through a short-term market called "Energy Exchange", which operates freely according to the conditions of supply and demand. In addition, to promote the expansion of the system, long-term auctions of firm energy are carried out, within the "Reliability Charge" scheme. The operation and management of the market is carried out by XM, which acts as National Dispatch Centre (CND) and manager of the Commercial Exchange System (ASIC).

Act 1715 of 2014 regulates the integration of Non-Conventional Renewable Energies (NCRE) into the national energy system. This regulation gives fiscal and tax incentives to project developers associated with these technologies, without affecting the architecture of the current wholesale market. It also proposes the creation of a fund for the research and development of NCRE and energy efficiency projects, and defines the general regulatory framework for the participation of self-generation in the market. Subsequently, Act 1715 was regulated through Decree 2143 of 2015.

Furthermore, CREG published Resolution 24 of 2015, which regulates large-scale self-generation activity, and UPME published Resolution No. 281 of 2015, which defines the limit of small-scale self-generation equal to 1MW.

Additionally, the CREG issued Resolutions 11 and 212 of 2015, which promote demand response mechanisms. It also published Resolution 61 of 2015 to determine the methodology for calculating the firm energy of wind power plants in order to allow their participation in the Reliability Charge scheme, which was recently modified by Resolution No. 167 of 2017. The Ministry of Mines and Energy published in 2015 Decree No. 1623, which regulates coverage expansion policies, and Decree No. 2143, which defines the guidelines for the application of fiscal and tax incentives established in Act No. 1715. In 2016, UPME published Resolution No. 45, which defines the procedures for requesting certificates that endorse the Non-Conventional Energy Sources ("NCRE") projects and the list of goods and services exempt from duty or value added tax ("VAT").

With the adoption of the Reference Action Plan 2017-2022 for the development of the Programme for the Rational and Efficient Use of Energy (PROURE) by the Ministry of Mines and Energy, through Resolution 41286 of 2016, the reference objectives and goals of energy efficiency and sectoral actions and measures and strategies are defined.

In September 2017, the Ministry of Mines and Energy issued Decree 1543, which regulates the Fund for Non-Conventional Energy and Efficient Energy Management - FENOGE, whose objective is to finance NCRE programs and efficient energy management, by means advertising, promotion, encouragement and incentives, through free-standing trust fund. Programs and projects aimed at the residential sector of socio-economic strata 1, 2 and 3, among others, may be financed partially or totally both for the implementation of small-scale self-generation solutions and for the improvement of energy efficiency through the promotion of good practices, end-use energy equipment, adaptation of internal installations and architectural remodelling.

The Operational Manual of FENOGE, which contains aspects related to sources of funding, allocation of resources, organisational structure, methodology of presentation and selection of projects and the execution process, was recently published in MME Resolution 41407 of 2017.

During 2017, the CREG published Document 161, whereby it proposed four alternatives for the integration of Non-Conventional Sources of Renewable Energy (NCRE) into the generator park, which are: i) Green premium, ii) Long-term agreements under a pay on a generation basis model, iii) long-term agreements for average energy and iv) long-term agreements under a pay as per contracted model.

In February 2018, the CREG issued Resolution 030 of 2018, with simplified procedures to authorise the connection of Small-Scale Distributed Self-Generators (less than 1 MW), Large-Scale Generators up to 5 MW and Distributed Generators (defined as up to 0.1 MW) that employ Non-Conventional Renewable Energy Sources (NCRE). In the case of resources of less than 100 kW, a procedure was defined by means of a registration form with the Distributor, without the need for connection surveys, which involves very short periods for reviewing the requests (5 days), as well as testing and connection (2 days), which in any case requires minimum technical conditions in terms of protection and electrical safety.

The Ministry of Mines and Energy, through Decree 0570 of March 2018, defines the public policy guidelines for the contracting of Long-Term Energy. The objectives of the Decree are: to strengthen the resilience of the generation matrix through risk diversification, to promote pricing competition and efficiency through new and existing projects, to mitigate the effects of climate variability and change through the use of available renewable resources, to strengthen national energy security and reduce greenhouse gas emissions, in accordance with COP21 commitments.

Continuing with the aforementioned Decree, the Ministry of Mines and Energy issued Resolutions 40791 and 40795 of August 2018, ending the construction cycle of the public policy that will enable the fulfilment of the objectives of strengthening, complementing and diversifying the country's energy matrix and thus reaching a historic milestone with the launch of the first long-term electric power auction in the country. As a fundamental element in the issuance of these resolutions, a long-term energy auction is created that will allow, among others, the greater incorporation of renewable energies into the national energy system.

Through Resolutions 41307 and 41314 of December 2018, the Ministry of Mines and Energy officially established the first long-term electric power auction, which seeks to diversify, complement and boost the competitiveness of the energy matrix, making it more resistant to climate variability, contributing to the reduction of carbon dioxide emissions and ensuring the country's energy security.

This auction, held on 26 February 2019, did not result in the award of long-term contracts for annual average energy, since the competition indicators (concentration and dominance) set by the Energy and Gas Regulation Commission (CREG) were not exceeded.

On 22 October 2019, the National Government conducted the auction of unconventional sources of renewable energy through the Mining and Energy Planning Unit (UPME) an entity attached to the Ministry of Mines and Energy. As a result of this mechanism, generation responsibilities were assigned to eight awarded projects with a total effective capacity of 1,298 megawatts of installed capacity, 5 of them wind and 3 solar. In the process, 7 generating companies and 22 marketing companies were assigned. The auction closed with a weighted average allocation price of \$95.65 kilowatt hours, about \$50 pesos below the current average cost of generation in bilateral contracts. In developing the award process, the Energy and Gas Regulation Commission established the price of \$200/kWh as the individual maximum limit and the price of \$160/kWh as the average maximum limit.

The target demand determined by the Ministry of Mines and Energy was 12,050.5 MWh/day. The total assigned energy was 10,186 MWh/day. The Long-Term Energy Contracts Auction No. 02-2019 had, in total, the participation of 20 generators and 23 qualified marketers, i.e., those who fulfilled all the prequalification requirements established for said mechanism.

Regarding the firm energy for the reliability charge, the CREG published Resolutions 167 and 201 of 2017, whereby it defines the methodology to calculate the firm energy of wind and solar plants. Additionally, the Commission for the Regulation of Energy and Gas (CREG), through Resolution 140 of 2017, defined a new methodology for calculating the scarcity value of the Reliability Charge, which is called the marginal scarcity price (MSP); this MSP will govern the assignments of Firm Energy Obligations (FEO) that will be carried out in the future, and will therefore represent the price at which said energy will be remunerated during a critical period. This new calculation methodology avoids any mismatch between the cost of local generation and fuel price markers in the international market, as the marginal scarcity price reflects the costs of local fuels.

The Commission for the Regulation of Energy and Gas - CREG, with the publication of CREG Resolutions 083 and 084 of July 2018, provided the opportunity to assign energy obligations of the Reliability Charge for the periods 2019-2020, 2020-2021 and 2021 -2022, and called for a reconfiguration auction for the sale of energy for the period 2018-2019.

Both regulatory measures seek to ensure the availability of an efficient energy supply for the country in the medium and long term and were issued after the analysis of the system's firm energy balance. This analysis was based on the demand projections of the Mining and Energy Planning Unit (UPME), the firm energy of the existing plants and the relevant information on its generation history and the possible scenarios for the entry of new projects.

In addition, the CREG defined the conditions for the call for an auction of the reliability charge for the allocation of electric power generation projects that may enter into operation in the 2022-2023 period. Through this regulatory decision, an auction of the reliability charge is called, by which scheme the generators commit to deliver a product called firm energy, the purpose of which is to cover the supply of energy for the national demand, even in the most critical hydrological cycles.

The Resolution establishes, among other aspects, that the auction be done through the sealed-envelope mechanism, i.e., it changes in relation to auctions of the reliability charge carried out in previous years through descending clock auctions.

On 28 February 2019, as planned, the reliability charge auction was conducted for the period 2022 to 2023, the following results of which stand out:

Closing price: 15.1 USD/MWh.

Energy assigned in the auction: the total firm energy obligations for the auctioned term is 250.55 GWh/day, of which 164.33 GWh/day were assigned in this auction and the remaining 86.22 GWh/day correspond to previous assignments.

The additional net effective capacity for the system in 2022-2023 will be 4,010 MW, distributed as follows: 1,240 MW thermal, 1,372 MW hydraulic, 1,160 MW wind and 238 MW solar.

In July 2019, the CREG published Resolution 060 of 2019, "Whereby temporary modifications and additions are made to the Operating Regulations to allow the connection and operation of solar photovoltaic and wind plants in the National Interconnected System (SIN) and other provisions are issued." This resolution defines the operational requirements and commercial aspects for the operational treatment of unconventional sources.

In July 2019, CREG published Resolution 080 of 2019, which establishes general rules of market behavior for agents who carry out the activities of household public services of electric energy and fuel gas. The CREG considers it necessary to establish a regulatory framework that, in addition to the specific market rules and obligations, defines general rules of behaviour that promote and allow to develop: free access to networks and facilities that by their nature are monopolies, free choice of service providers and the possibility of user migration, transparency, neutrality, economic efficiency, free competition and non-abusive use of the dominant position.

In September 2019, the CREG issued Resolution 096, which extends the option of access to the central dispatch, to power plants less than 20 MW connected to the National Interconnected System. Plants with less than 1 MW and distributed generators will not be able to participate in the central dispatch, and will be able to sell their energy to dealers that serve the regulated and non-regulated market. On the other hand, power plants between 1 MW and 20 MW may opt for the central dispatch. If they do not choose the central dispatch, they will be able to sell their energy to dealers who serve the regulated and non-regulated market.

In addition, in September 2019, the CREG published Resolution 098, hereby it defined the mechanisms to incorporate storage systems in order to mitigate inconveniences caused by the lack or insufficiency of energy transmission networks in the National Interconnected System. This Resolution is issued given the urgency for the Electric Energy Storage Systems with Batteries (SAEB) to start operating, with the sole purpose of mitigating the current issues due to the lack or insufficiency of electric energy transmission networks and it will be effective until December 31, 2022.

In October 2019, the CREG published Resolution 117, whereby a Purchase Reconfiguration Auction was called for the periods 2020-2021 and 2021-2022; the mechanism carried out in December 2019 by XM S.A. E.S.P. assigned total amounts of 4,278,410 kWh/day for the period 2020-2021, and 2,152,383 kWh/day for the period 2021-2022.

The award price for both amounts is USD 16.6/MWh of committed firm energy.

In addition, the CREG published Resolution 132 of October 2019, which defines the mechanism of holders of the Reliability Charge for assignments of Firm Energy Obligations to new power plants. The participants are new power plants that have not been assigned with Firm Energy Obligation in any allocation mechanism and that their estimated variable fuel costs do not exceed the current fuel shortage price. The power plants will be assigned for a period of 10 years and will be remunerated at USD \$ 9/MWh.

In September 2019, the Superintendence of Household Public Utilities SSPD published the regulation of the \$ 4/kWh national surcharge, as part of the measures required to ensure the provision of electric power service by the companies overseen by this Superintendence. This rate will be applied to socioeconomic strata 4.5 and 6, commercial and industrial, from November 2019 and will be retroactive to July 2019, and its collection is considered as income received for third parties.

Act 1819 of 2016 on tax reform, introduced a reduction in income tax to promote Non-Conventional Energy Sources and exclusion of VAT on equipment, technologies and services that offer an environmental benefit; as well as the carbon tax on all fossil fuels used for energy purposes; and defines the guidelines for the non-imposition of this tax on users certified as carbon neutral, which is subsequently regulated by Decree 926 of 2017.

In turn, the Ministry of Environment and Sustainable Development published on 3 August 2016 Resolution 1283 of 2016, which provides the procedure and requirements for the issuance of the environmental benefit certification by new investments in projects of non-conventional renewable energy sources ("NCRES") and efficient energy management, to obtain the tax benefits set out in articles 11, 12, 13 and 14 of Act 1715 of 2014. MADS Resolution 1303 of 2018 amended Resolution 1283 of 2016 to carry out the environmental benefit certifications for new investments in projects of Non-Conventional Renewable Energy Sources (NCRES) and efficient energy management.

Furthermore, the Ministry of Environment and Sustainable Development published on 11 August 2016 Resolution 1312, which adopts the terms of reference for the preparation of the Environmental Impact Assessment (EIA), required for the process of the environmental license of projects for the use of continental wind energy sources, as well as Resolution 1670 of 15 August 2017, whereby the terms of reference for the preparation of the Environmental Impact Assessment - EIA, required for the processing of the environmental license of projects for the use of photovoltaic solar energy, are adopted.

In addition, the Ministry of Environment and Sustainable Development, by means of Decree 2462 of 28 December 2018, provides that the Environmental Diagnosis of Alternatives will only be required for projects for the exploration and use of alternative energy sources that come from biomass for generation of energy with installed capacity exceeding 10 MW, excluding solar, wind, geothermal and tidal energy sources.

Finally, the UPME, through Resolution 703 of 2018, established the procedure and requirements to obtain the certification that endorses the Non-Conventional Renewable Energy Sources (NCRES) projects, with a view to obtaining the benefit of the exclusion of the ICA and the exemption from customs duties as provided in articles 12 and 13 of Act 1715 of 2014.

The regulation in the natural gas sector is aimed at the fulfilment of the objectives defined in Act 142 of 1994: i) ensure the quality of the service for the improvement of the quality of life of users, ii) the permanent extension of coverage, iii) continuous and uninterrupted service provision, iv) efficient provision, v) freedom of competition and non-abusive use of dominant position.

Since the issuance of Decree 2100 of 2011, a regulation has been issued specifically aimed at ensuring and guaranteeing supply, reliability and continuity of service in the natural gas sector. In this sense, regulatory instruments have been defined in order to encourage imports and increase gas production, standardise contractual modalities to ensure the service of essential demand in firm, define negotiation mechanisms that promote competition and efficient pricing, and create and consolidate a market manager in order to have timely operational and commercial information of the sector.

The foregoing is materialised by the Energy and Gas Regulation Commission (CREG ) with the issuance of Resolution 089 of 2013, which regulates commercial aspects of the natural gas wholesale market that are part of the natural gas operation regulations. Based on studies conducted by the CREG, and given the concentration of the natural gas market, this resolution

is necessary to promote market competition, designing mechanisms that promote greater market transparency and liquidity, and identifying the need to promote a more efficient use of gas supply and transportation infrastructure.

The Ministry of Mines and Energy, through Resolution 40006 of 2017, adopts the Transitory Natural Gas Supply Plan, which initiates the processes of procurement and allocation to carry out the works required by the UPME to ensure the security of supply and reliability in the short and medium term. As part of this process, at a regulatory level, the CREG has developed regulations related to gas infrastructure, such as regasification terminals, open seasons and extensions through procurement for the natural gas transport network.

Moreover, and according to the analysis and follow-up of the transactions and results of the natural gas market negotiations, in August 2017 the CREG, through Resolution 114, adjusted some aspects related to the trading in the natural gas wholesale market and compiled Resolution CREG 089 of 2013 with all its adjustments and amendments.

The CREG, continuing with its evaluation and aiming for adjustments to the natural gas market, and as a result of the process of consultation, analysis and comments of the agents, published on 20 February 2019 Resolution 021 of 2019, which amends Resolution 114 of 2017, emphasising on the main adjustments: relaxes the duration, the start date and the end date of the bilateral firm contracts of the secondary market; incorporates a contract with interruptions to negotiate bilaterally in the secondary market; incorporates the transport contract with conditional firmness in the secondary market; relaxes the start date of long-term contracts negotiated bilaterally in the primary market; incorporates supply contracts with conditional firmness and the option to purchase gas in the primary gas supply market.

At the end of June 2019, and as part of the provisions of the 2019 regulatory agenda, the CREG published Resolution 055 of 2019, which defines the selection rules for the manager of the natural gas market, the conditions under which it will provide its services and remuneration, as part of the natural gas operation regulations, as a fundamental part of the process of choosing the new gas market manager to start its services in 2020.

In August 2019, the CREG published for comments CREG Resolution 082 of 2019; where it establishes a series of measures in relation to the sale of natural gas transportation capacity in the primary and secondary markets, so that: i) its allocation is carried out efficiently in terms of prices and quantities; ii) the lack of transparency in the information related to the availability and access of existing transport capacity is eliminated, such as that derived from expansions through market mechanisms or centralised schemes; iii) more agile and efficient allocation mechanisms that respond to market needs.

## **2. Bases for Presentation**

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

The separate 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 Company's general-purpose separate financial statements as of 31 December 2019, have been prepared in accordance with the Colombian Financial Reporting Standards (CFRS), which take into account all International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), the SIC Interpretations, the IFRIC interpretations and the conceptual framework for financial information, as applicable, issued and approved by the International Accounting Standards Board (IASB) as of 31 December 2016, and which were published in Spanish by such organisation in 2017, and incorporated into the Colombian technical accounting framework by Act 1314 of 13 July 2009, and compiled and updated as per Decree 2483 of 2018, issued by Decree 2420 of 2015, as amended.

The application of these international standards in Colombia is subject to some exceptions established by the regulator and contained in Decree 2420 of 2015, as amended. These exceptions vary depending on the type of company and are as follows:



- » Exceptions applicable to all financial information preparers.

Article 2.2.1 of Decree 2420 of 2015, complemented by Decree 2496 of the same year and as amended by Decrees 2131 of 2016 and 2170 of 2017, provides that 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.

The Company belongs to Group 1 for adoption 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 separate 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 such assets and liabilities registered at fair value.

The preparation of the separate 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 Company prepares its separate financial statements using the accrual basis of accounting, except for cash flow information.

## **2.3. New Standards Incorporated into the Accounting Framework Accepted in Colombia with Effective Application from 1 January 2020 onwards**

Decree 2270 of 2019 compiled and updated the technical framework of the Financial Information Standards accepted in Colombia, which had been incorporated by Decrees 2420 of 2015, 2496 of 2015, 2131 of 2016, 2170 of 2017 and 2483 of 2018, including some interpretations, modifications or amendments whose application is effective from January 1, 2020.

These interpretations, modifications, and amendments, as well as the evaluation of the impacts according to the analyses carried out by the Company, are described below:

### **Amendments to IAS 19: Plan amendment, curtailment or settlement**

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a period. When a plan amendment, curtailment or settlement occurs during the annual reporting period, the amendments to IAS 19 specify that an entity must:

- » Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.
- » Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: (i) the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and (ii) the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in net interest, is recognised in other comprehensive income.

The changes must be applied to plan amendments, curtailments or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2020, with earlier application permitted. The Company will assess the possible impacts of the application of these amendments.

### **IFRIC 23 - Uncertainty over Income Tax Treatments**

The interpretation addresses the accounting for income tax when tax treatments involve an uncertainty that affects the application of IAS 12. The Interpretation does not apply to items outside the scope of IAS 12 such as other taxes, levies and interest and penalties associated with uncertain tax treatments. This interpretation addresses specifically the following:

- » whether an entity considers uncertain tax treatments separately;
- » the assumptions an entity makes about the examination of tax treatments by taxation authorities;
- » how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- » how an entity considers changes in facts and circumstances.

An entity shall determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments based on which approach better predicts the resolution of the uncertainty. The interpretation is included in the Technical Compilation and Update Annex 1- 2019, of Decree 2270 of 2019 and is effective for the annual reporting period that begins on or after January 1, 2020, with earlier application permitted, certain exemptions are allowed in the transition. The company does not expect impacts due to the application of this interpretation.

### **Annual improvements 2018 (issued in October 2018)**

The improvements were introduced in the Colombian accounting framework through Decree 2270 of 2019, and include:

#### **Amendments to IFRS 3: Definition of a Business**

The amendments to the definition of a business in IFRS 3 – Business Combinations help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business; remove the assessment of whether market participants are capable of replacing any missing elements; add guidance to help entities assess whether an acquired process is substantive; narrow the definitions of a business and of outputs; and introduce an optional fair value concentration test. They also add examples to illustrate the application of the amendments.

Since the amendments apply prospectively to transactions or events that occur on or after the date of the first request, the Company will not be affected by these amendments on the cut-off date.

#### **Amendments to IAS 1 and IAS 8: Definition of Material or with Relative Importance**

The amendments align the definition of “Material” across the standards IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors and clarify certain aspects of the definition. The new definition states that “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.”

Amendments to the definition of material are not expected to have a significant impact on the Company’s financial statements.

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

### **IFRS 17 Insurance contracts**

In May 2017, the IASB issued IFRS 17, a new comprehensive accounting standard for insurance contracts covering measurement and recognition, presentation and disclosure. Once in effect, IFRS 17 will replace IFRS 4, issued in 2005. IFRS 17 applies to all types of insurance contracts, regardless of the type of entities that issue them, as well as certain guarantees and financial instruments with specific characteristics. of discretionary participation. This standard includes few exceptions.

The general objective of the standard is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. Contrary to the requirements of IFRS 4, which primarily seeks to protect previous local accounting policies, IFRS 17 provides an integral model for these contracts, including all relevant issues. The essence of this standard is a general model, supplemented by:

- » A specific adaptation for contracts with characteristics of direct participation (variable rate approach).
- » A simplified approach (the premium allocation approach) mainly for short-term contracts.

IFRS 17 has not been introduced into the Colombian accounting framework by any decree to date.

## **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 3.2.12.).
- » The useful life of intangible assets and property, plant and equipment. (See Notes 3.2.6. and 3.2.7.).
- » The expected credit loss from commercial accounts receivable and other financial assets (See Note 3.2.8. (B)).
- » The hypotheses used for the calculation of the fair value of the financial instruments. (See Note 3.2.13.).
- » Revenues and expenses arising from generation activities, which mainly come from energy sales through bilateral contracts to the wholesale and unregulated market, the energy market, the Automatic Generation Control (AGC) service and the reliability rate, as well as the purchases of energy necessary to deal with such contracts (See Note 3.2.16.).
- » Probability of occurrence and amount of uncertain or contingent liabilities (See Note 3.2.10.).
- » Future disbursements for environmental commitments arising from the environmental license mainly for new projects, as well as the discount rates to be used (see Note 3.2.7.).
- » 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 3.2.11.).

Although 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.

## **3. Accounting Policies**

### **3.1. Changes in Policies**

#### **IFRS 16 Leases**

IFRS 16 leases became effective as of January 1, 2019. This standard was issued in January 2016 and replaced IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC 15 Operating Leases – Incentives and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to take into account all leases under a single model in the statement of financial position similar to the accounting for financial leases under IAS 17. 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 term of 12 months or less). On the start date of a lease, a lessee recognises a right-of-use asset and a lease liability. Lessees must separately recognise the interest expense, the lease liability and the depreciation charge for 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 contract generally recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

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Lessor accounting under IFRS 16 continues to classify all leases using the same classification principle as in IAS 17, either as operating or finance leases.

IFRS 16, which is effective for annual periods beginning on January 1, 2019, requires lessees and lessors to make more extensive disclosures than under IAS 17.

The Company adopted IFRS 16 according to the retrospective model with cumulative effect, recognising its effects from the date of adoption without restatement of the comparative information. As a practical solution, the Company has chosen not to apply the standard to contracts that were not previously identified as containing a lease under IAS 17 and IFRIC 4.

The Company has elected to use the exemptions proposed by the standard in lease agreements for which the lease terms end within 12 months from the date of initial application, and in the lease agreements for which the underlying asset is of low value.

The Company has evaluated the current office lease agreements, and identified leases that comply with the conditions of IFRS 16 in service contracts in areas such buildings and vehicles.

Right-of-use assets were measured at initial recognition for an amount equal to the lease liability, which corresponds to the present value of the lease payments that have not been paid on the date of adoption discounted using the interest rate implicit in the lease, or the incremental borrowing rate on the lease start date.

Item	Total Recognitions from 1 January to 31 December 2019		Recognition During 2019 (a)		Recognition adoption 1 January 2019	
<b>Right-of-use assets</b>						
- Buildings	\$	6.307.350	\$	395.507	\$	5.911.843
- Fixed installations and others (vehicles)		9.206.262		8.179.068		1.027.194
<b>Total right-of-use assets impact of IFRS 16</b>	<b>\$</b>	<b>15.513.612</b>	<b>\$</b>	<b>8.574.575</b>	<b>\$</b>	<b>6.939.037</b>
<b>Lease liabilities</b>						
- Buildings	\$	6.307.350	\$	395.507	\$	5.911.843
- Fixed installations and others (vehicles)		9.206.262		8.179.068		1.027.194
<b>Total lease liabilities impact of IFRS 16</b>	<b>\$</b>	<b>15.513.612</b>	<b>\$</b>	<b>8.574.575</b>	<b>\$</b>	<b>6.939.037</b>

(a) In the period from January to December 2019, the following were recognised: i) the right-of-use asset and the vehicle lease liability of the contract with Transportes Especiales FSG for \$7,861,531, and ii) the updates to the value of the right-of-use asset and the lease liability for the indexations to the lease fees of adoption contracts for \$257,179.

Right-of-use assets are depreciated on a straight-line basis over the shortest of the term of the lease and the estimated useful life of the assets as December 2019, as follows:

Classes of asset by use	Estimated range of useful life years
IFRS 16 leases	
<i>Buildings</i>	2 – 5
<i>Fixed installations and others (vehicles)</i>	1 - 3

### Impacts Summary

The effect of the adoption of IFRS 16 is as follows:

*Impact on the Statement of Financial Position*

Statement of Financial Position Item	Balance as of 31 December 2019	Total recognitions from 1 January to 31 December 2019
Buildings	\$ 4.841.529	\$ 6.307.350
Fixed installations and others (vehicles)	5.949.433	9.206.262
<b>Total right-of-use assets</b>	<b>\$ 10.790.962</b>	<b>\$ 15.513.612</b>

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Buildings	\$	4.978.349	\$	6.307.350
Fixed installations and others (vehicles)		6.258.803		9.206.262
<b>Total lease liabilities</b>	<b>\$</b>	<b>11.237.152</b>	<b>\$</b>	<b>15.513.612</b>

Impact on the Income Statement for the twelve months ended 31 December 2019:

Income Statement Item	Movement from 1 January to 31 December 2019	
<b>Depreciation</b>		
- Buildings	\$	1.465.821
- Fixed installations and others (vehicles)		3.256.829
<b>Total depreciation</b>		<b>4.722.650</b>
<b>Financial expenses</b>		
- Buildings		402.423
- Fixed installations and others (vehicles)		470.470
<b>Total financial expenses</b>	<b>\$</b>	<b>872.893</b>
<b>Lease expenses (*)</b>		
- Buildings		(1.692.626)
- Fixed installations and others (vehicles)		(810.996)
<b>Total lease expenses</b>		<b>(2.503.622)</b>
<b>Deferred tax</b>		<b>(565.348)</b>
<b>Total impact on income statement</b>	<b>\$</b>	<b>2.526.573</b>

(\*) Lower value of the lease expense corresponding to the contracts that were recognised as finance lease under the guidelines of IFRS 16.

Impact on the Statement of Cash Flows:

Cash Flow Statement Item	Movement from 1 January to 31 December 2019	
Payments to suppliers for the supply of goods and services (Payments of operating leases)	\$	(6.319.626)
<b>Net flow of operating activities</b>		<b>(6.319.626)</b>
Payments of liabilities from finance leases		5.446.733
Interest paid (leases)		872.893
<b>Net flow of financing activities</b>	<b>\$</b>	<b>6.319.626</b>

## Leases

The Company has lease agreements for offices, vehicles and other means of transport used in the operation.

The generalities of these contracts are:

- » The Company acts as lessee and assumes the corresponding obligations.
- » Most contemplate restrictions to sublease assets.
- » They include extension, termination and fee update clauses.

The movement during the period from January to December 2019 of the right-of-use assets derived from the adoption of IFRS 16, is as follows:

	Buildings	Other Installations	Total
<b>Additions by IFRS 16</b>			
Adoption 01/01/2019	\$ 5.911.843	\$ 1.027.194	\$ 6.939.037
New contracts and indexations	395.507	8.179.068	8.574.575
Depreciation	(1.465.821)	(3.256.829)	(4.722.650)
<b>Final balance 31/12/2019</b>			
<b>Right-of-use assets</b>	<b>\$ 4.841.529</b>	<b>\$ 5.949.433</b>	<b>\$ 10.790.962</b>

The carrying value of lease liabilities (net present value of the liabilities included in other financial liabilities) and interest and the movements during the period are detailed below:

	<b>Current</b>	<b>Non-current</b>	<b>Total</b>
<b>Additions by IFRS 16</b>			
Adoption 01/01/2019	\$ 2.005.743	\$ 4.933.294	\$ 6.939.037
New contracts and indexations	2.599.286	5.975.289	8.574.575
Interest	872.893	-	872.893
Payments	(5.446.733)	-	( 5.446.733)
Other movements	4.562.091	(4.253.706)	308.385
<b>Final balance 31/12/2019</b>			
<b>IFRS 16 lease liabilities</b>	<b>\$ 4.593.280</b>	<b>\$ 6.654.877</b>	<b>\$ 11.248.157</b>

The table illustrates the maturities of the minimum future payments and the net present value of the contracts recognised in the adoption:

<b>Minimum lease payments, finance lease obligations</b>	<b>Gross</b>	<b>Interest</b>	<b>Present value</b>
Less than one year	\$ 5.230.352	\$ 648.077	\$ 4.582.275
More than one year, but less than five years	7.181.268	526.391	6.654.877
<b>Total</b>	<b>\$ 12.411.620</b>	<b>\$ 1.174.468</b>	<b>\$ 11.237.152</b>

Additionally, lease expenses of short-term contracts (valid for less than 12 months) that are exempt from IFRS 16 are maintained in the Income Statement, the detail is as follows:

<b>Income Statement Item</b>	<b>Movement from 1 January to 31 December 2019</b>
Lease expense	
Buildings	\$ 254.932
Others	527.601
<b>Total lease expenses short-term contracts</b>	<b>\$ 782.533</b>

## 3.2. Accounting Policies Applicable to General-Purpose Financial Statements

These separate financial statements follow the same accounting policies and measurements applied in the 2018 financial statements, except for the modifications derived from the entry into force of IFRS 16.

### 3.2.1. Financial Instruments

#### 3.2.1.1. 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.

#### 3.2.1.2. 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.

##### 3.2.1.2.1. Debt Instrument

With IFRS 9 becoming effective as of 1 January 2018, version 2015, the classification of financial assets at amortised cost is maintained and that of financial assets at fair value is extended; the previous version corresponding to 2014 only included financial assets at fair value through profit or loss and the present version adds the classification of financial assets at fair value through other comprehensive income.

**(a) Financial Assets at Amortised Cost**

A debt instrument 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.

**3.2.1.2.2. 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.

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

**3.2.1.3. 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.

**3.2.1.3.1. Debts (Financial Obligations)**

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.

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.

#### **3.2.1.4. 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.

#### **3.2.1.5. 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.

#### **3.2.1.6. 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 Company measures financial assets at fair value plus, 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. 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 (losses)/gains - 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 Company 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 Company must reclassify all affected debt instruments if, and only if, its business model for management of financial assets changes.

### **3.2.1.7. 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.

### **3.2.1.8. 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 situation.

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.

### **3.2.2. Inventories**

The stock in inventories includes materials on which the risks and benefits of the property have been acquired; these classifications include materials and fuels.

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 different 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.

As of the presentation date of the financial statements, the amount of inventories does not exceed its recoverable amount.

### **3.2.3. Non-current Assets Held for Sale and Discontinued Activities**

The Company classifies as non-current assets those held for sale of property, plant and equipment, intangibles, investments in associates, joined 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 Company 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."

As of the presentation date of the financial statements, the company does not have any non-current assets held for sale or discontinued activities.

### **3.2.4. Investments in Subsidiaries**

A subsidiary is an entity controlled by the Company. Control exists when there is enough power to direct the relevant activities of the subsidiary, which are generally operating and financing activities, for the purpose of obtaining benefits from its activities, and is exposed, or has the right, to the variable yields of the subsidiary.

Investments in subsidiaries are initially recorded at cost and thereafter the equity method is applied in the separate financial statements of the Company, as established in Decree 2420/2015, as complemented by Decree 2496/2015 and as amended by Decrees 2131 of 2016 and 2170 of 2017.

Dividends received from these companies are recorded by reducing the value of the investment and the results obtained by them, which correspond to the Company according to their interest, under the item "Gain (loss) of associates accounted for using the equity method." The measurement of the equity method is assessed according to the materiality of the figures and taking into account the interest in each subsidiary.

### **3.2.5. Investments in Associates and Joint Ventures**

An associate is an entity over which the Company has significant influence on financial and operating policy decisions, without having control or joint control.

Joint arrangements are those entities in which the Company 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:

A 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.

Joint control: The distribution of the contractually determined control of an agreement, which exists only when decisions on the relevant activities require the unanimous consent of the parties sharing control.

The Company currently has joint arrangements represented in trusts. 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 Company has not registered any goodwill generated on investments in associates and joint ventures or joint arrangements.

Investments in associates or joint ventures are measured in the separate financial statements at cost. Joint arrangements of the type of joint operations represented in trusts are measured at fair value.

### **3.2.6. 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 caused.

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 Company 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 through profit or loss.

#### **(b). Other Intangible Assets**

These assets correspond mainly to IT software and rights. 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 caused.

Average useful life for amortisation:

Item	Range of years of estimated useful life	
	2019	2018
Rights *	20-50	20-50
Development costs	1-5	1-5
Licences	1-5	1-5
Software	1-5	1-5
Other identifiable assets	1-5	1-5

(\*) Refer to the rights that the Company has registered to obtain the usufruct of the greater flow of useful water from the Chingaza and Río Blanco projects. Its amortisation is recognised by the straight-line method. In addition, this item classifies the legal stability premium for Quimbo, which allows obtaining tax benefits for the investments made in this plant; this premium has a useful life of 20 years according to the validity of the tax benefits.

Gains or losses arising on sales or withdrawals of property, plant and equipment are recognised as other gains (losses) through profit or loss and are calculated by deducting from the amount received from the sale the net asset value of the asset and the corresponding sales expenses.

As of the date of these financial statements, the Company has no intangible assets with an indefinite useful life.

### 3.2.7. 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 additionally, 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.
- » 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, recognising 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.
- » Future disbursements for environmental commitments for new projects, as well as discount rates to be used.
- » 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 and in the conditions provided by Management.

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 goods.

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 costs are registered directly in the income statement as costs in the corresponding period.

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

Property, plant and equipment, in this case net of 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. On the presentation date of these financial statements, the Company did not consider significant the residual value of its fixed assets.

Below are the main types of property, plant and equipment, together with their respective estimated useful life.

Types of property, plant and equipment	Range of years of estimated useful life	
	2019	2018
Plants and equipment		
Civil works plants and equipment	20-85	20-85
Electromechanical equipment Hydroelectric power stations	20-35	20-35
Electromechanical equipment Thermal power stations	19-40	19-40
Buildings	20-85	20-85
Fixed installations, accessories and others	5-35	5-35
Finance leases		
Buildings	2-5	2-5
Fixed installations and others (vehicles)	2-3	2-5

The Company defined that the flooded plots located in the hydroelectric power plants are depreciable because they do not have a specific use after the end of the useful life of the plant, therefore the cost is depreciated within the line of plants, pipelines and tunnels to 75 years. In addition, based on the environmental requirements provided in Decree 1076 of 2015 applicable to El Quimbo, there is a decommissioning obligation for the powerhouse for a timespan that the Company has estimated, in the most conservative scenario, to be 50 years (see Note 15).

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

### **3.2.8. 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 Company, all assets operate integrally, and cash flows of a plant cannot be considered independently from the rest of the generation assets; therefore, the Company as a whole 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 Company in nearly every case.

To estimate the value in use, the Company 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 next ten years, estimating cash flows for coming years by applying reasonable growth rates, which are neither growing nor exceeding the average long-term growth rates for the respective sector. 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 (Reversal)" 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.

As of the date of the financial statements, the Company has no record of impairment due to property, plant and equipment and Intangibles.

## **(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, recognising 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 individual model**

This model performs a uniform and consistent calculation on each of the counterparties that make up the commercial portfolio. Given that the Company manages its commercial portfolio individually, the group defined that the most appropriate way to manage the Company's credit risk expectation is by performing an individual assessment on each counterparty with which the Company transacts as a result of its business operations.

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:

The expected credit loss on the other financial assets determined by the collective general model as of 1 January 2018 is as follows:

Probability of Default (PD): It is determined in accordance with the group guidelines for each category, considering the Company'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.

## **3.2.9. Leases**

### **Policy applied for 2018**

To determine whether a contract is, or contains, a lease, the Company analysed the economic background of the agreement, evaluating if the performance of the contract depends on the use of a specific asset and if the agreement transfers the right

of use of the asset. If both conditions are met, at the beginning of the contract, based on their fair values, payments and considerations related to the lease are separated from those corresponding to other items incorporated in the agreement.

Leases where all risks and benefits inherent to the property are substantially transferred are classified as financial. The rest of the leases are classified as operating.

Financial leases under which the company acts as lessee, are recognised at the beginning of the contract, registering assets according to its nature and liabilities for the same amount and equal to the fair value of the leased good, or at present value of the minimum payments for the lease, should it be less. Subsequently, the minimum payments for the lease are divided between financial expense and debt reduction. The financial cost is recognised as expense and is distributed among the periods that constitute the term of the lease, thus obtaining a constant interest rate in each period on the balance of the debt pending amortisation. The asset is depreciated with the same terms as the rest of similar depreciable assets, should there be reasonable certainty that the lessee will acquire the property at the end of the lease. If there is no such certainty, the asset is depreciated in the shortest of either the useful life of the asset or the lease term.

In the case of operating leases, the instalments are recognised as expense if lessee and as revenues if lessor, linearly during the term of the lease, except if there is another systematic distribution basis that is more representative.

### **Policy applied for 2019**

IFRS 16 Leases became effective as of January 1, 2019. In its application, the Company evaluates 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, 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.

The interest expense, the lease liability and the depreciation on the right-of-use asset have to be recognised separately.

### **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.

### **3.2.10. 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 Company 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 and labour lawsuits that are considered contingent are disclosed in the notes to the financial statements. (See Note 15).

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 reported and, if the realisation of revenues is almost certain, recognised in the financial statements. The Company will refrain from recognising any contingent asset.

### **3.2.11. Taxes**

Includes the cost of generally mandatory taxes in favour of the State and payable by the Company 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 Company operates.

#### **3.2.11.1. Income Tax and Deferred Tax**

The income tax expense for the period includes income 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 effective rate. As of 31 December 2019 at the 33% rate using the accrual method, determining it 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.

Act 1943 of 2018 modified the income tax rate as of taxable year 2019, defining the following rates: 2019, 33%; 2020, 32%; 2021, 31%; 2022 onwards, 30%; which apply to the taxable net income obtained each year. In addition, Act 2010 of 2019 confirmed these rates. The effects of temporary differences that imply payment of a lower or higher income tax in the current year are accounted for as deferred tax credit or debit at the current tax rate when the differences are reversed (33% for 2019, 32% for 2020, 31% for 2021 and 30% for 2022 onwards), provided there is a reasonable expectation that such differences will be reversed in the future and, also for assets, that at that moment sufficient taxable income will be generated.

The income tax expense is accounted for pursuant to IAS 12 "Income Taxes".

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.

### **3.2.11.2. Sales Tax**

The generation of electric energy is not subject to sales tax (VAT), but the Company additionally provides services such as: rental or lease of equipment, maintenance of equipment, sale of scrap, lease of land, among other services taxed with the general rate of 19%, with the exception of the services provided to state entities, in which case the applicable rate is the one in force on the date of the resolution or award act, or of the execution of the respective contract.

The treatment of the sales tax (VAT) in the purchase of goods and services is recorded as the higher value of cost or expense.

- a. The equipment components rented and on which maintenance service is provided are usually: meters and modems.
- b. The properties leased are:
  - Road Centrar Cartagena.
  - Plot Ubala – Guadualito
  - Plot Hydrological stations
  - Suite D115 Mambita Camp.

### **3.2.12. Employee Benefits**

#### **(a). Pensions**

The Company has commitments related to pensions, both for defined provision and defined contribution, which are managed 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 and the commitments for defined provision plans represent the current value of accrued. The company does not have assets affected by these plans.

#### **(b). Other Obligations Subsequent to the Workplace Relationship**

The Company 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 Company implemented a voluntary retirement plan, which included in its benefits a temporary income for the qualifying employees having less than 10 years left to be entitled to the old age pension. The benefit consists in a monthly payment of between 70% and 90% of the salary, from the moment of contract termination by mutual agreement until 4 months after the worker meets the age requirement pursuant to the Law to access the old age pension (62 years for men, 57 for women). These payments will be made using resources placed by the Company in a private fund, assigned to each employee included

in the plan. It has been treated as a post-employment benefit as the Company is responsible for providing additional resources required to meet this obligation or receive a reimbursement in case of excess.

The benefit obligation is calculated by independent actuaries using the projected unit credit method.

#### **(c). Long-term Benefits**

The Company 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 similar methodology 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 loss of the period in which they occur. These are measured annually by the parent company, by qualified independent actuaries.

#### **(d). Benefits of Employee Loans**

The Company 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.

### **3.2.13. 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.

In order to establish the fair value, the Group uses valuation techniques, including those used for financial obligations entered at fair value at the time of their payment, as contractually defined, according to an active liabilities market with similar characteristics. In both cases (assets and liabilities) with sufficient information to make the measurement, maximising the use of observable relevant 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:

- » 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 settled, 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 Company'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.

### **3.2.14. Foreign Currency Conversion**

#### **(a). 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.

#### **(b). Transactions and Balances in Foreign Currency**

Company 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 statement of comprehensive income.

In addition, at each year-end closing, the conversion of balances receivable or payable in a currency other than the functional currency for each company is performed at the type of exchange in force on the closing date. The valuation differences produced are registered as exchange differences in the statement of comprehensive income.

Balances denominated in foreign currency are expressed in Colombian pesos at the representative exchange rates on 31 December 2019 and 31 December 2018 of \$3,277.14 and \$3,249.75 for US \$1, and \$3,678.59 and \$3,714.95 for 1 Euro.

### **3.2.15. Classification of Balance as Current and Non-current**

The Company 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 Company'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 Company 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.

### **3.2.16. Recognition of Revenues**

The Company applies a recognition model for revenue from contracts with customers based on 5 steps:

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 Company 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 (electricity, value-added services); b) Market typology (regulated, not regulated); or c) Type of customer (size, type, sector).

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

A contract is established with multiple goods and services when the Company 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 Company performs them.
- » The Company's performance creates or improves an asset that the customer controls as it is created or improved.
- » The Company's performance creates or improves an asset with an alternative use for it. The Company 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 Company 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.

**(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 Company 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 Company 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 Company 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 Company 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 Company 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 Company to transfer goods and/or services to customers for which the Company has received a consideration from customers.

### **3.2.17. Recognition of costs and expenses**

The Company 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, fuel, 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.

### **3.2.18. 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.

### **3.2.19. 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 Company is the following:

- » The Code of Commerce requires the Company 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 Company'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.

### **3.2.20. Earnings per Share**

The basic earnings per share are calculated as the quotient between the net gain of the period attributable to Company shareholders and the average weighted number of common shares outstanding in said period, after making the appropriation for preferred dividends corresponding to 20,952,601 shares as of 31 December 2019 of Empresa de Energía de Bogotá S.A. E.S.P. Preferred dividends have a value of US \$0.1107 per share (\*).

(\*) Figures expressed in full dollars.

### 3.2.21. Distribution of Dividends

Commercial laws in Colombia stipulate that, eleven 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 Company 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 absorbed specific losses can not be used to cover others, except if 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 the first instance is the Company's Board of Directors, while in the second instance is the General Shareholders' Meeting's responsibility.

### 3.2.22. Operating Segments

An operating segment is a component of an entity:

- (a) 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);
- (b) 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
- (c) over which there is differentiated financial information.

The Company, for all purposes, in accordance with the guidelines of IFRS 8, has only one operating segment associated with the electric energy business; however, the Company records transactions in the gas business, but to date the amount of transactions in this line of business is not representative, therefore it is not considered as an independent segment.

## 4. Net Cash and Cash Equivalents

	<b>As of 31 December 2019</b>	<b>As of 31 December 2018</b>
Balances in banks (1)	\$ 226.040.670	\$ 533.257.546
Short-term deposits (2)	40.000.000	29.000.000
Other cash and cash equivalents	17.633.870	72.467.674
<i>Fiduciary commissions and collective portfolios (3)</i>	17.663.370	72.562.744
<i>Impairment cash and cash equivalents</i>	(29.500)	(95.070)
Petty cash	204	41.945
	<b>\$ 283.674.744</b>	<b>\$ 634.767.165</b>



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The equivalent detail in pesos by type of currency of cash and cash equivalents above is as follows (See note 31):

<b>Currency</b>	<b>As of 31 December 2019</b>	<b>As of 31 December 2018</b>
Colombian Pesos	\$ 280.236.362	\$ 633.033.189
U.S. Dollars	3.438.382	1.723.305
Euros	-	10.671
	<b>\$ 283.674.744</b>	<b>\$ 634.767.165</b>

(1) The variation in banks corresponds to: i) Collection of \$4,022,465,410, ii) payments (energy, variable costs, O&M, capex, fuels, insurance, remuneration) for (\$2,236,276,594), iii) payment of dividends in January, May and October for (\$696,571,125), iv) interest payment (\$268,558,400), v) income tax and VAT on royalties (\$485,061,717), vi) payment of bonds for (\$596,900,000), vii) payment club deal BBVA loan (\$150,000,000), and viii) others (returns, derivative compensation, others) \$103,685,550.

(2) Short-term deposits correspond to term deposits that mature within a period equal to or less than 90 days from their acquisition date and accrue the market interest for this type of short-term investments.

As of 31 December 2019, the balance corresponds to:

<b>Bank</b>	<b>Amount</b>	<b>FN Rate</b>	<b>Days</b>	<b>Start</b>	<b>Maturity</b>	<b>Item</b>
Itau	\$ 40.000.000	4.44%	90	15-oct-19	15-jan-20	Bonds
<b>Total</b>	<b>\$ 40.000.000</b>					

As of 31 December 2018, the balance corresponds to:

<b>Bank</b>	<b>Amount</b>	<b>EA Rate</b>	<b>Days</b>	<b>Start</b>	<b>Maturity</b>	<b>Item</b>
Colpatría	\$ 29.000.000	4.39%	90	16-oct-18	16-jan-19	Bonds
<b>Total</b>	<b>\$ 29.000.000</b>					

(3) Fiduciary commissions and collective portfolios correspond to usual operations of additions and decreases made daily by the treasury to these entities, in order to channel the proceeds from collection. Below is the detail as of December 2019:

<b>Financial institution</b>	<b>As of 31 December 2019</b>	<b>As of 31 December 2018</b>
Credicorp Capital-Fonval	\$ 11.138.234	\$ 3.085.158
BBVA Fiduciaria- Fondo Efectivo Clase G	4.914.875	463.046
Alianza Fiduciaria-Fondo Abierto Alianza	784.690	11.299.727
Corredores Asociados Interés Derivex	361.122	463.089
Corredores Asociados Interés	221.627	9.175.749
Valores Bancolombia –Renta liquidez	135.067	343.157
Fiduciaria Corficolombiana- Confianza Plus	107.755	104.060
Fiduciaria Corficolombiana-Valor Plus I-Vía Perimetral (a)	-	47.440.163
BBVA Fiduciaria País	-	185.047
Fiduciaria Bogotá Sumar	-	3.548
	<b>\$ 17.663.370</b>	<b>\$ 72.562.744</b>

(a) Portfolio established to meet obligations related to construction of the perimeter road for the El Quimbo area of influence, formerly known as Collective portfolio QB.

As of 31 December 2019, it corresponds to the cancellation of the trust Fiducia Corficolombiana Valor Plus Vía Perimetral corresponding to the El Quimbo hydroelectric power plant; however, the commitments acquired by the Company will be carried out as provided.

As of 31 December 2019, the Company presents restricted cash (See note 35).

## 5. Other financial assets, net

	As of 31 December 2019		As of 31 December 2018	
	Current	Non-current	Current	Non-current
Trusts	\$ 10.536.056	\$ -	\$ 9.215.309	\$ -
<i>Trusts (1)</i>	10.547.404	-	9.279.311	-
<i>Trust impairment</i>	(11.348)	-	(64.002)	-
Guarantees energy derivatives markets	1.832.169	-	1.790.665	-
Other Assets (2)	1.103.702	-	74.381.226	-
<i>Term deposits (a)</i>	-	-	69.400.000	-
<i>Other assets (b)</i>	1.109.150	-	4.981.226	-
<i>Impairment of other assets</i>	(5.448)	-	-	-
Hedging and non-hedging derivative instruments (3)	-	-	582.398	-
Financial investments - unlisted or illiquid companies (4)	-	554.417	-	1.923.594
	<b>\$ 13.471.927</b>	<b>\$ 554.417</b>	<b>\$ 85.969.598</b>	<b>\$ 1.923.594</b>

(1) As of 31 December 2019 and 2018, the balance of the trusts corresponds to:

	As of 31 December 2019	As of 31 December 2018
Trusts Zomac (a)	\$ 5.636.246	\$ 600.354
Trusts Embalse Tominé (b)	2.352.957	4.666.480
Trusts Embalse Muña (b)	1.681.541	1.436.831
Trusts El Quimbo (c)	876.660	2.575.646
<b>Total</b>	<b>\$ 10.547.404</b>	<b>\$ 9.279.311</b>

(a) As of 31 December 2019, the Zomac trusts for \$205,760 and for \$5,430,486 were established after the approval of the Territory Renewal Agency (ART) for the payment of income and complementary taxes for taxable periods 2017 and 2018, through the execution of viable projects of social importance in the different municipalities located in the zones most affected by the armed conflict (ZOMAC).

(b) The balance as of 31 December 2019 corresponds mainly to trusts with BBVA as follows:

Tominé Reservoir Trust No. 31636 for \$2,343,890 and Trust No. 31555 for \$9,067, intended for the management, operation, maintenance and improvement of the Reservoir in accordance with Resolution No. 0776 of 2008. With the Muña Reservoir Trust Fund No. 31683 for \$1,679,896, intended for compliance with the ruling of the State Council within the public interest claim filed with No. 479 of 2001, and Trust Fund No. 32374 for \$1,645, intended for compliance with Resolution No. 1153 of 17 June 2015 for the development of the Environmental Management Plan for the Muña Reservoir.

(c) The Quimbo trust was established with Corficolombiana to meet commitments derived from the construction of the hydroelectric power plant, the variation corresponds mainly to the payments associated with said item for \$ 1,698,966.

The Company's current trusts have a specific use and support obligations contracted in key projects for the business, which clarify their allocation.

(2) Other current financial assets are composed of:

(a) As of 31 December 2019, the Company has no Certificates of Deposit maturing in more than 90 days.

As of 31 December 2018, the Company had established Certificates of Deposit with which it sought to mitigate its liquidity, risk as follows:

	Value	EA Rate	Term	Start	Maturity
Sudameris	\$ 50.000.000	4,00%	98	10/10/2018	16/01/2019
Colpatria	17.000.000	4,40%	92	16/10/2018	18/01/2019
Colpatria	2.400.000	4,42%	98	16/10/2018	24/01/2019
<b>Total</b>	<b>\$ 69.400.000</b>				

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(b) As of 31 December 2019, the amount of other assets corresponds mainly to embargoes for \$733,778, corresponding to: National Mining Agency (ANM) for \$492,682 Order No. 594 of 08-08-2019, Gabriel Chau Campos for \$144,000 executive process official letter No. 0761 and other processes for \$97,096, detailed below by financial institution:

Embargo	Process	Bank	Value legal deposit
National Mining Agency (ANM)	Auto No. 594 del 01-08-2019	Davivienda	\$ 492.682
Gabriel Chau Campos	Official Letter No. 0761	Davivienda	36.000
Gabriel Chau Campos	Official Letter No. 0761	Occidente	36.000
Gabriel Chau Campos	Official Letter No. 0761	BBVA	36.000
Gabriel Chau Campos	Official Letter No. 0761	Colpatría	36.000
First Municipal Civil Court Garzon - Huila	No. 412984003001 207-0341-00	Davivienda	25.000
First Municipal Civil Court Garzon - Huila	No. 412984003001 207-0341-00	Bancolombia	25.000
Second Municipal Civil Court Garzon - Huila	Official Letter No. 0728	Bancolombia	8.000
Regional Autonomous Corporation Magdalena	Neiva 2018-082	Colpatría	6.492
Pension and Parafiscal Taxes Unit	Process No 89947	Davivienda	4.947
Pension and Parafiscal Taxes Unit	Process No 89947	Banco Bogotá	4.947
Pension and Parafiscal Taxes Unit	Process No 89947	BBVA	4.947
Pension and Parafiscal Taxes Unit	Process No 89947	Corpbanca	4.947
Twenty-Ninth Municipal Civil Court Bogotá	No. 110013103029201700441-00	Banco Caja Social	4.334
Ruben Charry Conde	No 41872408900120120003800	Banco de Bogotá	3.673
Regional Autonomous Corporation Magdalena	Neiva 2018-082	BBVA	3246
Regional Autonomous Corporation Magdalena	Jagua 2018-077	Colpatría	1075
Regional Autonomous Corporation Magdalena	Betania 2018-076	BBVA	271
Regional Autonomous Corporation Magdalena	Betania 2018-076	Colpatría	217

The variation corresponds to the return of the resources seized by the Municipality of Guachené for \$1,268,575 and the reclassification of the balance of said embargo for \$2,737,818 to the account receivable from the municipality, derived from alleged tax debts.

As a background, we must consider the 2018-204 process with the Administrative Court of Cauca, which is currently discussing whether or not the Company was required to declare Industry and Trade Tax in the Municipality. In this respect, the Council of State confirmed on 4 December 2019 the order to return the seized money in the process of judicial debt collection, although the Municipality stated that it will not comply with the order for now. On account of this decision of the Municipality, as well as other actions that the Company considers irregular, a criminal proceeding continues against the competent officials of the Municipality for the early seizure and restriction of the sums of money that are still under dispute, in contempt of the orders of the Administrative Court of Cauca and the Council of State.

Finally, the external counsel representing the Company in the tax controversy has estimated that the probability of success for the recovery of the sums is greater than 75%.

(3) As of 31 December 2019, the Company has liquidated three (3) derivatives with active valuation corresponding to two (2) forwards with Banco ITAU and one (1) with Scotiabank Colombia to cover the Equivalent Real Energy Cost (CERE) exposure, as detailed below:

Derivative	Underlying	Risk Factor	Asset Notional	Currency	Fixed rate	MTM	Liquidation
FORWARD	CERE Exposure Hedging Dec-2019	Exchange Rate	\$ 900.000	USD	3.120	\$ 362.394	\$ 362.394
FORWARD	CERE Exposure Hedging Dec-2019	Exchange Rate	950.000	USD	3.135	358.885	368.087
FORWARD	CERE Exposure Hedging Dec-2019	Exchange Rate	950.000	USD	3.275	235.581	235.581
<b>Total valuation</b>			<b>\$ 2.800.000</b>			<b>\$ 956.860</b>	<b>\$ 966.062</b>

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Moreover, as of 31 December 2018, it had one (1) derivative with active valuation with a forward with BNP PARIBAS to cover the Equivalent Real Energy Cost (CERE) exposure, as detailed below:

Derivative	Underlying	Risk factor	Asset Notional	Currency	Fixed rate	MTM
FORWARD	CERE Exposure Hedging Dec -2018	Exchange Rate	2.500.000	USD	3.040,24	582.398
<b>Total valuation</b>		<b>2.500.000</b>			<b>\$ 582.398</b>	

(4) Financial investments in unlisted companies are:

Share Certificates	Economic activity	Common shares	% Interest	As of 31 December 2019	As of 31 December 2018
Derivex S.A.	Commercial	35.764	4,99%	\$ 554.417	\$ -
Electrificadora del Caribe S.A. E.S.P.	Energy	109.353.394	0,22%	-	1.923.594
				<b>\$ 554.417</b>	<b>\$ 1.923.594</b>

As of 31 December 2019, a decrease originated in the investment in Electricaribe S.A E.S.P. is reflected as a result of the valuation calculated at fair value based on the Company's interest in Electricaribe's equity, this being the most appropriate method for measuring the investment by the conditions of the counterparty; this equity instrument is classified as measured at fair value through other comprehensive income, for \$1,923.594, this Company was intervened by the Colombian State and its financial statements as of 30 September 2019 present a negative equity.

In May 2019 the Company acquired 35,764 shares of Derivex S.A. for \$579,377, a private entity whose corporate purpose is the management of a trading system for operations on derivative financial instruments, the underlying assets of which are electric power, gas, fuel, and other energy commodities, and for recording operations on such instruments. As of 31 December 2019, the investment valuation was adjusted and a decrease of \$24,960 was recorded.

## 6. Other Non-Financial Assets, Net

	As of 31 December 2019		As of 31 December 2018	
	Current	Non-current	Current	Non-current
Prepayments for acquisition of goods (1)	\$ 14.838.947	\$ -	\$ 12.288.840	\$ -
Other debtors (2)	8.528.349	133.715	6.188.501	718.488
<i>Other debtors</i>	13.268.116	-	10.303.493	-
<i>Impairment of other debtors</i>	(4.739.767)	-	(4.114.992)	-
Employees benefits from loans (3)	729.359	7.817.217	550.258	6.893.325
Taxes accounts receivable (4)	-	24.228.968	-	-
	<b>\$ 24.096.655</b>	<b>\$ 32.179.900</b>	<b>\$ 19.027.599</b>	<b>\$ 7.611.813</b>

(1) The balance of advances mainly includes the guarantees delivered to XM for the negotiations in the energy operations for \$12,168,086.

Below is a breakdown of the main advances as of December 2019:

	As of 31 December 2019	As of 31 December 2018
Deposits in guarantee XM	\$ 12.168.086	\$ 5.807.808
Agencia De Aduanas Suppla S.A.S.	840.000	-
T.M.E. S.P.A. Termomecánica Ecología	561.684	3.402.708
Procesos y Diseños Energéticos S.A.	275.250	750.154
Mosquera Casas Cristian	254.221	254.221
Cass Constructores S.A.S	248.396	248.396
Solarte Nacional de Construcciones	248.396	248.396
Delstar Energie	145.592	-
Rainpower Norge AS	-	603.304
Pegasus Blending International SAS	-	151.364
	<b>\$ 14.741.625</b>	<b>\$ 11.466.351</b>

- (2) As of 31 December 2019, the other debtors are mainly composed of the account receivable from the Ministry of Finance for the payments made by the Company, as a result of the rulings against Betania corresponding to the processes in force on the date of the 1997 stock purchase agreement for \$4,531,059 and the billing of fines and penalties for contracts, scrap sales and leases for \$8,501,497.
- (3) As of 31 December 2019, corresponds to employee loan benefits are awarded at rates between 0% and 7%, which is why the Company deducts future cash flows at the market rate, recognising as a prepaid benefit the difference between the Market rate and the rate awarded, and amortising them over the life of the loan.
- (4) As of 31 December, corresponds to the tax discount of \$18,679,748 according to article 83 of Act 1943 of 2018, the opportunity was created for a tax discount on the VAT paid in the acquisition, construction or training and import of productive real fixed assets, including the associated services to put them in conditions of use. There are three requirements to apply this discount on the income tax: (i) To have a productive real fixed asset, (ii) that VAT has been paid, (iii) the asset is impaired.

In addition, the balance in favour generated in the 2003 income statement for \$5,549,220, which was requested from the DIAN, is included. This balance in favour is under discussion with the DIAN through the tax inspection process, which was taken to the courts. On 27 July 2017, the Administrative Court of Huila issued a first instance judgment accepting the arguments of the DIAN, considering that certain income of the Company, such as adjustments for inflation and non-operating income, do not qualify for the Páez Act exemption, because they are not related to the electricity generation activity. The judgment did not raise a legal basis and failed to rule on several defence arguments presented by the Company. In addition, the Court confirmed a judgment of inaccuracy without analysing a difference of criteria or defining the sanctionable event.

Therefore, on 10 August 2017, the Company filed the appeal reiterating that the benefit falls on the Company and the law does not discriminate its application when it comes to non-operating income. New decisions of the Council of State that support the position of the Company were put into consideration. It was insisted that there is a difference of criteria and therefore the judgment of inaccuracy must be lifted. On 22 September 2017, the process was distributed to the Council of State, where the second instance will take place. On 10 November 2017, a transfer was filed to plead, and the closing arguments were filed on 24 November of the same year. On 17 January 2018, the process entered the magistrate's office for a second instance decision, at which stage two years may elapse.

## 7. Net commercial accounts receivable and other receivables

	As of 31 December 2019		As of 31 December 2018	
	Current	Non-current	Current	Non-current
Gross commercial accounts (1)	\$ 241.101.146	\$ 43.242.362	\$ 153.160.865	\$ 43.242.362
Gross other accounts receivable (2)	3.561.788	12.429.872	3.293.463	17.111.252
Portfolio Thermal Compensations	-	-	2.366.301	-
Gross commercial financed portfolio (3)	-	55.747.757	934.239	57.304.698
Gross retired employees financed portfolio	270.774	-	284.740	-
<b>Total gross commercial accounts receivable and other receivables</b>	<b>\$ 244.933.708</b>	<b>\$ 111.419.991</b>	<b>\$ 160.039.608</b>	<b>\$ 117.658.312</b>
Provision for impairment of commercial accounts (4)	(5.804.721)	(43.242.362)	(6.068.053)	(43.242.362)
Provision for impairment of other accounts receivable	(118.176)	(114.696)	(49.100)	(132.247)
Provision for impairment of commercial financed portfolio (4)	-	(55.747.757)	(934.239)	(57.304.698)
Provision for impairment of retired employee financed portfolio	(2.010)	-	(2.114)	-
<b>Total provision for impairment</b>	<b>\$ (5.924.907)</b>	<b>\$ (99.104.815)</b>	<b>(\$ 7.053.506)</b>	<b>(\$ 100.679.307)</b>
Net commercial accounts	235.296.425	-	147.092.812	-
Net other accounts receivable	3.443.612	12.315.176	3.244.363	16.979.005
Portfolio Thermal Compensations	-	-	2.366.301	-
Net commercial financed portfolio	-	-	-	-
Net retired employees financed portfolio	268.764	-	282.626	-
<b>Total net commercial accounts receivable and other receivables</b>	<b>\$ 239.008.801</b>	<b>\$ 12.315.176</b>	<b>\$ 152.986.102</b>	<b>\$ 16.979.005</b>

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

	Current portfolio	Past due portfolio			Total current portfolio
		1-180 days	181-360 days	>360 days	
<b>Gross commercial accounts</b>	<b>\$ 237.515.965</b>	<b>\$ 305.757</b>	<b>\$ -</b>	<b>\$ 3.279.424</b>	<b>\$ 241.101.146</b>
- Large customers	106.077.113	-	-	-	106.077.113
- Institutional customers	18.120.641	-	-	-	18.120.641
- Others	113.318.211	305.757	-	3.279.424	116.903.392
- Provision for impairment	<b>(2.369.781)</b>	<b>(155.516)</b>	-	<b>(3.279.424)</b>	<b>(5.804.721)</b>
<b>Net commercial accounts</b>	<b>\$ 235.146.184</b>	<b>\$ 150.241</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 235.296.425</b>

As of 31 December 2018, the composition of commercial accounts is as follows:

	Current portfolio	Past due portfolio			Total current portfolio
		1-180 days	181-360 days	>360 days	
<b>Gross commercial accounts</b>	<b>\$ 149.843.691</b>	<b>\$ -</b>	<b>\$ 833.932</b>	<b>\$ 2.483.242</b>	<b>\$ 153.160.865</b>
- Large customers	79.643.986	-	-	-	79.643.986
- Institutional customers	14.237.031	-	-	-	14.237.031
- Others	55.962.674	-	833.932	2.483.242	59.279.848
- Provision for impairment	<b>(2.750.879)</b>	-	<b>(833.932)</b>	<b>(2.483.242)</b>	<b>(6.068.053)</b>
<b>Net commercial accounts</b>	<b>\$ 147.092.812</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 147.092.812</b>

(1) As of 31 December 2019, the portfolio of current commercial accounts presents a variation of \$87,940,281, which corresponds mainly to:

- (a) Increase in the estimated wholesale market and non-regulated market portfolio, due to the fact that the sale of accounts receivable without recourse was not carried out as of 31 December 2019 for \$95,109,317.

In accordance with the foregoing, the Company transfers the energy portfolio through the non-recourse accounts receivable agreement signed in October 2018 with Banco Santander S.A. de España (hereinafter the "Bank"). The Company has retained control over a portion of the financial assets that are the subject of the contract, which is recognised in the statement of financial position as "ongoing involvement".

In relation to the "ongoing involvement" portion that continues under the control of the Company, there is a decrease of \$6,421,487 because there was no sale of portfolio as of 31 December 2019. (See Note 13-4).

As of 31 December 2019, there are no sales operations of accounts receivable:

Breakdown ongoing involvement	As of 31 December 2019	As of 31 December 2018
Total book value of accounts receivable before transfer	\$ -	\$ 122.008.249
Total book value of the assets that the Company continues to recognise	-	6.421.487
Book value of associated liabilities	-	(6.421.487)

- (b) Increase in the wholesale market portfolio due to billing expiration of customers Empresas Públicas de Medellín, Centrales Eléctricas del Norte and Celsia Tolima S.A. E.S.P., for \$6,087,516.
- (c) Decrease for the non-regulated market and other customers due to lower energy demand in December 2019 compared to the same period in 2018 for customers Triple A S.A. E.S.P and Ecopetrol S.A., for \$6,835,065.
- (d) As of 31 December 2019, the non-current commercial accounts correspond to Electricaribe's wholesale market portfolio for \$43,242,362, provisioned at 100%.
- (2) The balance of other non-current accounts receivable as of 31 December 2019, mainly includes housing loans to employees for \$10.700.799.
- (3) As of 31 December 2019, the value corresponds mainly to the commercially financed portfolio of Energy supply contracts No. EDCC-111-2012 and EDCC-154-201 and to addendum number EDCC-136-2013/EM-13-213, executed with the wholesale

market customer Electrificadora del Caribe S.A. E.S.P. Due to internal cash flow difficulties of the customer, the parties agreed to extend the payment of the invoices to the first day of the third month immediately following the month of consumption, so the Company classifies this portfolio as a long-term financed portfolio for \$55,747,757. Additionally, in February 2019, Termocandelaria made the payment of the obligations in favour of the Company for \$2,491,180, which acted as operator of the transactions on the stock market, through the representation of XM Compañía Expertos en Mercados S.A. E.S.P.

(4) For the impairment provision, the models defined by the Company are:

- » Simplified individual model
- » General collective model

The evolution of portfolio impairment under IFRS 19 and other assets is as follows:

Item	As of 31 December 2019		As of 31 December 2018	
Simplified Individual Model (a)	\$	104.794.840	\$	107.549.352
General Collective Model (b)		5.020.945		4.457.525
<b>Total</b>	<b>\$</b>	<b>109.815.785</b>	<b>\$</b>	<b>112.006.877</b>

(a) The simplified individual model contemplates the impairment under IFRS 9 of commercial accounts receivable

(b) The general collective model contemplates the impairment under IFRS 9 of: Cash and cash equivalents, other financial and non-financial assets, other accounts receivable and accounts receivable with related parties.

The delinquent debtors' write-off it is made once all collection possibilities, legal actions, and demonstration of the debtors' insolvency have been exhausted.

#### Guarantees granted by Debtors:

For energy and gas customers depending on the outcome of the credit risk assessment and the final decision of the lines of business, when necessary, the portfolio is backed with a security. As of 31 December 2019, the Company supports the sale of energy and gas with blank promissory notes and bank guarantees.

For loans to employees, the guarantees are covered by mortgages, promissory notes and pledges.

## 8. Balances and transactions with related parties

### Net accounts receivable from related entities

Name Related Company	Relationship	Country of origin	Transaction Type	As of 31 December 2019		As of 31 December 2018	
				Current	Non-Current	Current	Non-Current
Codensa S.A. E.S.P. (1)	Other (*)	Colombia	Loans receivable from group companies	\$ 92.658.471	\$ -	\$ 81.000.000	\$ -
Codensa S.A. E.S.P. (2)	Other (*)	Colombia	Sale of energy	85.334.255	-	53.699.255	-
Codensa S.A. E.S.P. (3)	Other (*)	Colombia	Other services	1.651.327	-	133.796	-
Codensa S.A. E.S.P. (1)	Other (*)	Colombia	Financial interests	792.396	-	276.572	-
Enel Green Power Colombia S.A. E.S.P. (4)	Other (*)	Colombia	Management services	2.029.713	-	109.609	-
Sociedad Portuaria Central Cartagena S.A. (5)	Subsidiary	Colombia	Advance for maintenance	-	-	75.057	-
Sociedad Portuaria Central Cartagena S.A. (6)	Subsidiary	Colombia	Management services	417.787	-	36.334	-
Enel S.P.A. (7)	Controlled	Italia	Other services	173.376	-	73.002	-
Enel GITh Generation (7)	Other (*)	Italia	Other services	155.491	-	-	-
Enel Global Trading SPA (8)	Other (*)	Italia	Other services	121.260	-	-	-
Enel Chile S.A (7)	Other (*)	Chile	Other services	24.176	-	24.176	-
<b>Total</b>				<b>\$ 183.358.252</b>	<b>\$ -</b>	<b>\$ 135.427.801</b>	<b>\$ -</b>

(\*) Corresponds to companies over which Enel SPA has significant influence or control

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Accounts receivable from related parties show impairment in accordance with IFRS 9 for \$1,012,463.

(1) Corresponds to the intercompany loan for \$92,658,471 disbursed in October and November 2019 and interest of \$792,396 due on 31 January 2020 at an effective rate of 5.34%.

(2) Corresponds to the portfolio resulting from the sale of energy, generating an increase as of 31 December 2019, as this portfolio was not negotiated in the factoring operation.

As of 31 December, the Company has energy sales commitments with Codensa S.A. E.S.P. for \$3,558,012,773

As of 31 December 2019, the Company supports the sale of energy with Codensa S.A. E.S.P. with blank promissory notes.

(3) Corresponds mainly to the provision of services for mandatory compliance additions for environmental issues PCH Rio Negro for \$1,419,311.

(4) Corresponds mainly to the billing of the contract for the provision of assistance services in the management and operation of the management processes of November and December 2019, between Enel Green Power Colombia S.A. E.S.P. and the Company, for \$2,000,260.

(5) The variation between 31 December 2019 and 2018, corresponds to the legalisation of the advance for the maintenance of the barge of Sociedad Portuaria Central Cartagena.

(6) Corresponds to the rendering of services under the asset management, use, operation and maintenance agreement for \$82,421 and engineering services for the construction of the dock for \$335,366.

(7) Corresponds to the provision for the costs of expatriate personnel in Italy and Chile.

(8) Corresponds to the billing for reimbursement of the coordination costs for the event Enel Day Trading América in June 2019.

**Accounts payable to related entities**

Name Related Company	Country of origin	As of December 31 2019		As of December 31 2018	
		Relationship	Transaction Type	Current	Current
Grupo Energía Bogotá S. A. E.S.P.	Colombia	(**)	Dividends	\$ 91.872.043	\$ 79.481.152
Grupo Energía Bogotá S. A. E.S.P. (1)	Colombia	(**)	Other services	-	40.460
Enel Américas S.A.	Chile	Controlling	Dividends	86.464.868	74.803.250
Enel Produzione Spa (2)	Italia	Other (*)	Assessments and projects	13.567.925	7.565.834
Enel Produzione Spa (3)	Italia	Other (*)	Other services	936.806	762.389
Codensa S.A. E.S.P. (4)	Colombia	Other (*)	Energy purchase	11.768.298	11.311.486
Codensa S.A. E.S.P. (4)	Colombia	Other (*)	Other services	31.590	406.296
Enel Italia Srl (5)	Italia	Other (*)	Assessments and projects	7.947.106	2.914.885
Enel Italia Srl (6)	Italia	Other (*)	Other services	713.694	463.400
Enel Italia Srl (3)	Italia	Other (*)	Other services	293.514	52.707
Enel Green Power Colombia S.A.S. (7)	Colombia	Other (*)	Energy purchase	5.089.653	525.231
Enel Green Power Colombia S.A.S. (8)	Colombia	Other (*)	Other services	24.111	1.717
Enel Generación Chile S.A. (9)	Chile	Other (*)	Other services	1.811.640	3.092.515
Enel Generación Chile S.A. (3)	Chile	Other (*)	Other services	407.954	195.043
Enel SPA (3)	Italia	Controlling	Other services	1.176.313	432.419
Enel Iberoamérica SRL (3)	España	Other (*)	Other services	1.100.182	739.059
C.G. Term. Fortaleza (3)	Brasil	Other (*)	Other services	901.726	740.797



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Enel Green Power Brasil Participações (3)	Brasil	Other (*)	Other services	722.931	745.735
Enel Global Trading SPA (10)	Italia	Other (*)	Other services	681.320	308.000
Enel Global Trading SPA	Italia	Other (*)	Other services	-	126.668
Cesi SPA (11)	Italia	Other (*)	Other services	400.534	1.113.248
Enel GI Th Generation SRL (3)	Italia	Other (*)	Other services	370.609	289.369
Enel GI Th Generation SRL (10)	Italia	Other (*)	Other services	369.686	200.686
Sociedad Portuaria Central Cartagena S.A. (12)	Colombia	Subsidiary	Other services	10.214	34.563
Enel Green Power SPA (13)	Italia	Other (*)	Other services	-	2.588.922
Enel Fortuna S.A.	Panamá	Other (*)	Other services	-	172.259
			<b>Total</b>	<b>\$ 226.662.717</b>	<b>\$ 189.108.090</b>

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

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

- (1) Corresponds to the cancellation of bills for the connection service between Grupo Energía Bogotá of the Tesalia substation (Quimbo) from October to December 2018.
- (2) Corresponds to the engineering services for the BEPP (Best Environmental Practice Project) and Life Extension projects of the Termozipa Power Plant.
- (3) Corresponds to the account payable of the costs of expatriate personnel from Spain, Italy, Brazil and Chile in Colombia.
- (4) Corresponds mainly to toll estimates, Regional Transmission System (STR), Local Distribution System (SDL) and energy billing for \$11,484,183, charges for Codensa service works for \$269,190 and accounts payable for other items for \$46,515.
- (5) The variation corresponds to the computer services provided during 2019 related to Digital Worker Transformation for \$1,117,453, Governance-E4E SAP Renewables for \$1,017,438, Global CKS-SAP-TAM-SYSTEM \$1,193,189, Online Monitoring and Infrastructure for \$626,660, Cyber Security-Digital Enebler Services for \$743,224, Intranet Applications and Global Travel for \$321,325.
- (6) Corresponds to the provision for Technical Fee.
- (7) The variation corresponds to the increase in the purchase of energy in 2019 compared to 2018 for \$4,564,422.  
As of 31 December 2019, the Company has energy purchase commitments with Enel Green Power Colombia S.A.S. for \$403,970,082, corresponding to the average committed energy of the El Paso Solar renewable energy generation plant.
- (8) Corresponds to the account payable for payroll and labour credits.
- (9) Corresponds to engineering services for power generation plants - Termozipa, environmental adaptation project and extension of useful life.
- (10) Corresponds to the provision by Technical Fee Energy Management for Trading and Generation for the technical services performed within the business group that respond to fundamentally strategic and operational needs.
- (11) Corresponds to the Engineering services under a framework agreement for the Muña and Central Paraíso reservoirs
- (12) Corresponds to balances of port service billings
- (13) The variation corresponds to the reversal of the provision for the concept of Technical Fee registered at the end of 2018.

Transactions with economic associates, effects through profit or loss:

Revenues/ Company	Transaction Type	As of 31 December 2019	As of 31 December 2018
Codensa S.A. E.S.P.	Sale of Energy	\$ 1.081.372.827	\$ 752.923.600
Codensa S.A. ESP	Financial revenues	1.467.623	297.791
Enel Green Power SPA	Other services	2.588.922	-
Sociedad Portuaria Central Cartagena S.A.	Operation and interest	407.838	175.214
Enel Green Power Colombia S.A.S.	Other services	375.266	362.399
Enel Produzione S.P.A.	Exchange difference	358.264	17.533
Enel Produzione S.P.A.	Other services	3.034	-

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Enel GL TH Generation	Other services	155.491	-
Enel GL TH Generation	Exchange difference	270	-
Enel Italia Srl	Exchange difference	135.537	-
Enel S.P.A.	Other services	100.375	73.002
Enel S.P.A.	Exchange difference	-	19.214
Enel Green Power Brasil Participações	Exchange difference	14.706	-
Enel Generación Chile S.A.	Exchange difference	46.059	-
Cesi SPA	Exchange difference	5.960	1.185
Enel Fortuna S.A.	Exchange difference	-	9.500
Enel Global Trading SPA	Exchange difference	-	8.003
		<b>\$ 1.087.032.172.</b>	<b>\$ 753.887.441</b>

<b>Costs and expenses / Company</b>	<b>Transaction Type</b>	<b>As of 31 December 2019</b>	<b>As of 31 December 2018</b>
Codensa S.A. E.S.P.	Transport of energy	\$ 147.804.789	\$ 138.382.874
Codensa S.A. E.S.P.	Other services	-	473.745
Enel Green Power Colombia S.A.S.	Other services	23.857.317	525.231
Enel Italia SRL	Other services	5.021.572	2.409.238
Enel Italia SRL	Exchange difference	25.864	27.818
Enel S.P.A.	Other services	1.668.630	840.878
Enel S.P.A.	Exchange difference	11.386	-
Enel GI Th Generation SRL	Other services	952.385	490.055
Enel GI Th Generation SRL	Exchange difference	2.964	-
Fundación Enel	Donations	842.195	1.126.699
Enel Iberoamérica SRL	Other services	818.356	115.256
Sociedad Portuaria Central Cartagena S.A.	Management and operation	708.840	663.512
Enel Global Trading SPA	Other services	679.997	543.977
Enel Global Trading SPA	Exchange difference	1.023	-
Cesi SPA	Other services	223.931	-
Cesi SPA	Exchange difference	10.063	35.949
Enel Fortuna	Other services	200.314	360.683
Enel Fortuna	Exchange difference	2.713	-
C.G. Term. Fortaleza	Other services	160.929	358.044
Enel Produzione S.P.A.	Exchange difference	137.140	36.529
Enel Produzione S.P.A.	Other services	-	993.438
Enel Generación Chile S.A.	Exchange difference	41.920	157.970
Enel Generación Chile S.A.	Other services	2.253	-
Grupo Energía Bogota	Other services	9.365	-
Enel Green Power SPA	Other services	-	2.350.561
Energía Nueva Energía Limpia México	Other services	-	843
Energía Nueva Energía Limpia México	Exchange difference	-	842
Endesa Energía S.A.	Exchange difference	-	52
		<b>\$ 183.183.946</b>	<b>\$ 149.894.194</b>

As of 31 December 2019, transactions between related parties have been carried out under conditions equivalent to transactions with mutual independence between parties (See Note 16 transfer pricing)

## Board of Directors and Key Management Personnel

### Board of Directors

The Company 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. 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.

The Board of Directors current as of 31 December 2019 was elected by the General Shareholders' Meeting in ordinary session held on 26 March 2019. The Company 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 appointment of the Secretary was approved in a meeting held on 24 April 2018.

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 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 26 March 2019.

(\*) Figure in full dollars.

According to minutes of the General Shareholders' Meeting number 102 held on 26 March 2019, the following Board of Directors were approved under the terms set out below.

Row	Principal	Alternate
First	Andrés Caldas Rico	Diana Marcela Jiménez
Second	Lucio Rubio Díaz	Fernando Gutiérrez Medina
Third	José Antonio Vargas Lleras	Michelle Di Murro
Fourth	Astrid Álvarez Hernández	Andrés Baracaldo Sarmiento
Fifth	Álvaro Villasante	Felipe Castilla Canales
Sixth	Luis Fernando Alarcón Mantilla	Rodrigo Galarza Naranjo
Seventh	Luisa Fernanda Lafaurie	María Paula Camacho

The composition of the Board of Directors is duly registered with the Bogota Chamber of Commerce.

The fees paid to the Board of Directors:

Third	As of 31 December 2019	As of 31 December 2018
Lafaurie Luisa Fernanda	\$ 44.792	\$ 37.414
Caldas Rico Andrés	44.792	33.907
Rubio Diaz Lucio	40.989	37.414
Vargas Lleras José Antonio	40.906	47.921
Villasante Losada Álvaro	37.705	17.539
Alarcón Mantilla Luis Fernando	29.502	40.588
Álvarez Hernández Gloria Astrid	22.095	19.875
Andres Baracaldo Sarmiento	15.382	-
Galarza Naranjo Rodrigo	15.290	6.579
Merizalde Arico Camila	10.603	16.227
Vivas Munar Diana Margarita	-	34.155
Di Murro Michele	-	3.633
Jiménez Rodríguez Diana Marcela	-	3.507
<b>Total overall</b>	<b>\$ 302.056</b>	<b>\$ 298.759</b>

## Key Management Personnel

Below is the list of Key Management personnel:

Name	Position	Period
Lucio Rubio Díaz	Country CEO	January – December
Bruno Riga	General Manager Emgesa	January – December
Marco Fragale	General Manager Emgesa	November – December
Michelle Di Murro	Administration, Finance and Control Manager	January – December

The remuneration earned by the Key Management personnel from 1 January to 31 December 2019 amounts to \$4,041,776. These remunerations include salaries and benefits in the short and long term (annual bonus for meeting objectives, loyalty bonus)

	As of 31 December 2018	As of 31 December 2017
Remunerations	\$ 2.505.015	\$ 1.915.567
Long-term benefits	1.096.305	831.279
Short-term benefits	440.456	393.285
	<b>\$ 4.041.776</b>	<b>\$ 3.140.131</b>

## Incentive plans for key management personnel

The Company has an annual bonus for its executives for fulfilling objectives. This bonus corresponds to a certain number of gross monthly payments

As of 31 December 2019, the Company does not have any share-based payment benefits for the Key Management personnel or any guarantees in their favour.

As of 31 December 2019, there are no indemnity payments for contract termination.

## 9. Net inventories

	As of 31 December 2019	As of 31 December 2018
Coal (1)	\$ 33.220.870	\$ 22.183.861
Fuel Oil (2)	31.098.817	29.957.788
Power elements and accessories, net (3)	17.899.936	13.410.177
<b>Total Inventories</b>	<b>\$ 82.219.623</b>	<b>\$ 65.551.826</b>

(1) Coal (Central Termozipa): As of 31 December 2019, the increase in the value of the coal inventory compared to 2018 corresponds mainly to the higher volume of purchases recorded during 2019 and the increase in prices that occurred during the first months of 2019 due to regulatory conditions (safety and environmental) in the mining sector that affected the supply and availability of coal.

(2) Fuel Oil (Central Cartagena): As of 31 December 2019, the increase in the value of the fuel oil inventory compared to 2018 corresponds mainly to the fact that in 2019 a replenishment of the stock was made to face the summer period, which started in December 2019.

The value of the inventories recognised as expense during the period corresponds to the consumption for the generation of energy. (See Note 22).

(3) Elements and accessories consist of:

	As of 31 December 2019	As of 31 December 2018
Spare parts and materials (a)	\$ 18.091.252	\$ 13.807.851
Provision of Materials (b)	(191.316)	(397.674)
<b>Total power elements and accessories, net</b>	<b>\$ 17.899.936</b>	<b>\$ 13.410.177</b>

(a) Spare parts and materials correspond to elements that will be used in the repairs and/or maintenance of the plants, according to the maintenance plan defined by the Company.

(b) As of 31 December 2019, an obsolescence provision is presented for \$364,889 corresponding to: \$245,252 for materials from hydroelectric power plants (Betania and Darío Valencia) and \$119,637 for materials from thermal power plants (Cartagena and Termozipa).

Additionally, a provision of \$158,531 is made corresponding to the Cartagena and Termozipa thermal power plants, the value of the provision for obsolescence is recognised in other fixed operating expenses.

As of 31 December 2019, the Company does not present inventories pledged to guarantee compliance with debts.

## 10. Investments in subsidiaries, joint ventures and associates

Article 2.1.2. of part 1 of book 2 of Decree 2420 of 2015 complemented by Decree 2496 of 2015 sets out the application of Art. 35 of Act 222, which indicates that the interests in subsidiaries must be recognised in the separated financial statements using the equity method. Under this guideline, the Company applied the equity method as of 2016. In January 2017, the amendment to IAS 28 became effective, which allows investments to be recognised using the equity method in the separate financial statements, eliminating the exception to IFRS that existed in the local framework with respect to the standards issued by the IASB. This also according to the defined policy (see Notes 3.2.3 and 3.2.4).

Below is the breakdown of the recognised investments:

Share Certificates	Economic Activity	Relationship	Common Shares	% Interest	Value 31/12/19	Value 31/12/18
Sociedad Portuaria Central Cartagena S.A.(1)	Port Services	Subsidiary	851.757	94,95%	\$ 9.150.247	\$ 9.044.889
					<b>\$ 9.150.247</b>	<b>\$ 9.044.889</b>

(1) The Company's Board of Directors in session No. 460 of 25 September 2018 authorised the capitalisation operation of Sociedad Portuaria Central Cartagena S.A. (SPCC) for \$8,391,460 (including the items of calculations of the amount to be capitalised on shares), in order to comply with concession agreement No. 006 of 2010 signed between SPCC and the ANI and its respective addendum signed in 2014 to ensure the logistics of the fuel that guarantees the reliability charge of the Cartagena Power Plant of the Company for the period 2019 to 2022.

The Company recorded a valuation for the calculation of the equity method in Sociedad Portuaria Central Cartagena for \$105.358 during 2019. Sociedad Portuaria Central Cartagena S.A. filed an application to transfer the investment schedule for two years on 1 November 2016 to the National Infrastructure Agency (ANI), in order to carry out alternative studies to replace the support of the Reliability Charge of the Cartagena Power Plant of the Company with liquid fuels.

As of 31 December 2019, the financial information of the subsidiary was:

Assets	\$	12.324.373
Liabilities		3.131.135
<b>Equity (*)</b>		<b>9.193.238</b>
<b>Total liabilities + equity</b>	<b>\$</b>	<b>12.324.373</b>
Revenues	\$	825.534
Costs and expenses		(704.089)
Financial results		36.956
Corporate and deferred taxes		(56.852)
<b>Net income</b>	<b>\$</b>	<b>101.549</b>

## 11. Net intangible assets other than capital gains

	As of 31 December 2019	As of 31 December 2018
Rights (1)	\$ 44.561.706	\$ 43.820.713
Development costs	1.596.805	2.412.498
Licences	4.330.182	6.641.500
Software (2)	36.454.551	20.945.478
Other identifiable intangible assets	19.592.303	5.462.638
<i>Constructions and work in progress</i>	19.427.334	5.215.185
<i>Other intangible resources</i>	164.969	247.453
<b>Net intangible assets</b>	<b>\$ 106.535.547</b>	<b>\$ 79.282.827</b>
<i>Cost</i>		
Rights (1)	\$ 86.547.141	83.322.027
Development costs	5.335.542	5.335.542
Licences	20.829.112	20.699.883
Software (2)	59.591.292	36.423.292
Other identifiable intangible assets	23.296.748	9.084.599
<i>Constructions and work in progress</i>	19.427.334	5.215.185
<i>Other intangible resources</i>	3.869.414	3.869.414
<b>Gross intangible assets</b>	<b>\$ 195.599.835</b>	<b>\$ 154.865.343</b>
<i>Amortisation</i>		
Rights (1)	\$ (41.985.435)	\$ (39.501.314)
Development costs	(3.738.737)	(2.923.044)
Licences	(16.498.930)	(14.058.383)
Software (2)	(23.136.741)	(15.477.814)
Other identifiable intangible assets	(3.704.445)	(3.621.961)
<b>Intangible assets accumulated amortisation</b>	<b>\$ (89.064.288)</b>	<b>\$ (75.582.516)</b>

- (1) The intangibles in rights include the disbursements to obtain the usufruct of the greater flow of useful water, coming from the Chingaza and Rio Blanco projects for production of the Pagua Power Plant, the amortisation is recognised by the straight-line method in a period of 50 years. The amortisation of the period corresponds to \$2,484,120.

In addition, this item classifies the legal stability premium for the El Quimbo. This premium has a useful life of 20 years according to the validity of the tax benefits. In 2019 it showed an increase for \$3,225,114.

- (2) The increase in 2019 corresponds to software associated with the projects: E4E (financial and accounting system) \$4,606,394; Control Room and Hydrology repository (energy monitoring and hydrological management) \$4,364,387; Bidding Strategy-Veliq stock (pricing and billing validation systems) \$2,608,058; Local S&S-system and remote control Rio Bogota \$2,149,857; DWT (central stops management portal) \$1,049,110; Coal Management and Cybersecurity (analysis of variables and central operating security) \$1,999,421; Allegro (development of liquid and coal contract management) \$827,368; Global operational (global homogenisation of processes) \$727,483; other corporate and commercial software for ICT projects, renewables and trading \$4,835,922.

Amortisation for 2019 corresponds to \$7,658,927.

**Emgesa S.A. E.S.P.**  
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The composition and movements of the intangible asset are as follows:

					Other identifiable intangible assets		
	Development costs	Rights	Licenses	Software	Constructions and Works in progress	Other intangible resources	Intangible assets
<b>Initial balance 31/Dec/17</b>	\$ 3.406.634	\$ 46.304.834	\$ 9.207.658	\$ 9.262.531	\$ 5.266.910	\$ 329.937	\$ 73.778.504
<b>Movements in intangible assets 2018</b>							
Additions	-	-	-	-	15.182.177	-	15.182.177
Transfers	-	-	-	15.233.902	(15.233.902)	-	-
Amortisation	(994.136)	(2.484.121)	(2.566.158)	(3.550.955)	-	(82.484)	(9.677.854)
<b>Total movements in identifiable intangible asset</b>	(994.136)	(2.484.121)	(2.566.158)	11.682.947	(51.725)	(82.484)	5.504.323
<b>Final balance 31/Dec/18</b>	\$ 2.412.498	\$ 43.820.713	\$ 6.641.500	\$ 20.945.478	\$ 5.215.185	\$ 247.453	\$ 79.282.827
<b>Movements in intangible assets 2019</b>							
Additions (a)	-	-	-	-	40.734.492	-	40.734.492
Transfers	-	3.225.114	129.229	23.168.000	(26.522.343)	-	-
Amortisation	(815.693)	(2.484.121)	(2.440.547)	(7.658.927)	-	(82.484)	(13.481.772)
<b>Total movements in identifiable intangible asset</b>	(815.693)	740.993	(2.311.318)	15.509.073	14.212.149	(82.484)	27.252.720
<b>Final balance 31/12/2019</b>	\$ 1.596.805	\$ 44.561.706	\$ 4.330.182	\$ 36.454.551	\$ 19.427.334	\$ 164.969	\$ 106.535.547

(\*) As of December 2019, additions were registered for \$40,734,492, corresponding to: compensation plan for water rights CAR for \$16,166,382; E4E (financial and accounting system) for \$4,606,394; Quimbo legal stability premium for \$3,225,114; EM Control Room analyses (energy and gas monitoring centre) for \$2,040,249; INGEN and Local system Colombia (development of new solutions) for \$1,824,911; Bidding Strategy (pricing support system) for \$1,462,125; Local S&S and telecontrol Rio Bogota for \$1,242,659; Vliq stock (system for market billing validations) for \$1,145,933; DWT (central stops management portal) for \$1,049,110; Hydrology repository (hydrological information management system) for \$1,018,199; Cybersecurity (core operational security) for \$949,945; ANS SAP (application management) for \$780,329; Governance (centralisation of SAP ERP platforms) for \$454,394; Coal Management and Mape (conversion development and analysis of variables) for \$379,328; energy management (developments in the energy management module) for \$370,516; Allegro (development of liquid and coal contract management) for \$322,201; other corporate and commercial software for ICT projects, renewables and trading \$3,696,703.

As of 31 December 2019, the Company has no intangible assets with ownership restrictions or loan guarantees.

As of 31 December 2019, there are no acquisition commitments in intangible assets through official subsidy.

## 12. Net Property, Plant and Equipment

	As of 31 December 2019	As of 31 December 2018
Plants and equipment	\$ 7.499.647.231	\$ 7.401.427.277
<i>Hydroelectric power plants</i>	6.906.067.769	6.864.184.366
<i>Thermoelectric power plants</i>	593.579.462	537.242.911
Construction in progress (1)	285.060.839	305.948.913
Land	268.948.319	268.904.705
Buildings	50.586.126	48.635.465
Fixed installations and others	14.768.288	12.389.337
<i>Fixed installations and accessories</i>	6.820.626	5.687.807
<i>Other installations</i>	7.947.662	6.701.530
Finance leases (2)	11.910.825	4.085.524
Fixed installations and others	1.119.863	-
Assets for use IFRS 16	10.790.962	-
<i>Buildings</i>	4.841.529	-
<i>Fixed installations and others (Vehicles)</i>	5.949.433	-

**Emgesa S.A. E.S.P.**  
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	As of 31 December 2019		As of 31 December 2018	
	\$	8.130.921.628	\$	8.041.391.221
<b>Net property, plant and equipment</b>				
<i>Cost</i>				
Plants and equipment		10.920.730.048		10.641.568.883
<i>Hydroelectric power plants</i>		9.933.277.555		9.737.522.997
<i>Thermoelectric power plants</i>		987.452.493		904.045.886
Construction in progress		285.060.839		305.948.913
Land		268.948.319		268.904.705
Buildings		94.681.947		83.539.617
Fixed installations and others		76.665.848		72.637.590
<i>Fixed installations and accessories</i>		32.260.879		30.952.492
<i>Other installations</i>		44.404.969		41.685.098
Finance leases (2)		19.301.956		7.644.775
Fixed installations and others		3.788.344		-
Assets for use IFRS 16		15.513.612		-
<i>Buildings</i>		6.307.350		-
<i>Fixed installations and others (Vehicles)</i>		9.206.262		-
<b>Gross property, plant and equipment</b>	<b>\$</b>	<b>11.665.388.957</b>	<b>\$</b>	<b>11.380.244.483</b>
<i>Depreciation</i>				
Plants and equipment (*)		(3.421.082.817)		(3.240.141.606)
<i>Hydroelectric power plants</i>		(3.027.209.786)		(2.873.338.631)
<i>Thermoelectric power plants</i>		(393.873.031)		(366.802.975)
Fixed installations and others		(61.897.560)		(60.248.253)
Fixed installations and accessories		(25.440.253)		(25.264.685)
Other installations		(36.457.307)		(34.983.568)
Buildings		(44.095.821)		(34.904.152)
Finance leases (2)		(7.391.131)		(3.559.251)
Fixed installations and others		(2.668.481)		-
Assets for use IFRS 16		(4.722.650)		-
<i>Buildings</i>		(1.465.821)		-
<i>Fixed installations and others (Vehicles)</i>		(3.256.829)		-
<b>Accumulated depreciation</b>	<b>\$</b>	<b>(3.534.467.329)</b>	<b>\$</b>	<b>( 3.338.853.262)</b>

(\*) The depreciation of flooded land is included in the depreciation of plants and equipment

- (1) Corresponds to the investments made by the Company as of 31 December 2019, in the different plants. The main assets under construction correspond to improvements, replacements and modernisations in the thermal and hydroelectric power plants. The main projects underway in 2018 are: Life extension project and Beep Others of Termozipa; recovery of civil structures and additional works, galleries and Quimbo dam; recovery of stators unit 5 and modernisation of Guavio regulators; Telecontrol Cadena Rio Bogota system of central power plant Guaca.

Plant	As of 31 December 2019		As of 31 December 2018	
	\$		\$	
CC-Termozipa	\$	202.815.021	\$	175.428.210
CH-Quimbo		41.391.074		104.948.164
CH-Guavio		14.091.185		2.311.832
CH-Pagua ( Guaca -Paráiso)		10.980.394		1.517.316
CH-minor power plants Rio Bogotá		8.430.387		8.660.317
CF-Cartagena		3.468.897		3.071.116
Other investments		2.563.219		3.244.812
CH-Betania		1.320.662		6.767.146
<b>Total constructions in progress</b>	<b>\$</b>	<b>285.060.839</b>	<b>\$</b>	<b>305.948.913</b>

CH- Hydroelectric Power Plant

CC- Coal Power Plant

CF- Fuel Oil Power Plant



**Emgesa S.A. E.S.P.**  
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The composition and movements of the item property, plant and equipment is:

Movement in property, plant and equipment as of 31 December 2019	Plants and Equipment				Fixed Installations and accessories			Finance leases	Property, Plant and Equipment
	Construction in progress	Land	Buildings	Hydroelectric Power Plants	Thermoelectric Power Plants	Fixed Installations and accessories	Other Installations		
<b>Initial balance 31/Dec/2017</b>	<b>\$ 204.451.802</b>	<b>\$ 268.950.793</b>	<b>\$ 42.607.220</b>	<b>\$ 6.909.746.475</b>	<b>\$ 502.643.324</b>	<b>\$ 6.611.659</b>	<b>\$ 7.084.898</b>	<b>\$ 5.416.218</b>	<b>\$ 7.947.512.389</b>
<b>Movement in property, plant and equipment</b>									
Additions	307.332.378	-	-	-	-	-	-	-	307.332.378
Transfers	(205.835.267)	-	7.652.954	112.179.600	83.909.694	-	1.782.360	310.659	-
Withdrawals	-	(46.088)	-	(2.154.576)	(4.467.105)	(18.757)	(4.987)	(170.290)	(6.861.803)
Depreciation expense	-	-	(1.624.709)	(155.587.133)	(44.843.002)	(905.095)	(2.160.741)	(1.471.063)	(206.591.743)
Total movements	101.497.111	(46.088)	6.028.245	(45.562.109)	34.599.587	(923.852)	(383.368)	(1.330.694)	93.878.832
<b>Final balance 31/Dec/18</b>	<b>\$ 305.948.913</b>	<b>\$ 268.904.705</b>	<b>\$ 48.635.465</b>	<b>\$ 6.864.184.366</b>	<b>\$ 537.242.911</b>	<b>\$ 5.687.807</b>	<b>\$ 6.701.530</b>	<b>\$ 4.085.524</b>	<b>\$ 8.041.391.221</b>
<b>Movement in property, plant and equipment 2019</b>									
Additions (a)	307.465.761	-	-	-	-	-	-	-	307.465.761
Transfers (b)	(328.353.835)	281.046	11.142.330	202.621.006	108.920.938	2.030.401	3.358.114	-	-
Withdrawals (c)	-	(237.432)	-	(1.564.009)	(1.495.373)	(47.772)	-	(1.546.435)	(4.891.021)
Depreciation expense	-	-	(9.191.669)	(159.173.594)	(51.089.014)	(849.810)	(2.111.982)	(6.141.876)	(228.557.945)
Other increases (decreases)	-	-	-	-	-	-	-	15.513.612	15.513.612
<b>Total movements</b>	<b>(20.888.074)</b>	<b>43.614</b>	<b>1.950.661</b>	<b>41.883.403</b>	<b>56.336.551</b>	<b>1.132.819</b>	<b>1.246.132</b>	<b>7.825.301</b>	<b>89.530.407</b>
<b>Final Balance 31/12/19</b>	<b>\$ 285.060.839</b>	<b>\$ 268.948.319</b>	<b>\$ 50.586.126</b>	<b>\$ 6.906.067.769</b>	<b>\$ 593.579.462</b>	<b>\$ 6.820.626</b>	<b>\$ 7.947.662</b>	<b>\$ 11.910.825</b>	<b>\$ 8.130.921.628</b>

(a) As of December 31, additions to property, plant and equipment correspond to investments made in the adaptation, modernisation, expansion, improvements in efficiency and service quality in the different plants. The most important of the period are the following:

Plant	Projects	1 January to 31 December 2019
CC – Termozipa	Acquisition of electromechanical equipment, Life Extension Project and Beep Others environmental improvement.	\$ 132.417.599
CH – Quimbo	Recovery of civil structures. Necessary works were executed to improve the performance of the civil works of the reservoir, as well as to meet additional works and commitments derived from environmental obligations generated during the construction of the plant.	101.037.245
Centrales Menores (Rio Bogotá)	Recovery windings stators and excitation systems unit 1-2; overhaul unit 3 Laguneta, central automation and telecontrol, recovery of central runners; recovery of Muña III coils, acquisition of electromechanical equipment and recovery of structures.	20.545.404
CH – Guavio	Stator unit 5 Guavio plant, modernisation of the excitation system, speed regulators, recovery of turbines and central impellers, Guavio civil works and energy and electromechanical equipment.	18.443.397
CH-Guaca	Telecontrol automation and central data processing centre; Guaca and Paradise stator windings; odour management and central lifting system Paraiso.	12.114.447
CH – Betania	Reinforcement of tailings dams and recovery of needles and shells; turbine pits recovery; excitation systems units 1 and 2, central automation and telecontrol; acquisition of electromechanical equipment and recovery of structures.	10.736.489
Otras inversiones	Movable assets and civil works in Hydroelectric and thermal power plants; computer and communication equipment.	6.383.923
CF - Cartagena	Unit 3 turbine assembly system, steam generator systems and fan systems, recovery of civil structures, plant equipment improvements. Acquisition of energy and electromechanical equipment.	5.787.257
<b>Total</b>		<b>\$ 307.465.761</b>

CH- Hydroelectric Power Plant      CC- Coal Power Plant      CF- Fuel Oil Power Plant

(b) As of 31 December 2019, the transfers of assets from course to operation were carried out at the following plants, corresponding to improvements in equipment, overhaul and upgrades to improve plant performance, reliability and efficiency

**From 1 January to 31 December 2019**

<b>Plant</b>	<b>Total activation</b>
CH- Quimbo	158.548.169
CC – Termozipa	102.657.210
Otras Inversiones	16.811.891
CH – Betania	14.878.923
CH - Centrales Menores (Rio Bogotá)	9.055.289
CH – Guavio	7.641.381
CH-Tequendama	6.806.525
CF – Cartagena	6.263.728
CH-Dario Valencia	3.294.875
CH-Guaca	2.395.844
<b>Total</b>	<b>328.353.835</b>

CH- Hydroelectric Power Plant

CC- Coal Power Plant

CF- Fuel Oil Power Plant

(c) As of 31 December 2019, losses for \$4,891,021 are made corresponding to hydroelectric power plants, \$1,564,009; vehicle lease, \$1,546,435; thermal power plants, \$1,495,373; hydraulic power plant properties, \$237,432; fixed installations and accessories and other installations, \$47,772.

As of 31 December, the Company has no property, plant and equipment with any restrictions or loan guarantees.

As of 31 December, the Company presents the units available for generation in operation, in the hydraulic and thermal power plants.

**(2) Finance Lease**

They correspond to the lease agreements of vehicles established mainly with Transportes Especializados JR S.A.S. to support the Company's operation, as well as buildings for the Company offices with Free-Standing Trust Funds Fiduciaria Bogotá.

The average term of the agreements is between 16 and 65 months, during which period the recognised assets are amortised.

Regarding the vehicle fleet, 88% of it is contracted with Transportes Especiales FSG and 4% with Compañía Naviera del Guavio Ltda., which will be amortised in a maximum term of 25 instalments.

On the other hand, the balance of buildings corresponds 71% to the contract with Free-Standing Trust Funds Fiduciaria Bogotá and 24% to the contract with Caldwell Management S.A.S. which will be amortised in a maximum term of 53 instalments.

The present value of the future payments derived from these contracts are as follows:

<b>Minimum Payments for leases, obligations for finance leases</b>	<b>As of 31 December 2019</b>			<b>As of 31 December 2018</b>		
	<b>Gross</b>	<b>Interest</b>	<b>Present value</b>	<b>Gross</b>	<b>Interest</b>	<b>Present value</b>
Less than one year	\$ 5.495.137	\$ 648.077	\$ 4.847.060	\$ 2.300.178	\$ 161.951	\$ 2.138.227
Over one year but less than five years	7.229.652	526.391	6.703.261	194.827	21.809	173.018
<b>Total</b>	<b>\$ 12.724.789</b>	<b>\$ 1.174.468</b>	<b>\$ 11.550.321</b>	<b>\$ 2.495.005</b>	<b>\$ 183.760</b>	<b>\$ 2.311.245</b>

**Operating Lease**

The income statements as of 31 December 2019 and 2018, include \$254.932 and \$2.983.046, respectively, corresponding to the payment of operating leases, including:

<b>Administrative offices</b>	<b>Start date</b>	<b>End date</b>	<b>Purchase option</b>
Premises cafeteria 82-Zona E	jan-19	dec-19	No
Cali office	apr-19	mar-20	No

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These contracts are adjusted annually based on the Consumer Price Index (CPI), applying for Zona E a rate of CPI + 1.5 points.

As of 31 December 2019, future payments arising from these contracts are as follows:

Minimum future payments for non-payable leases, Lessees	As of 31 December 2019	As of 31 December 2018
Less than one year (*)	\$ 10.800	\$ 929.325
Over one year but less than five years (*)	-	1.071.600
	<b>\$ 10.800</b>	<b>\$ 2.000.925</b>

(\*) VAT no included.

### Insurance Policies

Below are the policies for the protection of Company property:

Insured property	Insured property	Insured value (Figures in thousands)	Maturity	Insurance company
	Non-contractual civil liability	USD\$20.000	1/11/2020	Axa Colpatria
	Non-contractual civil liability (tier of USD 200 million in excess of USD 20 million)	USD\$200.000	1/11/2020	Mapfre Seguros Colombia
Company assets	Non-contractual civil liability (tier of EUR 300 million in excess of EUR 200 million)	€ 300.000	1/11/2020	Mapfre Seguros Colombia
	Environmental civil liability	USD 11.323	31/10/2020	Chubb Seguros
Civil works, equipment, contents, stores and loss of profit	All risk material damage, earthquake, seaquake HMAAC – AMIT, loss of profit and machinery breakdown	€ 1.000.000	31/10/2020	Mapfre Seguros Colombia
Vehicles	Non-contractual civil liability	\$600.000 por vehiculo	02/01/2020	Seguros Mundial
Goods	Transport of goods	\$5.000.000 por despacho	31/07/2020	HDI Seguros S.A.

(\*) The Company's policy agreements are executed in dollars and euros

Compensations received as of 31 December 2019 for casualties are as follows:

Casualty	Date of claim	Insurer	Protection affected	Value of claim
Quimbo (1)	01/06/2016	Mapfre	Property Damage	\$ 9.662.648
Quimbo (1)	01/06/2016	Mapfre	Loss of profits	6.347.402
Total				\$ 16.010.050

(1) This claim occurred in 2016 and was compensated by the insurer in 2019.

### 13. Other financial liabilities

	As of 31 December 2019			As of 31 December 2018		
	Current		Non-current	Current		Non-current
	Capital	Interest		Capital	Interest	
Bonds issued (1)	\$ 241.043.837	\$ 78.740.276	\$ 2.681.981.368	\$ 596.874.317	\$ 82.726.065	\$ 2.922.005.893
Lease obligations (2)	4.836.045	11.005	6.703.275	2.138.228	-	173.018
Derivatives (3)	4.560.865	-	-	1.922.833	-	-
Securitisation (4)	-	-	-	47.669.218	-	-
Club Deal (5)	-	-	-	30.000.000	313.620	120.000.000
	<b>\$ 250.440.747</b>	<b>\$ 78.751.281</b>	<b>\$ 2.688.684.643</b>	<b>\$ 678.604.596</b>	<b>\$ 83.039.685</b>	<b>\$ 3.042.178.911</b>

(1) As of 31 December 2019 the variation corresponds mainly to:

- Payment of B10-09 bonds for \$160,060,000 and B3-16 bonds for \$234,870,000, both tranches matured on 11 February 2019.
- Payment of B6-13 Quimbo bonds for \$152,530,000 and B6-13 Emgesa bonds for \$49,440,000, both tranches matured on 11 September 2019.

In financial debt, the Company has seven (7) bond issues in the local market under the Company's bond issuance and placement programme and one (1) bond issue in the international market.

The main financial characteristics of the bonds issued since 2005 and in force as of 31 December 2019 are as follows:

### **Company Issue and Placement Programme for the Local Market**

The Company has a bond issue and placement programme that allows it to issue successive issues of such securities under the global quota that is authorised and available, and during the period of validity thereof. As of December 31, 2018, the Company had offered and placed eight (8) bond issues (also referred to as "Tranches" in accordance with the terminology set forth in the programme prospectus) charged to the programme, which were in effect at the date mentioned, except for the first tranche for \$170,000,000 which expired on 20 February 2017. All issues of bonds under the Company's Programme are rated AAA (Triple A) by Fitch Ratings Colombia S.C.V., and are dematerialised under the management of Deceval S.A. There were no bond issues in 2019.

The following describes the general financial conditions of the Company's bond issue and placement programme in the local market:

<b>Class of title</b>	<b>Regular bonds</b>
Financial Superintendence initial approval	Resolution No. 1235 of 18 July 2006
Global amount initially approved	\$700,000,000
Approval of 1st amount expansion and term extension:	Resolution No. 0833 of 16 June 2009
First increase to the authorised global amount:	In an additional \$ 1,200,000,000
1st term extension	Until 26 June 2012
Approval of the 2nd term extension:	Resolution No. 1004 of 29 June 2012
2nd placement term extension	Until 18 July 2015
Second increase to the authorised global amount:	In an additional \$ 850,000,000
Approval of the 3rd placement amount increase:	Resolution No. 1980 of 6 November 2014
Third increase to the authorised global amount:	In an additional \$ 315,000,000
Approval of 4th amount expansion and term extension:	Resolution No. 1235 of 8 September 2015.
Fourth increase to the authorised global amount:	In an additional \$ 650,000,000
Third placement term extension:	Until 14 September 2018
Inclusion of commercial papers in the programme:	Resolution No. 0173 of 13 February 2018
Approval of extension of the quota and extension of the term of placement:	Resolution No. 1193 of 13 September 2018
Fifth increase to the Authorised Global Quota: In additional \$685,000,000	At an additional \$685,000,000
Fourth extension to the term of placement: Until 1 October 2021	Until 1 October 2021
Total authorised global amount as of 31 Dec 2019	\$4,400,000,000
Amount issued under the programme as of 31 Dec 2019	\$3,315,000,000
Global amount available as of 31 Dec 2019:	\$1,085,000,000
Management	Deceval S.A.

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The Company has issued 8 tranches under the above programme, as follows:

**First Tranche:**

Total value placed:	\$170,000,000
Balance as of 31 December 2019:	Sub-series B10: \$0
Nominal value per bond:	\$10,000
Issue term:	10 years
Issue date:	20 February 2007
Maturity date:	20 February 2017
Coupon rate:	CPI + 5.15% E.A.

On 20 February 2017, the payment for maturity of the bonds of the B10 Sub-series for \$170,000,000 was made.

**Second Tranche:**

	\$265,000,000, as follows:	
Total value placed:	Sub-serie A5:	\$ 49.440.000
	Sub serie B10:	\$160.060.000
	Sub serie B15:	\$ 55.500.000
Balance as of 31 December 2019:		\$55.500.000
Nominal value per bond:		\$10.000
Issue term:	Sub-series A5: 5 years	
	Sub-series B10: 10 years	
	Sub-series B15: 15 years	
Issue date:	11 February 2009, for all sub-series	
	Sub-series A5:	11 February 2014
Maturity date:	Sub-series B10:	11 February 2019
	Sub-series B15:	11 February 2024
	Sub-series A5:	DTF A.R. + 1.47%
Coupon rate:	Sub-series B10:	CPI + 5.78% E.A.
	Sub-series B15:	CPI + 6.09% E.A.

On 11 February 2014, \$49,440,000 was paid upon maturity of the Subseries A5 bonds.

On 11 February 2019, \$160,060,000 was paid upon maturity of the Sub-series B10 bonds.

**Third Tranche:**

	\$400,000,000, as follows:	
Total value placed:	Sub-serie E5:	\$ 92.220.000
	Sub-serie B9:	\$218.200.000
	Sub-serie B12:	\$ 89.580.000
Balance as of 31 December 2019:		\$89,580,000
Nominal value per bond:		\$10,000
Issue term:	Sub-series E5: 5 years	
	Sub-series B9: 9 years	
	Sub-series B12: 12 years	
Issue date:	2 July 2009 for all subseries	
	Subseries E5:	2 July 2014
Maturity date:	Subseries B9:	2 July 2018
	Subseries B12:	2 July 2021

	Subseries E5: Fixed-Rate 9,27% E.A.
Coupon rate:	Subseries B9: CPI + 5.90% E.A.
	Subseries B12: CPI + 6.10% E.A.

On 2 July 2014, \$92,220,000 was paid upon maturity of the subseries E5 bonds.

On 2 July 2018, \$218,200,000 was paid upon maturity of the subseries B9 bonds.

**Fourth Tranche:**

	\$500,000,000, as follows:	
Total value placed:	Sub-serie B10:	\$ 300.000.000
	Sub-serie B15:	\$ 200.000.000
Costs of transaction as of 31 December 2019:		\$266,043
Balance as of 31 December 2019:		\$499,733.957
Nominal value per bond:		\$10,000
Issue term:	Subseries B10: 10 years	
	Subseries B15: 15 years	
Issue date:		13 December 2012
Maturity date:	Subseries B10: 13 December 2022	
	Subseries B15: 13 December 2027	
	Subseries B10: CPI + 3.52% E.A.	
Coupon rate:	Subseries B15: CPI + 3.64% E.A.	

**Fifth Tranche:**

	\$565,000,000, as follows:	
Total value placed:	Sub-serie B6:	\$201.970.000
	Sub-serie B12:	\$363.030.000
Costs of transaction as of 31 December 2019:		\$201.705
Balance as of 31 December 2019:		\$362.828.294
Nominal value per bond:		\$10.000
Issue term:	Subseries B6: 6 years	
	Subseries B12: 12 years	
Issue date:		11 September 2013
Maturity date:	Subseries B6: 11 September 2019	
	Subseries B12: 11 September 2025	
	Subseries B6: CPI + 4.25% E.A.	
Coupon rate:	Subseries B12: CPI + 5.00% E.A.	

On 11 September 2019, \$201,970,000 was paid upon maturity of the subseries B6 bonds.

**Sixth Tranche:**

	\$590,000,000, as follows:	
Total value placed:	Sub-serie B6:	\$241.070.000
	Sub-serie B10:	\$186.430.000
	Sub-serie B16:	\$162.500.000
Costs of transaction as of 31 December 2019:		\$280.161
Balance as of 31 December 2019:		\$589.719.839
Nominal value per bond:		\$10.000

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Issue term:	Subseries B6: 6 years Subseries B10: 10 years Subseries B16: 16 years
Issue date:	16 May 2014
Maturity date:	Subseries B6: 16 May 2020 Subseries B10: 16 May 2024 Subseries B16: 16 May 2030
Coupon rate:	Subseries B6: CPI + 3.42% E.A. Subseries B10: CPI + 3.83% E.A. Subseries B16: CPI + 4.15% E.A.

**Seventh Tranche:**

	\$525,000,000, as follows:
Total value placed:	Sub-series B3: \$234.870.000 Sub-series B7: \$290.130.000
Costs of transaction as of 31 December 2019:	\$194.034
Balance as of 31 December 2019:	\$289.935.966
Nominal value per bond:	\$10.000
Issue term:	Subseries B3: 3 years Subseries B7: 7 years
Issue date:	11 February 2016 Subseries B3: 11 February 2019
Maturity date:	Subseries B7: 11 February 2023
Coupon rate:	Subseries B3: CPI + 3.49% E.A. Subseries B7: CPI + 4.69% E.A.

On 11 February 2019, \$234,870,000 was paid upon maturity of the Sub-series B3 bonds.

**Eighth Tranche (\*):**

Total value placed:	\$300,000,000 as follows: Sub-series E6: \$300.000.000
Costs of transaction as of 31 December 2019:	\$220.087
Balance as of 31 December 2019:	\$299.779.913
Nominal value per bond:	\$10.000
Issue term:	Subseries E6: 6 years
Issue date:	27 September 2016 Subseries E6: 27 September 2022
Maturity date:	
Coupon rate:	Subseries E6: 7.59% E.A.

## Global International Bonds in Pesos

On 20 January 2011, the Company placed its first bond issue in the international capital market for \$ 736,760,000, within 10 years. The bonds issued by the Company are denominated in pesos and payable in dollars.

In accordance with to the Offering Memorandum, the Company paid the interest in 2018 at a final rate of 9.11 %.

The operation is part of the financial structure of the El Quimbo hydroelectric project and allowed to obtain pre-financing resources from the project needs for 2011 and part of 2012 and to refinance other financial obligations.

Registration form	144 A/ Reg S
Total value of the issue in pesos	\$736.760.000
Transaction costs as of 31 December 2019	\$812.763
Balance as of 31 December 2019	\$735.947.236
Use of funds	Financing of new projects such as The Quimbo and refinancing of other finances, in addition to other general uses of the Company.
Nominal value	\$5,000 each bond
Term	10 years, with amortisation upon maturity.
Interest frequency	Annual
Day count	365/365
Issue Manager, payment agent, calculation and transfer agent	The Bank of New York Mellon
Yield	8.75% E.A.
International rating	BBB (stable) by Fitch Ratings and Standard & Poor's

The detail of the debt bond obligations as of 31 December 2019 is as follows:

Description	EA Rate	Current			Non-current						Total non-current	
		Less than 90 days	Over 90 days	Total current e	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 10 years	Over 10 years		
Second Tranche Programme B104-15	10%	\$ 759.897	\$ -	\$ 759.897	\$ -	\$ -	\$ -	\$ 55.500.000	\$ -	\$ -	\$ -	\$ 55.500.000
Third Tranche Programme B105-12	10%	2.190.614	-	2.190.614	89.580.000	-	-	-	-	-	-	89.580.000
Outside bond Z47	9%	7.663.755	-	7.663.755	89.187.236	-	-	-	-	-	-	89.187.236
Outside bond Z58	9%	55.073.450	-	55.073.450	646.760.000	-	-	-	-	-	-	646.760.000
Fourth Tranche Programme B10	7%	1.138.935	-	1.138.935	-	299.875.611	-	-	-	-	-	299.875.611
Fourth Tranche Programme B15	7%	771.567	-	771.567	-	-	-	-	199.858.346	-	-	199.858.346
Fifth Tranche Programme B12	8%	1.825.734	-	1.825.734	-	-	-	-	362.828.294	-	-	362.828.294
Sixth Tranche Programme B16	8%	1.620.369	-	1.620.369	-	-	-	-	-	162.372.823	-	162.372.823
Sixth Tranche Programme B10	7%	1.785.254	-	1.785.254	-	-	-	186.303.179	-	-	-	186.303.179
Sixth Tranche Programme B6-2	7%	1.188.543	131.052.879	132.241.422	-	-	-	-	-	-	-	-
Sixth Tranche Programme B6-14	7%	997.480	109.990.958	110.988.438	-	-	-	-	-	-	-	-
Seventh Tranche Programme B-7	8%	3.421.399	-	3.421.399	-	-	289.935.966	-	-	-	-	289.935.966
Eighth Tranche Programme E6	8%	303.279	-	303.279	-	299.779.913	-	-	-	-	-	299.779.913
Total bonds		\$ 78.740.276	\$ 241.043.837	\$ 319.784.113	\$ 825.527.236	\$ 599.655.524	\$ 289.935.966	\$ 241.803.179	\$ 562.686.640	\$ 162.372.823	\$ 2.681.981.368	

The detail of the obligations for debt bonds as of 31 December 2018 is as follows:

Description	EA Rate	Current			Non-current						Total non-current	
		Less than 90 days	Over 90 days	Total current e	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 10 years	Over 10 years		
Second Tranche Programme B104-10	9%	\$ 162.058.441	\$ -	\$ 162.058.441	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Second Tranche Programme B104-15	10%	716.178	-	716.178	-	-	-	-	55.500.000	-	-	55.500.000
Third Tranche Programme B105-12	10%	2.064.704	-	2.064.704	-	89.580.000	-	-	-	-	-	89.580.000
Outside bond Z47	9%	7.663.755	-	7.663.755	-	90.000.000	-	-	-	-	-	90.000.000
Outside bond Z58	9%	55.073.450	-	55.073.450	-	645.210.343	-	-	-	-	-	645.210.343
Fourth Tranche Programme B10	7%	1.051.333	-	1,051,333	-	-	299,840,710	-	-	-	-	299,840,710
Fourth Tranche Programme B15	7%	713.176	-	713.176	-	-	-	-	199.844.996	-	-	199.844.996



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Fifth Tranche Programme B12	8%	1.708.117	-	1.708.117	-	-	-	-	362.801.451	-	362.801.451
Fifth Tranche Programme B6-1	8%	653.545	152.510.681	153.164.226	-	-	-	-	-	-	-
Fifth Tranche Programme B6-2	8%	211.836	49.433.636	49.645.472	-	-	-	-	-	-	-
Sixth Tranche Programme B16	8%	1.505.481	-	1.505.481	-	-	-	-	-	162.364.060	162.364.060
Sixth Tranche Programme B10	7%	1.653.541	-	1.653.541	-	-	-	-	186.281.811	-	186.281.811
Sixth Tranche Programme B6-2	7%	1.096.073	-	1.096.073	131.025.339	-	-	-	-	-	131.025.339
Sixth Tranche Programme B6-1	7%	919.875	-	919.875	109.965.973	-	-	-	-	-	109.965.973
Seventh Tranche Programme B-3	7%	237.068.812	-	237.068.812	-	-	-	-	-	-	-
Seventh Tranche Programme B-7	8%	3.194.464	-	3.194.464	-	-	-	289.879.442	-	-	289.879.442
Eighth Tranche Programme E6	8%	303.284	-	303.284	-	-	299.711.768	-	-	-	299.711.768
<b>Total bonds</b>		<b>\$ 477.656.065</b>	<b>\$ 201.944.317</b>	<b>\$ 679.600.382</b>	<b>\$ 240.991.312</b>	<b>\$ 824.790.343</b>	<b>\$ 599.552.478</b>	<b>\$ 289.879.442</b>	<b>\$ 804.428.258</b>	<b>\$ 162.364.060</b>	<b>\$ 2.922.005.893</b>

- (2) The increase in lease obligations as of 31 December 2019 corresponds mainly to the recognition of the liability resulting from the adoption of IFRS 16 Leases, as follows:

	As of 31 December 2019	
	Current	Non-current
<b>Contracts IFRS 16 adoption</b>	<b>\$ 1.725.069</b>	<b>\$ 3.385.423</b>
Buildings	1.407.004	3.385.423
Fixed installations and others (Means of transport)	318.065	-
<b>Contracts signed from January to December 2019 (*)</b>	<b>\$ 2.857.206</b>	<b>\$ 3.269.454</b>
Buildings	102.715	83.207
Fixed installations and others (Means of transport)	2.754.491	3.186.247
<b>Total lease liabilities IFRS 16</b>	<b>\$ 4.582.275</b>	<b>\$ 6.654.877</b>

Effective annual rates of the above contracts range from 6.74% to 13.25%.

The financial expense corresponding to the amortisation of the lease agreements signed between 1 January 2019 and 31 December 2019 is \$422,867.

(\*) In buildings, the most significant contract is with Free-Standing Trust Fund Fiduciaria Bogotá for \$3,545,393, and, in means of transport, leases with Transportes Especiales FSG for \$5,773,469.

The detail of the commercial lease obligations as of 31 December 2019 other than IFRS 16 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	8%	Fixed	\$ 15.256	\$ 31.447	\$ 46.703	\$ -	\$ -
Mareauto Colombia S.A.S	12%	Fixed	74.105	143.967	218.072	48.398	48.398
<b>Total leases</b>			<b>\$ 89.361</b>	<b>\$ 175.414</b>	<b>\$ 264.775</b>	<b>\$ 48.398</b>	<b>\$ 48.398</b>

The detail of the commercial lease obligations as of 31 December 2018 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	8%	Fixed	\$ 183.333	\$ 570.079	\$ 753.412	\$ 46.702	\$ 46.702
Mareauto Colombia S.A.S	12%	Fixed	61.037	191.013	252.050	126.316	126.316
Transportes Especializados JR S.A.S.	12%	Fixed	362.997	769.769	1.132.766	-	-
<b>Total Leasing</b>			<b>\$ 607.367</b>	<b>\$ 1.530.861</b>	<b>\$ 2.138.228</b>	<b>\$ 173.018</b>	<b>\$ 173.018</b>

- (3) As of 31 December 2019, the main variation corresponds to the constitution of the MTM Climate Swap for \$(4,287,967) with Munich RE to cover the draught scenario that may arise in the generation of the El Guavio plant. On the other hand, the liquidation of the Swap derivative for \$145 of the cash flow hedging on the interest rate debt in CPI of the Fourth Tranche Programme B10 bond and 3 forward derivatives with a liability valuation of \$273 corresponding to coverage for payment of insurance bills worth \$207, coverage for the automation of Rio power Plant for \$35 and technical bills for \$30.

As of 31 December 2018, a forward derivative with a liability valuation of \$959 corresponding to the underlying asset for the payment of capex in Termozipa and a SWAP of \$1,921,874 to cover the interest rate debt in CPI of the Fourth Tranche Programme B10 bond, of the cash flow hedging type, which were paid in full according to their maturity on 2 February and 13 December 2019, respectively.

- (4) The variation corresponds to the transfer of liability to Banco Santander for the sale of the estimated portfolio in accordance with the framework agreement for the sale of uncollected accounts receivable, which is aimed at the sale of loans, through assignment without recourse to the Bank, the Company being responsible for the existence, legality, effectiveness, validity and enforceability of the accounts receivable and the commercial agreement with a group of eligible debtors, but not for the solvency of the debtors. As of 31 December 2019, the transfer of liability was \$41,247,732, because of the foregoing "if an entity does not transfer or retain substantially all the risks and rewards inherent to the ownership of a transferred asset, and retains control over it, it will continue to recognise the asset transferred to the extent of its ongoing involvement. The extent of the entity's ongoing involvement in the transferred asset is the extent to which it is exposed to changes in the value of the asset transferred." As of December 2018, the sale of the estimated portfolio, the ongoing involvement for the Wholesale Market and Non-regulated Market was recognised for \$6,421,486.

As of 31 December 2019, the company has no obligations corresponding to bank loans.

- (5) As of 31 December 2019, the Company has no obligations corresponding to bank loans, the Club Deal loan was repaid according to the prepayment on 12 December 2019 for the total value of the \$135,000,000 loan that had been acquired with Banco BBVA. It was repaid with own resources since there was cash availability and a decrease in financial expenses was achieved.

The detail of Club Deal obligations and bank loans as of 31 December 2018 is as follows:

Description	EA Rate	Current		Non-current					Total non-current
		Over 90 days	Total current	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 10 years	
		\$ 30.313.620	\$ 30.313.620	\$ 15.000.000	\$ 30.000.000	\$ 30.000.000	\$ 30.000.000	\$ 15.000.000	\$ 120.000.000
Total Club Deal			\$ 30.313.620						\$ 120.000.000

As of 31 December 2019, the Company has \$3,928,803,095 in unused authorised credit lines, jointly with Codensa S.A. E.S.P. and re-assignable between the two Companies, in respect of which, if required, the financial entities will update the conditions for their approval and disbursement.

Additionally, an intercompany credit line with Codensa S.A. E.S.P. has been approved for USD \$100 million for general purposes of the Company". As of 31 December 2019, there are no guarantees in financial obligations.

## 14. Commercial accounts payable and other payables

	As of 31 December 2019	As of 31 December 2018
Accounts payable for goods and services (a)	\$ 171.174.036	\$ 228.853.451
Suppliers for purchase of energy (b)	77.584.390	94.606.436
Other accounts payable (c)	69.855.966	43.847.938
Taxes other than income tax (d)	30.438.703	23.623.855
<i>Provision for tax payments</i>	22.095.140	16.401.288
<i>Territorial taxes, municipal contributions and related</i>	8.343.563	7.222.567
<b>Total commercial accounts payable and other payables</b>	<b>\$ 349.053.095</b>	<b>\$ 390.931.680</b>

- (a) The variation from 31 December 2019 to 2018 corresponds mainly to payments of civil works and maintenance of the power plants for \$41,824,559, payment for block energy purchases mainly from Empresas Públicas de Medellín, Alto Porce Hydroelectric Power Plant, Americana de Energía for \$19,633,374.

Additionally, as of 31 December 2019, a liability associated with services was recognised mainly from Accenture, Compass Group Services de Colombia, Everis de Colombia, Indra Colombia, Inemec, Integral, Reivax and Transportes Especiales FSG for \$13,415,818

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(b) The variation between 31 December 2019 and 2018 corresponds to the decrease in the estimate for liabilities of the variable margin associated with the costs of power generation for \$16,106,517 and gas generation for \$915,529.

(c) The variation between 31 December 2019 and 2018 mainly corresponds to the recognised liability of other accounts payable associated factoring services Citibank payment to suppliers for \$6,196,485, Axia Energía for \$7,161,105, Mapfre Seguros Generales de Colombia for \$3,929,546, Alto Magdalena Regional Autonomous Corporation for \$1,781,163, Proing for \$1,452,815 and Seguridad Atlas for \$1,303,371.

As of 31 December 2019, a liability for the contribution of energy from non-regulated market network operators was recognised for \$2,579,988 and a surcharge of \$4 kilowatt hour contemplated in the National Development Plan, article 311, for commercial and industrial users of socioeconomic strata 4 , 5 and 6, in order to cover the payment of financial obligations incurred by the business fund of the Superintendence of Household Public Utilities, collected through the sellers of the electric energy service for \$5,299,630.

(d) As of 31 December 2019 and 2018, taxes other than income tax correspond to:

	<b>As of 31 December 2019</b>	<b>As of 31 December 2018</b>
Provision for tax payment (*)	\$ 22.095.140	\$ 16.401.288
Territorial taxes, municipal contributions and related (**)	8.343.563	7.222.567
	<b>\$ 30.438.703</b>	<b>\$ 23.623.855</b>

(\*) The variation between 31 December 2019 and 2018 corresponds to the withholding tax on third parties for \$4,839,398 and self-withholdings of \$854,454, respectively.

(\*\*) As of 31 December 2019 and 2018, corresponds mainly to the contribution of Act 99 for \$6,966,646 and \$5,905,113, respectively.

As of 31 December 2019 and 2018, taxes other than income tax are detailed as follows:

	<b>As of 31 December 2019</b>	<b>As of 31 December 2018</b>
Self-withholding payable to tax authority	\$ 13.724.203	\$ 12.869.749
Withholding on third parties	8.370.937	3.531.539
Contribution Act 99	6.966.646	5.905.113
Net industry and trade tax	847.772	886.342
Industry and trade withholding	385.703	372.625
Net VAT payable	143.442	58.487
Current tax liabilities	<b>\$ 30.438.703</b>	<b>\$ 23.623.855</b>

## 15. Provisions

	<b>As of 31 December 2019</b>		<b>As of 31 December 2018</b>	
	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>
<b>Other provisions</b>	<b>\$ 99.825.117</b>	<b>\$ 139.413.713</b>	<b>\$ 80.879.788</b>	<b>\$ 112.232.378</b>
<i>Environmental and works Quimbo (1)</i>	80.203.836	60.353.887	51.148.256	35.773.793
<i>Quimbo Restoration Plan (1)</i>	19.185.321	63.329.404	29.731.532	76.458.585
<i>CAR Compensation Plan (2)</i>	435.960	15.730.422	-	-
<b>Provision for legal claims (3)</b>	<b>2.708.700</b>	<b>6.823.789</b>	<b>3.083.516</b>	<b>7.863.353</b>
<i>Civil and others</i>	2.509.278	5.674.243	2.885.294	6.719.868
<i>Labour</i>	199.422	1.149.546	198.222	1.143.485
<b>Dismantling (4)</b>	-	<b>1.021.877</b>	-	<b>300.123</b>
<b>Total Provisions</b>	<b>\$ 102.533.817</b>	<b>\$ 147.259.379</b>	<b>\$ 83.963.304</b>	<b>\$ 120.395.854</b>

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- (1) The Provision of El Quimbo Hydroelectric Power Plant is constituted by: i) Environmental and works Quimbo, which corresponds mainly to obligations for replacement of infrastructure, settlement of contracts associated with executed works and minor works necessary for the operation of the plant, executed within the work schedule proposed by the project from 2017 to 2021; ii) Restoration Plan, includes the works necessary to mitigate the environmental impact at the time of filling the reservoir and that involves estimated execution flows in 30 years. The main activities of this obligation includes the restoration of forests, maintenance of the protection strip and the reservoir, development of the fish and fishery programme and wildlife, flora, climate and landscape monitoring programs.

The rate used to discount the flows of the environmental and Quimbo works provision and the Quimbo restoration plan as of December 2019 is 6.76% and 6.48% EA, and, as of December 2018, 7.63% and 7.44% EA, respectively.

- (2) CAR compensation plan: As of 31 December 2019, the value recognised as a provision for the CAR compensation plan corresponds to the Company's environmental obligation in accordance with resolution 2984 of 9 October 2017 executed on 10 April 2018, which grants a water concession for the operation of the Rio Bogota and Termozipa power plants, issued by the Regional Autonomous Corporation (CAR) of Cundinamarca. On 12 November 2019 the adjusted compensation plan is sent to the CAR according to the result of the discussion tables of 2019, which is pending approval.

The rate used to discount the flows from the CAR compensation plan provision as of December 2019 is 6.80% EA.

- (3) As of 31 December 2019, the value of the allegations of the claims against the Company for administrative, civil and labour litigations and constitutional actions amount to \$4,233,777,090. Based on the evaluation of the likelihood of success in the defence of these cases, \$2,685,199 have been provisioned, including the financial update to cover the probable losses for these contingencies. Management believes that the outcome of the lawsuits corresponding to the non-provisioned part will be favourable to the Company's interests and would not cause significant liabilities that should be accounted for or that, if they arise, would not significantly affect the Company's financial position. Additionally, penalties are provisioned for the El Quimbo Hydroelectric Power Plant for \$3,147,969, which are detailed in Note 32.

On the other hand, there are success premiums for \$3,699,321, which will be effective when the counsel achieves has a ruling in favour of the Company in the agreed processes.

As of 31 December 2019, the values of claims for administrative, civil, labour and contractor litigations are detailed as follows:

Processes	Qualification	No. of processes	No. of processes (undetermined amount)	Value of contingency (a)	Value of provision
Labour	Probable			1.371.209	\$ 1.348.968
	Likely	22	6	1.720.696	-
	Remote	5	-	20.181.000	-
<b>Total Labour</b>		<b>32</b>	<b>6</b>	<b>23.272.905</b>	<b>1.348.968</b>
Floods before 1997	Probable(*)	5	-	1.009.819	1.011.996
	Likely	2	-	4.196.251	-
<b>Total floods before 1997</b>		<b>7</b>	<b>-</b>	<b>5.206.070</b>	<b>1.011.996</b>
Others	Probable	5	1	295.500	281.962
	Likely	34	27	5.611.331	-
	Remote	28	17	122.335.255	-
<b>Total Others</b>		<b>67</b>	<b>45</b>	<b>128.242.086</b>	<b>281.962</b>
Floods after 1997	Probable	2	-	42.223	42.273
	Likely	1	-	4.297.203	-
<b>Total floods after 1997</b>		<b>3</b>	<b>-</b>	<b>4.339.426</b>	<b>42.273</b>
Quimbo	Probable	1	-	4.700	-
			35	436.512.694	-
<b>Total Quimbo</b>			<b>36</b>	<b>441.895.135</b>	<b>-</b>
			<b>181</b>	<b>36</b>	<b>441.895.135</b>
Emgesa-civil	Likely	21	15	417.232.038	-
<b>Total civil</b>		<b>21</b>	<b>15</b>	<b>417.232.038</b>	<b>-</b>
<b>Total Processes</b>		<b>311</b>	<b>102</b>	<b>\$ 1.020.187.660</b>	<b>\$ 2.685.199</b>

**Emgesa S.A. E.S.P.**  
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(a) The value of the contingency corresponds to the amount by which, according to the experience of lawyers, it is the best estimate to pay if the judgment were against the Company. The provision is determined by lawyers as the amount of loss in the event that the judgment may be probable; The processes classified as probable are provisioned at one hundred per cent of the actual value of the contingency.

(\*) The processes corresponding to floods before 1997 are recognised to the Company by the Ministry of Finance and Public Credit. (See Note 6).

Detail of the main legal processes that the Company has as of 31 December 2019 qualified as probable:

Processes	Start Date	Claim	Purpose of the lawsuit	Current status and procedural situation
José Rodrigo Alvarez Alonso	2013	33.000.000	Collective Action: Due to the construction of the El Quimbo Hydroelectric Project, its income from artisanal or business activities was reduced by an average of 30%, without taking into account the socioeconomic census of the project.	In the evidentiary stage.
Luz Nelly Olarte y Otros (94) Acumulado con: 2004-00057 Luis Ernesto Trujillo Portela (94) 2004-00056 Luis Alberto Ibarra (94) 2005-00065 Edgar Zambrano (94) 2005-00081 Juan Aroca (94) 2005-00014 Álvaro Vega Cedeño y otros (94) 2005-00088 Alfonso Rodríguez (94) 2006-00091 Ángel Antonio Díaz Leyton y Otros (94) 2005-00027 Ana Myriam Rodríguez y otros (94) 2005-00059 Alirio Trilleras (94)	2019	2.953.181	Ordinary Non-contractual Civil Liability for events of 1994	Pending resolution of appeal and writ for the protection of constitutional rights filed by the Company
Proceal	2011	1.903.847	Compensation for the mass death of fish that occurred in Betania in February 2002	First instance ruling appealed.
Orlando Rojas Cleves	2018	445.223	Ineffectiveness of layoff, by worker in a situation of manifest weakness, compensation Act 361 of 1997; Employer blame.	Hearing of Article 80 was set for 30 January 2020, La Plata Huila
Yohana Farley Rodríguez Berrio	2014	300.000	Compensation for damages due to employee death	In Court since 17 July 2017 to set a second Hearing in the Superior Court of the Civil Chamber of Neiva
Luis Alfonso Marín	2018	215.310	Lawsuit for flooding of the Magdalena river in April 2011	In court pending resolution of the Company's request for nullity
Hernando Rivera Espinosa	2018	192.000	Compensation for layoff without just cause	
Audenago Rodríguez Cardozo	2019	143.783	Lawsuit for flooding of the Magdalena river in April 2011	Process was referred to the 20 Civil Court of the Bogota Circuit and a hearing date was set for 10 March 2020
Dionel Narváez Castillo	2016	110.000	Solidarity	From 10 June 2019 in the Superior Court of the Civil Chamber of Neiva, to resolve the first instance appeal proposed by Impregilo.
German Claros Valenzuela	2018	44.370	Declaration of ineffectiveness layoff and employer guilt in workplace accident – solidarity	Pendiente fijación Audiencia Artículo 80
Luis Ferney Yara (94)	2018	18.720	Ordinary Non-contractual Civil Liability for events of 1994	Pending balance settlement of ruling by the court
Aldo Enrique Maltes Escobar	2019	Undetermined	Damages caused by events of 2007 Purification, Prado and Saldaña floods 2017	Pending impleader Axa Colpatría
CAR	2018	Undetermined	Lawsuits against CAR resolutions that impose obligations for environmental management of the El Muña, Tominé and Río Bogotá reservoirs.	In Court pending resolution of evidentiary stage and others pending second instance ruling.
COMEPEZ S.A.	2015	Undetermined	Public interest claim to protect the healthy environment, water quality and other collective rights.	For first instance ruling since June 2018.

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Processes	Start Date	Claim	Purpose of the lawsuit	Current status and procedural situation
GRUPO ENERGÍA BOGOTA	2019	Undetermined	14 accumulated arbitration procedures seeking the invalidity of the Minutes of the Board of Directors and General Shareholders' Meeting raising the following arguments: i) Conflicts of Interest with related economic companies. ii) Impossibility to confirm authorisations to hire. iii) Conflict of interest unduly dismissed. iv) Violation of the AMI in terms of distribution of profits. v) Insufficient information for decision making, etc.	Initial stage, settlement and determining arbitration fees

The Company faces litigations classified as likely or eventual, for which Management, with the support of its external and internal legal counsel, has estimated that the outcome of the lawsuits corresponding to the non-provisioned part will be favourable to the Company and will cause no significant liabilities that must be accounted for or that, if materialised, will not significantly affect their financial position.

From 31 December 2018 to 31 December 2019, the eventual processes varied by \$352,126,294, mainly due to the following processes:

Type of process	Plaintiff	Purpose of the claim	Value	Action	Month
Arbitration	GRUPO ENERGÍA DE BOGOTÁ S.A. E.S.P.	Invalidity of Board of Directors minutes (6 Processes)	\$ 417,232.038	New Process	jul-19
Civil liability	Jeysson Pastrana Tovar	Damages Caused	1.879.611	New Process	jan-19
Adm. Direct repair	Ivan Supuy Home y otros 13 demandantes	Damages caused by Quimbo to residents for damage to their economic activity	1.052.581	New Process	jan-18
Civil_Verbal	Tigre Colombia SAS	Property damage caused	(450.000)	Ended Process	may-19
Administrative Actions	ANLA	Collection Resolution that Imposes Environmental Sanction	(2.500.000)	Ended Process	jan-19
Civil_Ordinary	Nelly Chaux de Almario	Serious injury	(2.741.531)	Ended Process	nov-19
Civil_Verbal	Aceneth Sanchez Tamayo	Serious injury	(2.916.900)	Ended Process	nov-19
Adm. Nullity and Restoration	CHIVOR SA ESP	Nullity claim on the liquidation for Chivor under Capacity Charge.	(2.926.000)	Ended Process	jan-19
Adm. Nullity and Restoration	CHIVOR SA ESP	Nullity claim on the liquidation for Chivor under Capacity Charge.	(3.330.000)	Ended Process	jan-19
Adm. Nullity and Restoration	CHIVOR SA ESP	Nullity claim on the liquidation for Chivor under Capacity Charge.	(3.653.000)	Ended Process	jan-19
Civil_Verbal	Luis Herminson Rodriguez Sanchez y Otros	Serious injury	(4.500.000)	Ended Process	nov-19
Adm. Nullity and Restoration	CHIVOR SA ESP	Nullity claim on the liquidation for Chivor under Capacity Charge.	(10.892.000)	Ended Process	jan-19
Civil_Ordinary	Israel Urriago Longas y Otro	Serious injury	(14.519.332)	Ended Process	oct-19
Verbal Higher Value	Ruber Cufino Hernandez y Otros	Compensation population	(19.609.174)	Change of claim	apr-19

As of 31 December 2019, the Company has no provision for fiscal litigations qualified as probable.

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The movement of provisions as of 31 December 2019 and 31 December 2018 is as follows:

	Provision for legal claims	Dismantling, restoration and rehabilitation costs	Total
<b>Initial balance 1 January 2018</b>	<b>\$ 10.712.379</b>	<b>\$ 225.345.171</b>	<b>\$ 236.057.550</b>
Increase (Decrease) in existing provisions	2.717.444	46.874	2.764.318
Provision used	(1.696.351)	(40.619.483)	(42.315.834)
Financial effect update	(30.113)	8.639.727	8.609.614
Recoveries	(756.490)	-	(756.490)
<b>Total movements in provisions</b>	<b>234.490</b>	<b>(31.932.882)</b>	<b>(31.698.392)</b>
<b>Final balance as of 31 December 2018</b>	<b>\$ 10.946.869</b>	<b>\$ 193.412.289</b>	<b>\$ 204.359.158</b>
Increase (Decrease) in existing provisions	1.270.904	64.010.356	65.281.260
Provision used	(115.376)	(28.864.797)	(28.980.173)
Financial effect update	6.611	11.702.859	11.709.470
Recoveries	(2.576.519)	-	(2.576.519)
<b>Total movements in provisions</b>	<b>(1.414.380)</b>	<b>46.848.418</b>	<b>45.434.038</b>
<b>Final balance as of 31 December 2019</b>	<b>\$ 9.532.489</b>	<b>\$ 240.260.707</b>	<b>\$ 249.793.196</b>

The movement of the provision for legal claims in 2019 corresponds mainly to:

(a) Allowances:

Process type	Plaintiff	Purpose of the Lawsuit	Value	Date
Adm_Direct_Repair	Aldo Enrique Maltes Escobar	Damages by 2007 events Purificación, Prado and Saldaña floods 2017	28.560	Oct-19
Civil_Ordinary	Libardo Chico	Ordinary of non-contractual civil liability for events from 1.994	1.562	Jul-19
Civil_Ordinary	Luz Nelly Olarte y Otros (94)	Ordinary of non-contractual civil liability for events from 1.994	800.000	Jun-19
Civil_Ordinary	Urbano Sanchez Perdomo	Ordinary of non-contractual civil liability for events from 1.994	4.000	Feb-19
Civil_Verbal	Audenago Rodriguez	Lawsuit for flooding of the Magdalena river in April 2011	4.700	Jul-19
Civil_Verbal	Luis Alfonso Marin	Lawsuit for flooding of the Magdalena river in April 2011	275.400	May-19
Labour_Ordinario	Hernando Rivera (94)	Compensation for layoff without just cause	1.200	Nov-19
Éxito bonus	(en blanco)	Muña Reservoir Lawsuit	103.091	Dec-19

(b) Payments:

Process type	Plaintiff	Purpose of the Lawsuit	Value	Date
Adm_Nullity_and_Restoration	CAR	lawsuit against resolutions of the CAR for environmental management of the El Muña Reservoir and the Bogota River.	(6.979)	Feb-19
Adm_Direct_Repair	Aldo Enrique Maltes Escobar	Damages by 2007 events Purificación, Prado and Saldaña floods 2017	(28.560)	Mar-19
Civil_Ordinary	Libardo Chico	Ordinary of non-contractual civil liability for events from 1.994	(27.562)	Apr-19
Civil_Ordinary	Luis Ferney Yara (94)	Ordinary of non-contractual civil liability for events from 1.994	(7.055)	Apr -19
Civil_Ordinary	Ruben Charry	Ordinary of non-contractual civil liability for events from 1.994	(18.104)	Apr -19
Civil_Ordinary	Urbano Sanchez Perdomo	Ordinary of non-contractual civil liability for events from 1.994	(22.416)	Sep-19
Civil_Verbal	Audenago Rodríguez Cardozo	Lawsuit for flooding of the Magdalena river in April 2011	(4.700)	Nov-19

(c) Recoveries:

Process type	Plaintiff	Purpose of the Lawsuit	Value	Date
Civil Ordinary	Alfonso Rodriguez	Ordinary of non-contractual civil liability for events from 1.989	(1.000.000)	Mar-19
Civil_ Ordinary	Maria Gladys Guzman Yotros	Ordinary of non-contractual civil liability for events from 1.994	(434.119)	Mar-19
Civil_ Ordinary	Diomedez Lozano Apache(94)	Ordinary of non-contractual civil liability for events from 1.994	(343.403)	Mar-19
Civil_ Ordinary	Hernan Useche Culma (94)	Ordinary of non-contractual civil liability for events from 1.994	(240.911)	Mar-19
Civil_ Ordinary	Abundio Carrillo (94)	Ordinary of non-contractual civil liability for events from 1.994	(140.740)	Aug-19
Civil_ Ordinary	Saúl Cárdenas Trujillo (94)	Ordinary of non-contractual civil liability for events from 1.994	(138.638)	Mar-19
Civil_ Ordinary	Laura Patricia Ayerbe Cortes	Ordinary of non-contractual civil liability for events from 2011	(45.019)	Aug-19
Civil_ Ordinary	Alfaro Almanza Muñoz	Ordinary of non-contractual civil liability for events from 2007	(35.548)	Aug -19
Civil_ Ordinary	Ruben Charry	Ordinary of non-contractual civil liability for events from 1.994	(6.896)	Mar-19
Civil_ Ordinary	Angel E Guerra (89)	Ordinary of non-contractual civil liability for events from 1.989	(6.336)	Mar-19
Civil_ Ordinary	Urbano Sanchez Perdomo	Ordinary of non-contractual civil liability for events from 1.994	(3.227)	Aug-19
Civil_ Ordinary	Gerardo Charry	Ordinary of non-contractual civil liability for events from 1.994	(3.154)	Mar-19
Civil_ Ordinary	Alfaro Almanza Dussan	Ordinary of non-contractual civil liability for events from 1.994	(2.217)	May-19

### Impregilo Consortium Claim

During 2015, the Impregilo OHL Consortium submitted to the Company a series of claims and exchange order notes (Noc's) due to the works carried out under agreement CEQ-21 civil works main Hydroelectric project El Quimbo.

In ordinary board meeting No. 436 held on 19 October 2016, technical and legal analyses of the agreement entered into between the Company and Impregilo Consortium were carried out as a result of the previous negotiation tables held between September 2015 and March 2016. The Company, in order to avoid a future arbitration process, decided to close the negotiation with the contractor during the last quarter of 2016. The contractor's initial claim amounted to \$224,560,000 pesos between claims and exchange order notes as a result of the agreement reached for \$57,459,000 pesos plus \$2,800,000 for the contract closing act, and a readjustment to claims for \$14,541,000 pesos, for a total of \$74,800,000 pesos, these values were authorised by the Company to be included in agreement CEQ 021 through addendum 17 signed in January 2017.

In November 2016, the Company, as part of the analysis of the activities included in the provision constituted to ensure the fulfilment of the obligations derived from the construction of the Plant, made recoveries for activities that were considered unnecessary and including the readjustments to the contract prices agreed by the board of directors and formalised in addendum 17, which was signed and paid during the first quarter of 2017.

This contract is currently in the settlement stage, once the term of protection, quality and stability of the works is fulfilled.

The Company filed a claim against the contractor and to the Company AXA Colpatría Seguros S.A., because it considers that some events that affect the quality of the works of the dam are the responsibility of the Company. AXA Colpatría rejected the claim for quality assurance and stability of the works.

The Company filed a reply to the Insurer, the notice was filed on Friday, 4 May 2018. On 8 June 2018, a response was received from AXA Colpatría stating that the claim was challenged, but that, nevertheless, once the liability of the insured and the damage are proved it would proceed to review the claim. As of 31 December 2019, there are no additional changes in the claim.



The Company is conducting analyses and consultations to determine the possibilities of success when filing an arbitration against CIO and AXA Colpatria for the quality of the placement of the rock fill on the downstream side of the dam.

Two external consultants have been hired to carry out the technical assessment to determine the contractor's constructive and economic responsibilities for the claim on the Impregilo-OHL Consortium for the reprofiling of the El Quimbo Hydroelectric Project dam. The final report will be ready for 28 February 2020 and General Management will decide whether or not to resort to an Arbitration Court.

#### **Provision Environmental Investment Programme 1%**

In accordance with Resolution 0899 of May 15, 2009, whereby the National Authority of Environmental Licenses (ANLA) granted an environmental license for the Hydroelectric Project El Quimbo, the Company as of 31 December 2018 has registered as part of the total provisioned \$22,128,147 corresponding to the 1% investment programme presented under the license, for the use of the surface water resource of the Magdalena River source, in accordance with the provisions of the paragraph of article 43 of the Act 99/1993, as regulated by Decree 1900 of 12 September 2006.

On 25 November 2019, the 1% liquidation of the Investment Plan as of 30 June 2019 was submitted for review and approval of ANLA.

In addition, we proposed to ANLA that the resources pending execution be distributed in two programs specifically:

- » Acquisition of land and/or improvements in paramo areas, cloud forests and areas of influence of springs, groundwater recharges, river springs and water rounds.
  - » Interceptors and wastewater treatment systems
- (4) As of 31 December 2019, the provision for dismantling electromechanical equipment in El Quimbo originates from the variation in the interest rate used to discount future flows, VPN. The rate used as of December 2019 is 8.39% EA and as of December 2018, 11% EA.

## **16. Current tax liabilities**

The tax returns for the 2016, 2017 and 2018 taxable years are open for review by the tax authorities. However, in Management's opinion, should it occur, no significant differences are expected.

#### **Income tax**

	<b>As of December 2019</b>	<b>As of December 2018</b>
Current income tax (1)	\$ 525.577.620	\$ 486.524.661
Year income tax prepayment	(164.842.483)	(167.905.090)
Tax deductions and withholdings (2)	(2.563.348)	(3.808.202)
Self-withholding	(96.338.013)	(89.051.695)
Self-withholding other items	(60.281.977)	(56.386.561)
Taxes payable previous year (ZOMAC) (3)	5.636.246	600.355
Current tax liabilities	<b>\$ 207.188.045</b>	<b>\$ 169.973.468</b>

(1) As of 31 December 2019 and 2018, the current income tax liability consists of:

	<b>As of 31 December 2019</b>	<b>As of 31 December 2018</b>
Income taxes related to net income (See Note 28)	\$ 525.249.795	\$ 486.059.456
Income taxes related to components of other comprehensive income (See Note 30)	327.825	465.205
	<b>\$ 525.577.620</b>	<b>\$ 486.524.661</b>

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(2) As of 31 December 2019 and 2018, tax discounts consist of:

	As of 31 December 2019	As of 31 December 2018
VAT on productive real fixed assets (AFRP)	\$ 1.484.384	\$ -
Industry and Trade Tax paid	868.415	-
25% of donations made to non-profit entities	210.549	203.252
VAT on the import or acquisition of heavy machinery for basic industries	-	3.604.950
	<b>\$ 2.563.348</b>	<b>\$ 3.808.202</b>

(3) Corresponds to the benefit granted by the National Government that gives the possibility to companies to pay their income tax through direct investment projects, viable and priority social interest in the areas most affected by the armed conflict (ZOMAC).

On account of the tax reform, Act 1943 of 2018, the aforementioned benefit will be effective as of 30 June 2019, as it will regulate the works for taxes that have been approved until that date. As of 1 July 2019, the application of the benefit for works changes the methodology, now being controlled through agreements with public entities at the national level and with requirements different from those previously established.

The main reconciling items between earnings before tax and the net taxable income that explain the difference between the rate for companies of 33% corresponding to the income tax and the 4% Surcharge (2018), with respect to the effective rate on profits of 32, 43% as of 31 December 2019, and of 34, 93% as of 31 December 2018, are the following:

Item	As of 31 December 2019 Value	Rate (%)	As of 31 December 2018 Value	Rate (%)
<b>Accounting earnings before income tax</b>	<b>\$ 1.823.482.815</b>		<b>\$ 1.568.164.634</b>	
Items that increase net income				
Deductible provisions	(37.979.147)	(0.69)	(32.535.906)	(0.68)
Taxed revenues				
Contribution to financial transactions	5.867.131	0.11	4.778.745	0.10
Others				
Non-deductible expenses	5.324.318	0.10	2.880.576	0.06
Non-deductible taxes	-	0.00	277.687	0.01
Amortisation in science and technology				
Presumptive interests	8.464	0.00	12.001	0.00
<b>Total items that increase net income</b>	<b>(26.779.234)</b>	<b>(0.48)</b>	<b>(24.586.897)</b>	<b>(0.52)</b>
<b>Items that reduce net income</b>				
Deductions for productive real fixed assets	(8.279.062)	(0.15)	(19.750.706)	(0.42)
Tax depreciation and amortisation	(195.413.714)	(3.54)	(208.797.977)	(4.39)
<b>Total items that reduce net income</b>	<b>(203.692.776)</b>	<b>(3.69)</b>	<b>(228.548.683)</b>	<b>(4.81)</b>
<b>Taxable net income</b>	<b>1.592.506.694</b>		<b>1.315.013.910</b>	
Tax rate	33%		33%	
<b>Income tax</b>	<b>525.527.209</b>	<b>28.82</b>	<b>433.954.590</b>	<b>27.67</b>
Occasional earnings	504.111		15.145	
Occasional earning tax rate	10%		10%	
<b>Occasional earning tax</b>	<b>50.411</b>		<b>1.515</b>	
<b>Total income tax and complementary</b>	<b>\$ 525.577.620</b>		<b>\$ 433.956.105</b>	

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As a result of the tax reform, Act 1819 of 2016, as of 2017 the current tax surcharge was created, which for the year 2018 is equivalent to 4%. Accordingly, the tax effects, comparatively for 2019 and 2018, are as follows:

Item	As of 31 December 2019		As of 31 December 2018	
	Value	Rate (%)	Value	Rate (%)
Taxable net income surcharge	-		1.315.013.910	
Non-taxable base surcharge	-	(0,00)	(800.000)	(0,06)
Taxable net income surcharge	-		1.314.213.910	
Tax rate surcharge	0%		4%	
Income tax surcharge	-		52.568.556	
<b>Income tax and surcharge</b>	<b>\$ 525.577.620</b>		<b>\$ 486.524.661</b>	

Item	As of 31 December 2019		As of 31 December 2018	
	Value	Rate (%)	Value	Rate (%)
Total income tax and complementary	\$ 525.577.620		\$ 433.956.105	
Income tax and surcharge	-		52.568.556	
<b>Total</b>	<b>\$ 525.577.620</b>		<b>\$ 486.524.661</b>	

### Equity Reconciliation

	As of 31 December 2019		As of 31 December 2018	
	Value	Rate (%)	Value	Rate (%)
Accounting equity	\$ 4.743.218.242		\$ 4.239.248.006	
Estimated liabilities	297.491.197		292.277.281	
Payroll contributions and pensions and other employee benefits	39.615.159		32.756.603	
Tax adjustment on assets (*)	(751.067.102)		(575.566.648)	
Tax adjustment on deferred charges	13.169.046		10.429.920	
Debtors provision	3.079.362		39.767.353	
Tax adjustment on investments	5.672.530		5.752.929	
Deferred tax (See Note 19)	168.255.638		100.433.685	
Tax equity	<b>\$ 4.519.434.072</b>		<b>\$ 4.145.099.129</b>	

(\*) Corresponds to the difference of the net cost of these between the book value and fiscal value, given that the fiscal depreciation is greater than the accounting.

### 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 2018 with related parties from abroad in order to validate the correct application of the market prices in each one. In 2020, the study and supporting documentation will be prepared to comply with the tax obligation in July 2020.

### Legal Stability Agreement

The main aspects of the legal stability agreement entered into by and between the Nation (Ministry of Mines and Energy) and the Company, executed on 20 December 2010, are described below:

Purpose: The Company undertakes to build the hydroelectric station "El Quimbo"

Investment Amount and Deadlines: The Company's investments relative to the El Quimbo project were \$1,922,578 million. In the first half of 2014, an increase in the budget of \$ 583,184,000 was approved, which, together with the financial expense incurred and projected to be incurred to finance the project (\$450,712,000), represents a higher investment value. In accordance with paragraph 2 of clause 2 of the legal stability agreement, the highest value of the investment meant the payment in

December 2014 of \$6,299,000 by means of adjustment of the premium established in the legal stability agreement. In March 2016, a second adjustment was paid in the amount of \$ 4,657,000 on account of the increase in the amount of the investment. To date, the Ministry is being asked how to proceed with the settlement and payment of the premium, based on the last approval of an additional capex for the completion of the El Quimbo works.

Key standards subject to Legal Stability (with favourability):

- a. Income tax rate (33%), exclusion of calculation of presumptive rent and special deductions for investments in scientific development and for investments in the environment, among others.
- b. Ensures the stability of the special deduction for investment in productive real fixed assets (30%), which were dismantled since 1 January 2011.

#### *Obligations of the Parties*

a. Obligations of the Company:

- » Comply with the amount of investment planned for the construction and start-up of the El Quimbo hydroelectric project.
- » Pay the legal stability premium of \$ 9,617 million (recorded on 23 December 2010) and adjust it if any increases were made in the amount of the investment, as was done according to previous explanations. In December 2014, the Company paid \$6,299,000 for premium adjustment on account of the largest proven investment. In March 2016, the Company paid \$ 4,657,000 for a second premium adjustment for the higher investment.
- » In 2017, a greater investment was made to the one established in the agreement, which is why the exact amount of increase in said investment is currently being established in order to proceed with the application for approval of re-settlement and payment of the premium with the Legal Stability Committee.
- » Pay taxes in a timely manner.
- » Hire an independent audit to review and certify the fulfilment of the commitments acquired under the agreement. For this purpose, the Company hired a third-party specialist to review the commitment acquired during 2018.

b. Obligations of the Nation:

- » Ensure for 20 years the stability of the standards included in the agreement (with favourability) for the Quimbo project.

The audit of the 2018 legal stability agreement was filed with the Ministry of Mines and Energy within the term provided, on 29 March 2019.

## **17. Provisions for Employee Benefits**

	As of 31 December 2019		As of 31 December 2018	
	Current	Non-current	Current	Non-current
Obligations for defined post-employment and long-term benefits (1)	\$ 7.668.688	\$ 86.457.073	\$ 8.254.181	\$ 79.386.870
Social benefits and legal contributions (2)	28.955.314	2.099.298	22.536.903	-
	<b>\$ 36.624.002</b>	<b>\$ 88.556.371</b>	<b>\$ 30.791.084</b>	<b>\$ 79.386.870</b>

- (1) The Company 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 Company 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 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 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 obligation of retirement pensions includes the effects of the application corresponding to the new mortality rates authorised by the Financial Superintendence through Decree 1555 of 30 July 2010.

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

<b>Item</b>	<b>As of 31 December 2019</b>	<b>As of 31 December 2018</b>
Pensioners	291	294
Average age	67,38	66,40

#### *Other post-employment benefits*

##### Pensioner benefits

The company provides the following aids to pension-retired employees: (i) education aid, (ii) electric energy 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:

	<b>As of 31 December 2019</b>	<b>As of 31 December 2018</b>
<b>Education aid</b>		
Pensioner	41	47
Average age	19,70	19,30
<b>Energy aid</b>		
Pensioner	286	287
Average age	67,30	66,30
<b>Health service (*)</b>		
Pensioner	87	95
Average age	58,60	58,60

#### *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:

<b>Item</b>	<b>As of 31 December 2019</b>	<b>As of 31 December 2018</b>
Employees	89	90
Average age	54,60	53,60
Seniority	26,00	25,00

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*Long-term benefits*

The Company 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 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 2019	As of 31 December 2018
Employees	145	147
Average age	53,60	52,60
Seniority	24,50	23,50

As of 31 December 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 2019	As of 31 December 2018
Discount rate	5,81 %	6,80%
Salary increase rate (active personnel)	4,90%	5,00%
Pension increment rate	3,85%	4,00%
Estimated inflation	3,85%	4,00%
Health service inflation	8,00%	8,00%

*Demographic Hypotheses:*

Biometric base	
Mortality rate	2008 Colombian mortality rate (valid annuitant) (men and women)
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 2019 and 2018 is the following:

	Retired personnel		Active personnel		Defined benefits plan
	Pensions (a)	Benefits	Retroactive severance pay	Five-year term	
<b>Initial balance as of 31 December 2017</b>	\$ 68.001.049	\$ 7.883.787	\$ 5.291.184	\$ 4.566.264	\$ 85.742.284
Cost of Current Service	-	-	232.644	171.064	403.708
Cost for Interest	4.574.909	517.106	345.988	276.632	5.714.635
Paid Contributions	(6.692.619)	(525.722)	(933.186)	(1.468.111)	(9.619.638)
Actuarial (gains) losses arising from changes in financial assumptions	3.921.705	223.661	9.424	50.080	4.204.870
Actuarial (gains) losses arising from changes in adjustments by experience	622.924	140.856	828.677	(397.265)	1.195.192
<b>Final balance as of 31 December 2018</b>	<b>\$ 70.427.968</b>	<b>\$ 8.239.688</b>	<b>\$ 5.774.731</b>	<b>\$ 3.198.664</b>	<b>\$ 87.641.051</b>

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	Retired personnel		Active personnel		Defined benefits plan
	Pensions (a)	Benefits	Retroactive severance pay	Five-year term	
Cost of Current Service	-	-	243.623	113.508	357.131
Cost for Interest	4.713.825	539.008	389.436	193.196	5.835.465
Paid Contributions	(6.051.866)	(558.915)	(982.415)	(657.716)	(8.250.912)
Actuarial (gains) losses arising from changes in financial assumptions	7.482.755	549.738	457.211	88.108	8.577.812
Actuarial (gains) losses arising from changes in adjustments by experience	(602.459)	(204.469)	449.075	323.067	(34.786)
<b>Final balance as of 31 December 2019</b>	<b>\$ 75.970.223</b>	<b>\$ 8.565.050</b>	<b>\$ 6.331.661</b>	<b>\$ 3.258.827</b>	<b>\$ 94.125.761</b>

(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 2019 and 2018, that the post-employment benefits liability for future retirement pensions amounts to \$54,810,964 and \$56,211,614, 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 2019	As of 31 December 2018
Discount rate	8.89%	10.13%
Technical interest	4,80%	4,80%
Estimated inflation	3.91%	5.09%

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.

Change in discount rate	Retired personnel		Active personnel		Defined benefits plan
	Pensions	Benefits	Retroactive severance pay	Five-year term	
- 100 basic points	86.069.475	9.471.797	6.845.887	3.363.689	105.750.849
+ 100 basic points	67.709.913	7.793.861	5.870.076	3.159.965	84.533.815

## Collective Bargaining Agreements

### Collective Agreement - SINTRAEECOL 2015-2018 – Extension to 2019

The Collective Bargaining Agreement signed with SINTRAEECOL ended on 30 June 2018, however, the union did not file the corresponding complaint, so the bargaining text has been automatically extended as provided by the law for a term of six (6) months, with the new end date on 30 June 2020. In accordance with the applicable regulations, the complaint must be made by the union at the latest 60 days prior to the end of the new extension term. This complaint activates the beginning of the direct negotiation stage, a stage that ends with the signing of a new agreement or with the referral to an arbitration tribunal if an agreement is not reached.

### Collective Agreement - ASIEB 2016-2019

On 1 June 2016, the Collective Bargaining Agreement with the ASIEB Trade Union Organisation was signed. This Collective Agreement applies to all the Company's employee engineers affiliated to the trade union of engineers serving the energy companies – ASIEB who do not benefit from another collective agreement. The term of the Agreement was from 1 June 2016 to 31 December 2019. The union submitted a request for negotiation on 30 December 2019, which began the analysis of the start of the direct settlement stage.

## 18. Other non-financial liabilities

	As of 31 December 2019		As of 31 December 2018	
Advances for sale of energy (1)	\$	26.396.175	\$	38.090.160
Deferred income		3.862.765		3.818.047
<b>Total</b>	<b>\$</b>	<b>30.258.940</b>	<b>\$</b>	<b>41.908.207</b>

(1) The variation between 31 December 2019 and 2018 corresponds mainly to the decrease in advances for energy purchases of \$11,649,267, mainly from the customer Electricaribe S.A E.S.P. bilaterally agreed upon prior collection for energy delivery, energy purchases are backed by bank guarantees.

## 19. Net deferred taxes

The breakdown for deferred tax liabilities as of 31 December 2019 is provided below:

	Initial Balance as of 1 January 2019	Increase (Decrease) due to deferred taxes through profit or loss	Increase (Decrease) due to deferred taxes through other comprehensive income	Final balance as of 31 December 2019
Other provisions (1)	24.278.572	(10.809.148)	-	13.469.424
Defined contribution obligations	7.803.697	(181.135)	2.214.410	9.836.972
<b>Deferred tax assets</b>	<b>\$ 32.082.269</b>	<b>(10.990.283)</b>	<b>2.214.410</b>	<b>\$ 23.306.396</b>
Excess of tax depreciation on book value (2)	(130.478.393)	(58.624.114)	-	(189.102.507)
Forward and swap	(2.037.561)	-	(421.966)	(2.459.527)
<b>Deferred tax liabilities</b>	<b>(132.515.954)</b>	<b>(58.624.114)</b>	<b>(421.966)</b>	<b>(191.562.034)</b>
<b>Net tax deferred liabilities</b>	<b>(100.433.685)</b>	<b>(69.614.397)</b>	<b>1.792.444</b>	<b>(168.255.638)</b>

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

	Initial Balance as of 31 December 2018	Increase (Decrease) due to deferred taxes through profit or loss	Final balance as of 31 December 2019
Provisions of works and services	\$ 7.604.375	\$ 1.485.198	\$ 9.089.573
Provision labour obligations	1.189.091	984.861	2.173.952
Provision quality compensation	1.953.648	(1.190.734)	762.914
Others	487.767	(14.781)	472.986
Provision for uncollectible accounts	13.043.691	(12.073.692)	969.999
<b>\$ 24.278.572</b>	<b>\$ (10.809.148)</b>	<b>\$ 13.469.424</b>	

(2) The excess of fiscal depreciation over the book value arises because:

- » Assets classified or belonging to the Quimbo project have special treatment: Assets in 2016 were depreciated based on the useful life classified according to the type of asset following the regulations effective until that year. For 2017, despite that the reform (Act 1819 of 2016) established new rates for depreciation, the assets that belong to Quimbo will continue using the previous rates, as this project has legal stability.
- » Assets on which accelerated depreciation was applied with the reducing balance method.
- » Other assets are depreciated by straight-line depreciation.
- » As of 2017, for assets acquired as new or that are activated, their accounting useful life will be taken into account, unless it is not greater than the useful life set out in Act 1819 of 2016.



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The deferred tax as of 31 December 2019 by rate is presented below:

	2020 Income	2021 Income	2022 Income
Fixed assets	\$ -	\$ -	\$ (639.073.538)
Provisions and estimated liabilities	23.058.498	(161.455)	14.886.803
Defined contribution obligations	-	-	32.789.898
Portfolio	1.539.681	1.539.681	-
	<b>\$ 24.598.179</b>	<b>\$ 1.378.226</b>	<b>\$ (591.396.837)</b>
Income tax rate	32%	31%	30%
Income tax	<b>\$ 7.871.417</b>	<b>\$ 427.250</b>	<b>\$ (177.419.051)</b>
Occasional earnings	8.647.463		
Rate	10%		
Tax	864.746		
Net deferred tax	<u>\$ (168.255.638)</u>		

The recovery of the balances of deferred tax assets depends on obtaining sufficient taxable earnings in the future. Management considers that the projections of future earnings cover what is necessary to recover these assets.

The breakdown for deferred tax liabilities as of 31 December 2018 is provided below:

	Initial Balance as of 1 January 2018	Increase (Decrease) due to deferred taxes through profit or loss	Increase (Decrease) due to deferred taxes through other comprehensive income	Increase (Decrease) due to deferred taxes through profit or loss for rate change	Increase (Decrease) due to deferred taxes through other comprehensive income for rate change	Final balance as of 31 December 2018
Other provisions (1)	33.989.893	(10.499.765)	935.512	(147.068)	-	24.278.572
Defined contribution obligations	7.285.697	217.467	1.640.469	(728.834)	(611.102)	7.803.697
<b>Deferred tax assets</b>	<b>\$ 41.275.590</b>	<b>(10.282.298)</b>	<b>2.575.981</b>	<b>(875.902)</b>	<b>(611.102)</b>	<b>\$ 32.082.269</b>
Excess of tax depreciation on book value (2)	(73.716.961)	(69.895.746)	-	13.134.314	-	(130.478.393)
Forward and swap	(1.673.608)	-	(541.941)	-	177.988	(2.037.561)
<b>Deferred tax liabilities</b>	<b>(75.390.569)</b>	<b>(69.895.746)</b>	<b>(541.941)</b>	<b>13.134.314</b>	<b>177.988</b>	<b>(132.515.954)</b>
<b>Net tax deferred liabilities</b>	<b>\$ (34.114.979)</b>	<b>(80.178.044)</b>	<b>2.034.040</b>	<b>12.258.412</b>	<b>(433.114)</b>	<b>\$ (100.433.685)</b>

(1) As of 31 December 2018, the detail of deferred tax assets for other provisions corresponds to:

	Initial Balance as of 31 December 2017	Increase (Decrease) due to deferred taxes through profit or loss	Increase (Decrease) due to deferred taxes through other comprehensive income and other movements in equity	Final balance as of 31 December 2018
Provisions of works and services	\$ 6.074.479	\$ 1.529.896	\$ -	\$ 7.604.375
Provision labour obligations	451.136	737.955	-	1.189.091
Provision quality compensation	2.483.837	(530.189)	-	1.953.648
Others	543.052	(55.285)	-	487.767
Provision for uncollectible accounts (a)	24.437.389	(12.329.210)	935.512	13.043.691
	<b>\$ 33.989.893</b>	<b>\$ (10.646.833)</b>	<b>\$ 935.512</b>	<b>\$ 24.278.572</b>

(a) The provision for uncollectible accounts (portfolio) shows the deferred tax calculation for the impact of the implementation of IFRS 9 reflected in the line of comprehensive income for \$935,512. (See note 30).

(2) The excess of fiscal depreciation over the book value arises because:

- » Assets classified or belonging to the Quimbo project have special treatment: Assets in 2016 were depreciated based on the useful life classified according to the type of asset following the regulations effective until that year. For 2017, despite

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that the reform (Act 1819 of 2016) established new rates for depreciation, the assets that belong to Quimbo will continue using the previous rates, as this project has legal stability.

- » Assets on which accelerated depreciation was applied with the reducing balance method.
- » Other assets are depreciated by straight-line depreciation.
- » As of 2017, for assets acquired as new or that are activated, their accounting useful life will be taken into account, unless it is not greater than the useful life set out in Act 1819 of 2016.

The deferred tax as of 31 December 2018 by rate is presented below:

	<b>2019 Income</b>	<b>2020 Income</b>	<b>2021 Income</b>	<b>2022 Income</b>
Fixed assets	\$ -	\$ -	\$ -	\$ (437.810.462)
Provisions and estimated liabilities	24.458.542	(83.562)	(83.562)	3.928.819
Defined contribution obligations	-	-	-	26.012.318
Portfolio	31.813.882	7.953.471		
	<b>\$ 56.272.424</b>	<b>\$ 7.869.909</b>	<b>\$ (83.562)</b>	<b>\$ (407.869.325)</b>
Income tax rate	33%	32%	31%	30%
Income tax	<b>\$ 18.569.900</b>	<b>\$ 2.518.371</b>	<b>\$ (25.904)</b>	<b>\$ (122.360.798)</b>
Occasional earnings	8.647.463			
Rate	10%			
Tax	864.746			
Total deferred tax liabilities	<b>\$ (100.433.685)</b>			

The recovery of the balances of deferred tax assets depends on obtaining sufficient taxable earnings in the future. Management considers that the projections of future earnings cover what is necessary to recover these assets.

## 20. Equity

### Capital

The authorised capital is comprised of 286,762,927 shares with a par value of \$4,400 each. The subscribed and paid-in capital is represented by 127,961,561 common shares and 20,952,601 shares with preferred dividends, for a total of 148,914,162 shares with a par value of \$4,400, distributed as follows:

Shareholder composition as of December 31, 2019:

Shareholders	Common shares with voting rights		Preferred shares without voting rights		Shareholding structure	
	(%) Interest	Number of shares	(%) Interest	Number of shares	(%) Interest	Number of shares
Grupo Energía Bogotá S. A. E.S.P.(1)	43,57%	55.758.250	100%	20.952.601	51,51%	76.710.851
Enel Américas S.A.	56,42%	72.195.996	-	-	48,48%	72.195.996
Other minority shareholders	0,01%	7.315	-	-	0,01%	7.315
	<b>100%</b>	<b>127.961.561</b>	<b>100%</b>	<b>20.952.601</b>	<b>100%</b>	<b>148.914.162</b>

- (1) Of the total shares of Grupo Energía de Bogotá S.A. E.S.P, 20,952,601 shares correspond to non-voting shares with a preferred dividend of US \$0.1107 (\*) per share.

(\*) Full figure expressed in USD

Shareholding structure as of 31 December 2018:

Shareholders	Common shares with voting rights		Preferred shares without voting rights		Shareholding structure	
	(%) Interest	Number of shares	(%) Interest	Number of shares	(%) Interest	Number of shares
Grupo Energía Bogotá S. A. E.S.P.(1)	43,57%	55.758.250	100%	20.952.601	51,51%	76.710.851
Enel Américas S.A.	56,42%	72.195.996	–%	–	48,48%	72.195.996
Other minority shareholders	0,01%	7.315	–%	–	0,01%	7.315
	<b>100%</b>	<b>127.961.561</b>	<b>100%</b>	<b>20.952.601</b>	<b>100%</b>	<b>148.914.162</b>

(1) Of the total shares of Grupo Energía de Bogotá S.A. E.S.P., 20,952,601 shares correspond to non-voting shares with a preferred dividend of US \$0.1107 (\*) per share.

(\*) Full figure expressed in USD

### Distribution of dividends

The General Shareholders' Meeting of 26 March 2019, according to Minutes No. 102, ordered the distribution of dividends for \$720,633,737, paid as follows: 100% of the preferred dividend and 38% of the ordinary dividend on 22 May 2019; 37% on 17 October 2019; and 25% on 15 January 2020.

Grupo Energía Bogotá has reportedly filed a request for arbitration with the Bogota Chamber of Commerce, where it seeks the nullity of this Minutes, including in the contested matters the approval of the profit distribution project.

The General Shareholders' Meeting of 20 March 2018, according to Minutes No. 99, ordered the distribution of dividends for \$623,784,116 charged to the net income of 31 December 2017. Dividends on the 2017 net income are paid as follows: 100% of the preferred dividend and 38% of the ordinary dividend on 16 May 2018; 37% on 24 October 2018; and 25% on 16 January 2019.

### 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 that Enel Americas 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 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 December 12, 2017, a public draw for arbitrators was held for the arbitration court; however the parties wish to choose their own arbitrators as indicated in the Investment Framework Agreement (AMI).

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.

This process is attended directly by the lawyers of Enel Américas. Taking into account the evidentiary stage of the process currently in progress, the contingency is qualified as remote. Management considers that this situation does not affect the financial statements as of 31 December 2018.

**Arbitration Tribunals of Grupo Energía Bogotá SA ESP versus Emgesa S.A. E.S.P.**

There are 20 arbitration proceedings requests filed by the local partner Grupo Energía Bogotá S.A. E.S.P. against the Company, 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.

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, the decisions taken regarding operations with related economic companies of high impact for the business are involved.

By order dated 21 June 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, Emgesa S.A. E.S.P. will only be involved in only one arbitration. The arbitration is currently in the lawsuit response phase.

The minutes challenged by Grupo Energía de Bogotá to date are the following:

- (1) Grupo Energía de Bogotá against the Company, challenging of Minutes 451 of 14 December 2017 and 452 of 23 January 2018 (referring to the reconstruction of the events and clarification of authorisation to purchase energy El Paso Project).
- (2) Grupo Energía de Bogotá against the Company, related to the challenge to Board of Directors Minutes No. 453 of 21 February 2018. (Whereby the text of the Board of Directors Minutes No. 452 of January 2018 was approved and decided to bring to the General Shareholders' Meeting the profit distribution project for the year 2017).
- (3) Grupo Energía de Bogotá against the Company, related to the challenge to Minutes No. 98 of 13 February 2018 of the Extraordinary Shareholders' Meeting of the Company (Whereby the ratification of the purchase of energy was voted to Enel Green Power S.A.S. E.S.P. of the El Paso Project and revalidation of the actions taken by Management). Removal of the conflict of interest.
- (4) Grupo Energía de Bogotá against the Company, related to the challenge to Board of Directors Minutes No. 454 of 20 March 2018 (Whereby the "Threefold NDA special report between Codensa, Emgesa and EnerNOC" is not subject to vote. Conflict of Interest).
- (5) Grupo Energía de Bogotá against the Company, related to the challenge to the General Meeting Minutes N 99 of 20 March 2018 (Whereby the profit distribution project was approved for fiscal year 2017, no proposal was approved for modification of the Articles of Association presented by GEB, the operations with economic associates of the Company were ratified in 2017, a conflict of interest was removed in transactions with related parties for fiscal year 2018).
- (6) Grupo Energía de Bogotá against the Company, related to the challenge to Board of Directors Minutes N 455 of 24 April 2018 (Whereby the extension of the intercompany agreement with Enel Italia SR.L was approved, regarding the "Cloud Service, Licenses and Cybersecurity and Digital Enablement Services"; and submitted the proposal of approval of the "Technical Services").
- (7) Grupo Energía de Bogotá against the Company, related to the challenge to Board of Directors Minutes N 456 of 22 May 2018 (Whereby the hiring with Enel Italia SRL was approved regarding the "Cybersecurity and Development Services and Supply of IT Platforms").
- (8) Grupo Energía de Bogotá against the Company, related to the challenge to Board of Directors Minutes N 457 of 20 June 2018 (For not submitting to the Board of Directors' approval the discussion on the "Image Evolution Emgesa- Enel-Emgesa").
- (9) Grupo Energía de Bogotá against the Company, related to the challenge to Board of Directors Minutes N 458 of 17 July 2018 (relative to the presentation as special report of the "Enel Colombia Corporate Building" and modification of Competencies of bodies of the Board of Directors and General Shareholders' Meeting"). Furthermore, because the content of the minutes is inaccurate compared to what actually occurred in the meeting)."
- (10) Grupo Energía de Bogotá against the Company, related to the challenge to Board of Directors Minutes N 459 of 21 August 2018 (relative to the inaccuracy of the contents of the minutes in relation to what actually occurred in the meeting, no record was made of the participation of some members, for example related to the agreement between the

Company and EGP or conflicts of interest and improper presentation of special reports for example “Upcoming need for capitalisation of SPCC” where the information was modified minutes before the meeting).

- (11) Grupo Energía de Bogotá against the Company, related to the challenge to Board of Directors Minutes N 460 of 25 September 2018 (relative to the approval of the capitalisation of SPCC by the Company, Commercial Partnership Emgesa-Codensa and approval of Technical Services, as well as the special report on the declared interest of the CREG to participate in the reliability charge auction for the El Paso solar project and New Cartagena thermal generation, Mandate Agreement between the Company and Codensa for the distribution of invoices to customers of the Company’s non-regulated market, and evolution of the Emgesa brand to Enel Emgesa). Conflicts of interest are raised and not submitting as special report to the Board of Directors.
- (12) Grupo Energía de Bogotá against the Company, related to the challenge to Extraordinary Shareholders’ Meeting Minutes N 100 of 20 September 2018 (relating to the removal of conflict of interest and ratification of transactions with related parties: Mandate Agreement between the Company and Codensa for the distribution of invoices in the Bogota areas, Framework Agreement for Business Cooperation between the Company and Codensa, Purchases of natural gas transportation capacity, Capitalisation of SPCC, Supervision, control, operation and technical support service in issues of operation and maintenance provided by the Company to EGP, Project Management Services provided by EGP to the Company, NDA with Enel Green Power in order to seek business opportunities, Grupo Éxito Agreement, Sale of Natural Gas to TGI SA ESP; Contributions of the Company to the Enel Colombia Foundation) to the extent that sufficient information was not provided, the conflict of interest was not properly removed and the Meeting could not ratify operations with economic affiliates regarding agreements executed more than a year before.
- (13) Grupo Energía de Bogotá against the Company, related to the challenge of Board of Directors Minutes N 462 of 23 October 2018 (relating to the authorisation for the sale of power and renewal of the PCH Rio Negro usufruct agreement until the date of sale of the asset). It was stated that there was not enough information for the Board of Directors and that there is a conflict of interest to renew the agreement.
- (14) Grupo Energía de Bogotá against the Company, related to the challenge of Board of Directors Minutes No. 463 of 22 November 2018 (related to the authorisation to represent and commit the Company within the auction CXC-2022-2023; Authorisation for the sale of energy Non-Regulated Market. Authorisation for the sale and purchase of energy - Non-conventional renewable energy projects; Preclosing Presentation 2018 and budget approval 2019-2021). It is argued that El Paso cannot be represented by the Company because its approval mechanism is questioned; Although it was not approved, there is a conflict of interest and there is insufficient information for the authorisation for the sale of energy - non-conventional renewable energy projects; There is a violation of the AMI regarding the distribution of profits, which must be 100%.
- (15) Grupo Energía de Bogotá against the Company, related to the challenge of Board of Directors Minutes No. 464 of 19 December 2018 (related to the authorisation for the sale of energy; special report on participation as a buyer in the Long-Term Auction). It is argued that there is insufficient information for the authorisation for the sale of energy and is not consistent with the special report.
- (16) Grupo Energía de Bogotá against the Company, related to the challenge of Board of Directors Minutes No. 465 of 22 January 2019 (related to the authorisation for the sale of energy; Request for authorisation to submit a binding and unconditional purchase offer for energy in the Long-Term Auction; Approval of the BESS Termozipa Project - First storage system with batteries in Colombia for primary frequency regulation and approval of the Project Optimisation Management Central Coal Termozipa). It is stated that there is insufficient information for the authorisation for the sale of energy and conflict of interest. File. 114461.
- (17) Grupo Energía de Bogotá against the Company, related to the challenge of Extraordinary Shareholders’ Meeting Minutes No. 101 of 18 January 2019 (related to the lifting of the conflict of interest of operations with related parties) to the extent that sufficient information was not provided, no conflict of interest was duly raised, and the Meeting could not ratify operations with economic associates regarding contracts entered into more than a year ago. File. 114571.
- (18) Grupo Energía de Bogotá against the Company, related to the challenge of Board of Directors Minutes No. 466 of 20 February 2019 (related to the approval of documents to be submitted for consideration of the Shareholders’ Meeting - report to the audit committee containing operations with economic related parties during 2018 and profit distribution project for 2018). File. 115467.

- (19) Grupo Energía de Bogotá against the Company, related to the challenge of Board of Directors Minutes No. 467 of 20 March 2019 (related to the approval of the request to access the Works for Tax mechanism and special reports on the purchase of energy and representation El Paso - EGP). File. 116157.
- (20) Grupo Energía de Bogotá against the Company, related to the challenge of General Meeting Minutes No. 102 of 26 March 2018 (by which the profit distribution project for the 2018 fiscal year was approved, the report of the Audit Committee was considered, the operations with economic associates of the Company in 2018 were ratified, the conflict of interest in operations with economic associates in the fiscal year 2019 was lifted). File. 116255

## Reserves

	<b>As of 31 December 2019</b>	<b>As of December 2018</b>
Legal Reserve (1)	\$ 327.611.157	\$ 327.611.157
Reserve (Art. 130 Tax Code) (2)	232.564.242	238.961.345
Other Reserves	178.126	178.127
	<b>\$ 560.353.525</b>	<b>\$ 566.750.629</b>

- (1) In accordance with the Colombian Law, the Company must transfer at least 10% of the year's profit to a legal reserve, until it equals 50% of the subscribed capital. This reserve is not available for distribution, however, it can be used to absorb losses.
- (2) The General Shareholders' Meeting of 26 March 2019, according to Minutes No. 102, ordered the reversal of the tax reserve for \$6,397,104, as a result of a higher accounting than fiscal depreciation of the assets as of 31 December 2018. In the years 2014 to 2016 the reserve was created, which was established in Article 130 of the Tax Code, which was then repealed by Act 1819 of 2016.

## 21. Revenues from Ordinary Activities and Other Revenues

Revenue from contracts with customers

	<b>Twelve-month period from 1 January to 31 December 2019</b>	<b>Twelve-month period from 1 January to 31 December 2018</b>
Sale of Energy (1)	\$ 3.982.801.268	\$ 3.602.700.224
Sale of Gas (2)	86.875.080	64.752.527
<b>Total revenue</b>	<b>\$ 4.069.676.348</b>	<b>\$ 3.667.452.751</b>
Other revenues	4.177.939	6.886.929
<b>Total revenue from contracts with customers</b>	<b>\$ 4.073.854.287</b>	<b>\$ 3.674.339.680</b>
Other revenues outside the scope of IFRS 15 (3)	18.003.833	44.109.228
<b>Total revenue and others</b>	<b>\$ 4.091.858.120</b>	<b>\$ 3.718.448.908</b>

- (1) The variation in energy sales including the stock market sales as of 31 December 2019 is mainly due to:
- Increase in energy price for the non-regulated market of \$ 42/kWh, generated by higher income of \$60,770,714.
  - Decrease in demand by 1,806 Gwh for the wholesale market, represented by lower revenues of \$214,965,415.
  - Increase in demand by 1,584 Gwh for economic associates, according to the contracting model in 2019 there are 9 contracts, higher revenues of \$328,387,600.
  - Increase of 313 Gwh, represented in higher revenues of \$205,908,145.
- (2) Gas sales show an increase compared to 2018 of \$22,122,553, mainly due to an increase in sales volume of 1,392,675 Mbtus.
- (3) The decrease is mainly due to the compensation received in 2018 from Mapfre corresponding to the claims occurred at the Guavio Power Plant for \$41,426,510. In 2019, compensation for material damages and loss of profit was received for the damages caused to the horizontal joint and the parapet walls, at the El Quimbo Hydroelectric Power Plant for \$16,010,050.

### **Negative Reconciliations CREG Resolution 176 of 2015**

On 26 February 2016 the Company filed a pre-judicial reconciliation application before the Attorney General's Office in order for the Commission for the Regulation of Energy and Gas (CREG) to review negative reconciliations issued in October 2015, taking into account that the Company considers that such reconciliation should be made in accordance with the conditions in CREG Resolutions 034/2001, 159 and 168/2015, so that they are not issued with retroactive effects, as the methodology under the new CREG Resolution 176/2015 can only have effects to the future, i.e., from 28 October 2015, when they were published. The amount of claims related to the restoration of the violated right and compensation for damages is \$100,410,738.

The XM market manager, through a letter filed on 22 February of 2016, declared that the Group's disagreement regarding article 1 of CREG Resolution 176/2015 was well-founded; however, it failed to indicate manners, dates, or amounts according to which the adjustments would be applied to the 2016 billing. Before making any adjustment, the CREG issued Resolution 043/2016, which clarifies that the settlements that Resolution 176/2015 corrects are those made from 20 September to 28 October 2015, closing any possibility of XM to make adjustments and reaffirm the retroactive effect of the aforementioned resolution.

The Group files a nullity claim with reinstatement of the right against CREG and XM S.A. E.S.P. on 24 May 2016, properly admitted on 2 September, requesting annulment of CREG Resolution 176 of 2015 and 043 of 2016 and as restoration, payment of \$100,410,738 that corresponds to the value the Group had to assume as a result of negative reconciliations. The claim was admitted, notified and answered by the Commission for the Regulation of Energy and Gas on 17 April 2017.

On 9 June 2017, the reform of the lawsuit filed by the Group was admitted, in which XM S.A. E.S.P. is excluded as defendant since it was deemed that the error came from the CREG, addressing only against this entity. This will allow obtaining a decision in less time, approximately 5 years for first and second instance. On 5 July 2017, the reform of the demand was answered by the CREG. The Administrative Court of Cundinamarca fixed the hearing date on 6 December 2017, where the evidence requested by the parties was ordered.

On 18 April 2018, an evidentiary hearing was held where the testimonies requested by the parties were heard. On 3 May 2018, the final arguments were presented and the process entered the Magistrate's Office for judgment.

As of 31 December 2019, there is no additional update.

### **Disaggregated revenue from contracts with customers**

The Company obtains its revenue from contracts with customers, for the transfer of goods and/or services which are satisfied over time or on a point in time and are disaggregated by market based on where these goods and/or services are supplied.

These revenues are generated in Colombia.

<b>Categories</b>	<b>Fulfilment of performance obligations</b>	<b>Twelve-month period from 1 January to 31 December 2019</b>	<b>Twelve-month period from 1 January to 31 December 2018</b>
Sale of Energy Wholesale Market	- Over time	\$ 2.193.763.445	\$ 2.080.341.260
Sale of Energy Non-regulated Customers	- Over time	1.369.108.743	1.308.338.030
Sale on Energy Exchange	- Over time	419.929.080	214.020.934
<b>Total Sale of Energy</b>		<b>3.982.801.268</b>	<b>3.602.700.224</b>
Sale of Gas	- Over time	86.875.080	64.752.527
<b>Total Sale of Gas</b>		<b>86.875.080</b>	<b>64.752.527</b>
Other revenues	- Over time/on a point in time	4.177.939	6.886.929
<b>Total other revenue</b>		<b>\$ 4.177.939</b>	<b>\$ 6.886.929</b>
<b>Total revenue from contracts with customers</b>		<b>\$ 4.073.854.287</b>	<b>\$ 3.674.339.680</b>
Other revenue outside the scope of IFRS 15		18.003.833	44.109.228
<b>Total revenues and other operating revenues</b>		<b>\$ 4.091.858.120</b>	<b>\$ 3.718.448.908</b>

### Contract assets and liabilities

Contract assets: The Company has no contract assets, since the goods and/or services provided to customers that have not yet been invoiced generate an unconditional right to the consideration by customers, since only the passage of time is required in the enforceability of payments by customers, and the Company has fulfilled all performance obligations.

Contract liabilities: The Company presents the contract liabilities in the statement of financial position, in the item of other current non-financial liabilities (see Note 18). Contract liabilities reflect the Company's obligations in the transfer of goods and/or services to customers for which the entity has received an advance consideration.

The contract liabilities by Category are shown below:

	<b>As of 31 December 2019</b>	<b>As of 31 December 2018</b>
-Wholesale customers	\$ 13.513.912	\$ 29.573.526
-Non-regulated customers	12.882.263	8.516.634
	<b>\$ 26.396.175</b>	<b>\$ 38.090.160</b>

### Fulfilment of performance obligations

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.

#### » **Sale of Energy Non-regulated Customers, Wholesalers and Stock Market.**

The fulfilment of performance obligations is carried out over time, since customers simultaneously receive and consume the benefits from the provision of energy supplied by the Company.

#### » **Sale of Gas**

As in the sale of energy, the fulfilment of performance obligations is carried out over time since the Company is entitled to payment in the event that the contract is terminated for the supply of gas.

#### » **Other revenues**

Other revenues present performance obligations fulfilled over time, as customers receive and consume simultaneously the goods and/or services undertaken with customers. Some examples of revenues recognised over time are mainly deviations from trading and energy backup in the secondary market.

Performance obligations fulfilled on a point in time are those that do not meet the requirements to be fulfilled over time. Some performance obligations satisfied on a point in time presented in this category correspond to the supply of goods.

#### » **Performance Obligations**

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.

The performance obligations associated with the categories are the following:

<b>Category</b>	<b>Performance obligations</b>	<b>Description</b>
Sale of Energy Wholesale Market	- Sale of electrical energy	- Corresponds to the supply of energy to customers in the wholesale market
Sale of Energy Non-regulated Market	- Sale of electrical energy	- Corresponds to the supply of energy to customers in the non-regulated market
	- Sale of energy	
Sale in Energy Exchange	- Other complementary services	- Corresponds to the supply of energy through the XM system manager
	- Security dispatch	



Category	Performance obligations	Description
Sale of Gas	- Supply of gas and/or transportation	- Corresponds to the supply of gas at wellhead, interruptible industrial NRM, to customers of this market
	- Commissions and sale of other goods	- Corresponds to sales, management and maintenance operations of other items outside the core of the business.
Other Revenues	- Reliability charge	- Corresponds to revenues received for excess of firm energy, to support the unavailability of third-party power plants.

### Significant judgments in the application of the standard

#### » Sale of Energy and Gas

The Company supplies energy and gas to customers in the wholesale, non-regulated, exchange and gas markets. Revenue is recognised when the control of the committed goods and/or services is transferred to customers. There is no obligation of unfulfilled performance of the goods and/or services transferred to the customers, since the Company is certain that it has fulfilled all the criteria of acceptance by the customers, insofar as they have the capacity to redirect the use of the goods and/or services obtained and obtain substantially the benefits associated to them.

#### » Sale of other goods and/or services

The Company provides operation and maintenance management services, sells waste material and ash. In addition, it receives revenues from deviations from trading and from energy backup in the secondary market. These revenues are recognised to the extent that the control thereof is transferred to customers, and they have the ability to direct the goods and/or services provided, obtaining the economic benefits associated with them.

#### » Significant financial component

The Company does not have a significant financial component in the supply of its goods and/or services, given that the consideration received with customers is fixed, without there being any change in it due to future events. In addition, the entity has no instalment sales of goods and/or services to customers.

#### » Calendar of fulfilment of performance obligations

For performance obligations fulfilled over time, the method of measuring the progress of fulfilment of performance obligations is performed by the product method, because the Company is entitled to receive as consideration from customers the value of the goods and/or services provided to customers, up to the date of their provision.

#### » Revenues recognised as contract liabilities

The Company recognises contract liabilities as revenues, to the extent that they fulfil the performance obligations.

#### » Assets recognised for obtaining or fulfilling contracts with clients

The Company does not present costs for obtaining or fulfilling contracts, so it does not have assets associated with this item.

## 22. Provisioning and Services

	Twelve-month period from 1 January to 31 December 2019	Twelve-month period from 1 January to 31 December 2018
Energy purchases (1)	\$ 686.479.986	\$ 565.949.033
Energy transport costs (2)	456.232.074	422.323.722
Other variable provisioning and services (3)	131.986.172	110.408.114
Taxes associated with the business (4)	94.702.429	172.950.423
Fuel consumption (5)	93.427.675	95.896.510
Purchase of gas (6)	65.540.178	44.492.924
	<b>\$ 1.528.368.514</b>	<b>\$ 1.412.020.726</b>

(1) The variation as of 31 December 2019 corresponds mainly to energy purchases on the stock market at a higher price of \$ 122/kWh for \$133,239,150. Decrease in energy purchases in contracts by 124 Gwh for \$37,635,886 and increase in energy purchases from economic associates for \$23,332,085.

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- (2) The variation corresponds mainly to the increase in transportation costs associated with the billed energy for the non-regulated market, an increase in the number of customers and in regulated charges derived from an increase in the rates of STR (regional transmission system) and ADD (distribution areas) for \$33,908,352.
- (3) Taxes associated with the business and other variable provisioning and services

	<b>Twelve-month period from 1 January to 31 December 2019</b>		<b>Twelve-month period from 1 January to 31 December 2018</b>	
Contributions and Royalties Act 99 of 1993 (a)	\$	94.593.829	\$	76.018.733
Solidarity Fund Reform Act 633 (b)		30.094.529		26.684.086
Other local taxes associated with the business		4.449.419		3.963.315
Industry and trade tax		2.848.395		3.741.980
	<b>\$</b>	<b>131.986.172</b>	<b>\$</b>	<b>110.408.114</b>

- (a) In accordance with Act 99 of 1993, the Company is obligated to make transfers for basic sanitation and environmental improvement projects to the municipalities and autonomous regional corporations, equivalent to 6% of the gross sales of energy by own generation in the hydraulic power plants, and 4% in thermal power plants, according to the rate set out by the The Commission for the Regulation of Energy and Gas (CREG) for block sales.
- (b) According to Act 633 of 2000, the Financial Support Fund for the Energisation of Non-Interconnected Areas - FAZNI is a fund whose resources are allocated in accordance with the law and with the energisation policies for non-interconnected areas, as determined by the Ministry of Mines and Energy, to finance plans, programs and/or prioritised investment projects for the construction and installation of the new electrical infrastructure and for the replacement or rehabilitation of the existing one, for the purpose of expanding the coverage and seeking the satisfaction of energy demand in the non-interconnected areas.

The generators pay the FAZNI according to the monthly generation of its plants dispatched centrally and run-of-the-river, at the applicable annual rate. The corresponding values are collected by the wholesale energy market and sent to the Ministry of Finance and Public Credit.

- (4) Other variable provisioning and services:

	<b>Twelve-month period from 1 January to 31 December 2019</b>		<b>Twelve-month period from 1 January to 31 December 2018</b>	
Restrictions (a)	\$	51.097.203	\$	126.976.298
Cost CND, CRD, SIC		17.476.415		15.946.119
Other generation support services		13.496.674		8.745.789
Secondary Market Reliability Charge (b)		8.930.521		18.583.840
Contributions Regulating Entities		3.567.578		2.559.786
Reading services		134.038		138.591
	<b>\$</b>	<b>94.702.429</b>	<b>\$</b>	<b>172.950.423</b>

- (a) Corresponds to the limitations of the National Interconnected System - SIN, to meet the energy requirements. Restrictions give rise to forced generations of energy that can be more expensive than generations in ideal conditions.

The variation in the restrictions is based on the fact Resolution 195 of 2016 was issued in light of the declaration of the El Niño phenomenon and transfers the costs of the thermal power plants with cash on the value of the restrictions (these have no limit). For 2018 attacks on the infrastructure of the national interconnected system increased, which increases restrictions. With respect to 2019, there is a decrease in the restrictions due to the execution of the guarantee associated with the Ituango Hydroelectric Project due to loss of firm energy obligation since 1 December 2018, as defined in CREG resolution 154 of 2019. Due to the above, the rate component of restrictions falls to \$ 2/kWh for December 2019, during the course of the year the average behaviour was \$ 16/kWh.

- (b) The variation in purchases of the secondary market is due to the scheduled maintenance of the Guavio plant, between October and November 2018, which implied a significant increase in the volume of purchases required to address the unavailability of the resource with the highest net effective capacity belonging to the generating portfolio.
- (5) Decrease in consumption of liquid fuels for the generation of the Central Cartagena for \$46,935,330 and increase of coal for the generation of the Termozipa Power Plant for \$44,466,495.
- (6) Variation due to purchases of natural gas in 42,447,552 M3 equivalent to \$21,047,254 for increase in sale.

## 23. Personnel Expenses

	Twelve-month period from 1 January to 31 December 2019	Twelve-month period from 1 January to 31 December 2018
Wages and salaries (1)	\$ 84.039.762	\$ 72.023.506
Social security service and other social charges	20.335.651	18.634.489
Expenses for retirement benefit plans obligation (2)	679.899	(1.411.017)
Other personnel expenses	19.400	595.429
Expenses for post-employment benefits obligation (3)	-	872.607
	<b>\$ 105.074.712</b>	<b>\$ 90.715.014</b>

- (1) Wages and salaries for 2019 and 2018 are made up of the following items:

Description	Twelve-month period from 1 January to 31 December 2019	Twelve-month period from 1 January to 31 December 2018
Salary	\$ 51.121.439	\$ 49.944.228
Bonuses	17.089.101	8.363.642
Vacation leaves	5.753.564	4.444.957
Service bonus	4.899.238	4.005.758
Severance pay	2.849.499	3.269.268
Amortisation Employee Benefits	2.326.921	1.995.653
<b>Total wages and salaries</b>	<b>\$ 84.039.762</b>	<b>\$ 72.023.506</b>

- (2) In 2019, the company recorded a post-employment benefit expense of \$679,899, corresponding to special five-year bonuses and in 2018 there is a recovery of expenses, associated with the reversion of senior management retirement bonus.
- (3) During 2019, no voluntary retirement plans were made, the value corresponds to the recognition of costs by voluntary retirement plan addressed to generation persons under the modality of temporary income, which resulted in six (6) participants accessing the benefit of income, assistance and life insurance.

## 24. Other Fixed Operating Expenses

	Twelve-month period from 1 January to 31 December 2019	Twelve-month period from 1 January to 31 December 2018
Independent professional services, outsourced and others (1)	\$ 43.716.269	\$ 43.104.486
Other supplies and services	39.174.560	35.766.696
Insurance premiums	23.810.152	21.829.703
Repairs and conservation	20.924.974	19.105.693
Taxes and contributions (2)	3.538.633	3.565.303
Transportation and travel expenses	2.358.165	2.561.497
Leases and fees	782.533	2.983.047
	<b>\$ 134.305.286</b>	<b>\$ 128.916.425</b>

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

	<b>Twelve-month period from 1 January to 31 December 2019</b>	<b>Twelve-month period from 1 January to 31 December 2018</b>
Other management and operation contracts	\$ 13.609.274	\$ 14.837.996
Fees	10.631.857	11.360.587
Software development services and computer applications	9.417.777	5.948.361
Telemetry service	6.801.761	6.997.809
Expat expenses	3.255.600	3.959.733
	<b>\$ 43.716.269</b>	<b>\$ 43.104.486</b>

(2) (2) Corresponds mainly to the recognition of property tax for \$3,538.633 and \$3,257,540 for the years 2019 and 2018, respectively.

## 25. Depreciation, Amortisation and Impairment Losses

	<b>Twelve-month period from 1 January to 31 December 2019</b>	<b>Twelve-month period from 1 January to 31 December 2018</b>
Depreciations (See Note 12) (1)	\$ 228.557.945	\$ 206.591.742
Amortisations (See Note 11)	13.481.772	9.677.853
Impairment of financial and non-financial assets (2)	455.677	2.426.192
	<b>\$ 242.495.394</b>	<b>\$ 218.695.787</b>

(1) As of 31 December 2019, there was an increase mainly due to the depreciation generated in constructions, machinery and other assets for \$7,096,728, thermal power plants for \$6,246,012, hydraulic plants for \$3,952,648; the expense of lease asset impairment in 2019 is \$4,670,815.

(2) As of 31 December 2019, corresponds to impairment of financial assets, mainly due to the calculation under IFRS 9 for the credit loss expected from the commercial portfolio determined by the simplified individual model, generating an impairment recovery of \$247,919, and the collective model applied to other non-financial assets, generating an impairment expense of \$703,596.

## 26. Net Financial Income

	<b>Twelve-month period from 1 January to 31 December 2019</b>	<b>Twelve-month period from 1 January to 31 December 2018</b>
Revenue from cash and cash equivalents (1)	\$ 15.407.950	\$ 20.738.949
Interest on accounts receivable	3.143.658	2.373.586
Interest for customer financing	1.068.330	1.572.661
Interest for associate financing	852.039	-
<b>Financial revenues</b>	<b>\$ 20.471.977</b>	<b>\$ 24.685.196</b>
Financial obligations (2)	(258.505.119)	(302.794.692)
Other financial costs	(22.244.414)	(14.345.366)
Tax on movement of funds	(11.734.262)	(9.557.490)
Obligation for post-employment benefits	(5.923.573)	(5.764.714)
Financial expenses IFRS 16	(872.893)	-
Finance lease	(76.057)	(501.320)
<b>Financial expenses</b>	<b>(299.356.318)</b>	<b>(332.963.582)</b>
Capitalised financial expenses (3)	13.566.737	7.977.254
<b>Net financial expenses</b>	<b>(285.789.581)</b>	<b>(324.986.328)</b>
Revenues from realised exchange difference (4)	26.800.438	23.029.861
Expense for unrealised exchange difference (4)	(27.220.192)	(23.816.694)
<b>Net exchange difference</b>	<b>(419.754)</b>	<b>(786.833)</b>
<b>Total net financial income</b>	<b>\$ (265.737.358)</b>	<b>\$ (301.087.966)</b>

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- (1) Corresponds mainly to financial returns of national currency of deposits and investments in different financial entities supervised and controlled by the Colombian Financial Superintendence. The variation of 2019 corresponds mainly to:
- (a) The Colombian Central Bank during 2018 had two reductions in the intervention rate, going from 4.75% to 4.5% on 30 January and to 4.25% on 30 April, such rate was maintained on 31 December 2018. The average rate for 2018 was 4.38%. In 2019, the Colombian Central Bank intervention rate did not change and remained at 4.25% throughout 2019.
- (b) The yields of the average placements of the Company during 2019 and 2017 were 4.37% and 4.56%, respectively.
- (2) Financial obligations as of 31 December 2019 correspond to interest on the bonds issued and generated under the Company's programme for the issuance and placement of bonds, as follows:

Operation	Value
Bonds issued	\$ 250.230.991
Club Deal	8.274.128
<b>Total expenses of financial obligations</b>	<b>\$ 258.505.119</b>

Financial obligations as of 31 December 2018 correspond to interest on the bonds issued and generated under the Company's programme for the issuance and placement of bonds, as follows:

Operation	Value
Bonds issued	\$ 283.196.383
Club Deal	13.616.296
Bank Loans (Banco de Crédito del Perú)	5.982.013
<b>Total expenses of financial obligations</b>	<b>\$ 302.794.692</b>

- (3) The capitalisable financial expenses in 2019 correspond to the following projects:

Station	Project	Value
Thermal	Beep Others project (environmental improvement and Life Extension)	\$ 8.009.090
Hydroelectric	Additional works Quimbo station dam	5.557.647
<b>Total</b>		<b>\$ 13.566.737</b>

The annual nominal rate for capitalisation of interest costs as of 31 December 2019 corresponds to 8.21%.

- (4) The origins of the effects on profit or loss due to exchange differences correspond to:

	As of 31 December 2019	
	Revenue from exchange transactions	Revenue from exchange transactions
Balances in banks	\$ 22.216.078	\$ (24.419.915)
Commercial accounts	-	(40)
Other assets	3.088.365	(2.502.432)
<b>Total assets</b>	<b>\$ 25.304.443</b>	<b>\$ (26.922.387)</b>
<i>Accounts payable for goods and services</i>	892.043	(255.724)
<i>Current accounts payable to related entities</i>	603.952	(42.082)
<b>Total liabilities</b>	<b>\$ 1.495.995</b>	<b>\$ (297.806)</b>
<b>Total exchange difference</b>	<b>\$ 26.800.438</b>	<b>\$ (27.220.192)</b>

	<b>As of 31 December 2018</b>	
	<b>Revenue from exchange transactions</b>	<b>Revenue from exchange transactions</b>
Balances in banks	\$ 8.538.768	\$ (19.099.426)
Net commercial accounts	3.937.714	(788.382)
Current accounts receivable from related entities	250.500	(50.196)
Other assets	359.925	(1.261.616)
<b>Total assets</b>	<b>\$ 13.086.907</b>	<b>\$ (21.199.620)</b>
<i>Accounts payable for goods and services</i>	8.503.350	(2.467.960)
<i>Current accounts payable to related entities</i>	1.439.604	(149.114)
<b>Total liabilities</b>	<b>\$ 9.942.954</b>	<b>\$ (2.617.074)</b>
<b>Total exchange difference</b>	<b>\$ 23.029.861</b>	<b>\$ (23.816.694)</b>

## 27. Sale and disposal of assets

	<b>Twelve-month period from 1 January to 31 December 2019</b>	<b>Twelve-month period from 1 January to 31 December 2018</b>
Result in Sale of Assets	\$ (3.359.067)	\$ (6.719.474)
	\$ (3.359.067)	\$ (6.719.474)

As of 31 December 2019, the company presents a net effect on the result on sale and disposal of assets for \$3,359,067, corresponding to derecognitions with effect on loss of \$4,132,947, which are due to hydraulic power plants for \$1,631,095, thermal power plants for \$1,495,373, leases and properties for \$1,006,479.

Disposals with effect on profit for \$773,880, which are due to own vehicles for \$347,800 and hydraulic power plant properties for \$426,080.

## 28. Income tax expense

The provision through profit or loss for income tax and income surcharge consists of the following:

	<b>As of 31 December 2019</b>	<b>As of 31 December 2018</b>
Current income tax	\$ 525.527.209	\$ 433.954.590
Income surcharge	-	52.568.557
Tax on occasional earnings	50.411	1.515
Current income tax against equity	(327.825)	(465.205)
Industry and Trade tax discount and donations	(1.078.963)	-
Current income tax from previous years (1)	(2.454.632)	(6.152.503)
<b>Total current tax</b>	<b>\$ 521.716.200</b>	<b>\$ 479.906.954</b>
Deferred income tax from previous years (1)	235.622	5.623.931
Deferred tax movement	69.378.775	62.295.701
<b>Total deferred tax</b>	<b>69.614.397</b>	<b>67.919.632</b>
<b>Income tax expense</b>	<b>\$ 591.330.597</b>	<b>\$ 547.826.586</b>

Until 2016 a reserve was set up for accelerated depreciation through profit or loss of 31 December 2016, in compliance with the provisions of article 130 of the Tax Code in force up to that time, affecting each year's profits, up to a total amount of \$241,806,481. Bearing in mind that for fiscal purposes, the reducing balance method for depreciation has been used as of 2014, and for accounting purpose the straight-line system will continue to be used. From 2017, taking into account that Article 130 of the Tax Code was repealed by the tax reform Act 1819 of 2016, each asset began to be analysed. The reserve is reversed for assets for which the accounting depreciation begins to match and/or becomes greater than the fiscal depreciation, releasing \$6,397,103 for the Meeting of March 2019, leaving a reserve balance of \$232,564,242.

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(1) The income tax of previous years consists of:

- (a) 2018 income adjustment value of \$2,454,631, which corresponds to the difference between the provisioned value and the actual expense of the income statement.
- (b) Value of deferred tax for difference in labour provisions and actuarial calculation of \$235,623.

Below is the reconciliation between the income tax that would result from applying the current general tax rate to "earnings before taxes" and the expense recorded for the aforementioned tax in the consolidated income statement as of 31 December 2019:

<b>Effective tax rate reconciliation</b>	<b>As of 31 December 2019</b>	<b>As of 31 December 2018</b>
Profit (Loss) for the period	\$ 1.232.152.218	\$ 1.020.338.048
Income tax expense (revenue)	591.330.597	547.826.586
<b>Earnings (loss) before tax</b>	<b>\$ 1.823.482.815</b>	<b>\$ 1.568.164.634</b>
Legal rate of current tax	33%	37%
<b>Tax according to current legal rate</b>	<b>\$ (601.749.329)</b>	<b>\$ (580.220.915)</b>
<b>Permanent differences:</b>		
Non-deductible taxes (1)	(1.936.153)	(1.870.880)
Expenses without a causal relationship and other non-deductible expenses (2)	(1.736.579)	(210.320)
Net effect movement estimated liabilities and permanent provisions	2.182.599	6.007.352
Presumptive interest	(2.793)	(12.000)
Accounting depreciation value depreciation tax	5.862.411	8.351.919
Deductions for productive real fixed assets	2.732.090	7.307.761
Profit from the sale of fixed assets taxed with occasional earnings	50.411	1.514
Other permanent differences	(31.227)	32.000
Income adjustment year 2017 income tax return (3)	2.219.010	6.152.503
Industry and Trade Discount and 25% Donations	1.078.963	-
Differential adjustment rates - deferred adjustment previous years (Tax reform) (4)	-	6.634.480
<b>Total permanent differences</b>	<b>\$ 10.418.732</b>	<b>\$ 32.394.329</b>
<b>Income tax (expense) revenue</b>	<b>\$ (591.330.597)</b>	<b>\$ (547.826.586)</b>

- (1) Corresponds mainly to 33% of the tax on movement of funds for \$1.936.153.
- (2) Corresponds to 33% non-deductible expense provisions for \$793.487 and rejection of industry and trade tax expense for \$943.092.
- (3) Corresponds to the adjustment of the income tax return in 2018 for \$2.219.010.
- (4) Corresponds to the adjustment of the deferred tax, as a result of the adjustment of temporary differences in the income tax return in 2017 for \$5,623,931 and deferred tax update according to the future rates issued by the tax reform Act 1943 of 2018 for (\$12,258,411).

## 29. Earnings per Share

The earnings per basic share are calculated dividing profit attributable to the Company shareholders adjusted to preferred dividends after taxes between the weighted averages of common outstanding shares over the year. As of 31 December 2019, there are no common shares acquired by the Company.

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	<b>Twelve-month period from 1 January to 31 December 2019</b>		<b>Twelve-month period from 1 January to 31 December 2018</b>	
Profit attributable to owners	\$	1.232.152.218	\$	1.020.338.048
Preferred dividends (1)		7.601.172		7.537.642
Profit attributable to owners adjusted to preferred dividends		1.224.551.046		1.012.800.406
Weighted average of outstanding shares		148.914.162		148.914.162
<b>Basic earnings per share (*)</b>	<b>\$</b>	<b>8.223,20</b>	<b>\$</b>	<b>6.801,24</b>

(\*) Amount expressed in Colombian pesos

- (1) Out of total shares of Grupo Energía Bogotá S.A E.S.P., 20,952,601 shares correspond to shares without voting rights with an annual preferred dividend of US \$0.11 per share.

### 30. Comprehensive Income

The breakdown of other comprehensive income is shown below:

	<b>Twelve-month period from 1 January to 31 December 2019</b>		<b>Twelve-month period from 1 January to 31 December 2018</b>	
<b>Components of other comprehensive income that will not be reclassified to net income:</b>				
Gains (Losses) on new measurements of financial instruments measured at fair value rough OCI (1)	\$	(1.948.552)	\$	(1.342.940)
Gains (losses) for new measurements of defined benefits plans (2)		(8.131.850)		(5.747.248)
Gains (losses) on cash flow hedges (4)		959		959
<b>Other income that will not be reclassified to earnings before taxes</b>	<b>\$</b>	<b>(10.079.443)</b>	<b>\$</b>	<b>(7.089.229)</b>
<b>Components of other comprehensive income that will be reclassified to earnings before taxes:</b>				
Gains (Losses) for cash flow hedges		1.066.579		3.754.778
<b>Other income that will be reclassified to earnings before taxes</b>	<b>\$</b>	<b>1.066.579</b>	<b>\$</b>	<b>3.754.778</b>
<b>Income tax related to components of other comprehensive income that will not be reclassified to earnings before taxes</b>				
Gains (losses) from new measurements of defined benefit plans (3)		1.886.585		564.163
<b>Total income taxes related to components of other comprehensive income that will not be reclassified to the period tax</b>	<b>\$</b>	<b>1.886.585</b>	<b>\$</b>	<b>564.163</b>
<b>Income tax related to components of other comprehensive income that will be reclassified to earnings before taxes</b>				
Tax effect for cash flow hedges (5)		(421.966)		(363.953)
<b>Total income taxes related to components of other comprehensive income that will be reclassified to the period tax</b>	<b>\$</b>	<b>(421.966)</b>	<b>\$</b>	<b>(363.953)</b>
<b>Total other comprehensive income</b>	<b>\$</b>	<b>(7.548.245)</b>	<b>\$</b>	<b>(3.134.241)</b>

- (1) As of 31 December 2019, corresponds to losses from the investment in Electricaribe S.A. E.S.P as a result of the valuation using the multiples method and the update of the investment in subsidiaries as a result of the implementation of the equity method.
- (2) Corresponds to the effect of actuarial losses valued by the firm Aon Hewitt México. As of 31 December 2019 and 2018, actuarial losses with effect on equity are presented below:



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	As of 31 December 2019		As of 31 December 2018	
	Pensions and Benefits	Retroactive severance pay	Pensions and Benefits	Retroactive severance pay
<b>Initial balance</b>	\$ (12.710.123)	\$ 958.389	\$ (18.183.432)	\$ 120.287
Actuarial gain (loss)	7.225.564	906.286	4.909.146	838.102
Current and deferred tax	1.886.585	-	564.163	
<b>Final balance</b>	\$ (3.597.974)	\$ 1.864.675	\$ (12.710.123)	\$ 958.389

The value of the losses is transferred directly to retained earnings and will not be reclassified to profit or loss.

- (3) Corresponds to the effect on equity of the income tax and the deferred income tax generated by actuarial losses as of 31 December 2019 and 2018, respectively, as detailed below:

	As of 31 December 2019		As of 31 December 2018	
Income tax	\$ 327.825	\$ 465.205		
Deferred tax	(2.214.410)	(1.029.368)		
<b>Final balance</b>	\$ (1.886.585)	\$ (564.163)		

- (4) As of 31 December 2019, it corresponds to market to market (MTM) as a result of the valuation of hedging derivatives for both forward and swap.
- (5) As of 31 December 2019 and 2018, corresponds to the deferred tax related to the cash flow hedges, as detailed below:

	As of 31 December 2019		As of 31 December 2018	
Deferred tax related to cash flow hedges	\$ (421.966)	\$ (363.953)		
<b>Final Balance</b>	\$ (421.966)	\$ (363.953)		

### 31. 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 requirements.

Summary of assets and liabilities expressed in foreign currency:

	As of 31 December 2019			
	(EUR)	(US Dollars)	(CHF Swiss Francs)	(thousands of pesos )
Cash and cash equivalents (Note 4)	-	1.049.200	-	3.438.382
Debtors	143.686,	59.491	-	723.521
Accounts payable	(7.601.402)	(8.213.119)	(1.521)	(54.883.128)
<b>Net (liability) position</b>	<b>(7.457.716)</b>	<b>(7.104.428)</b>	<b>(1.521)</b>	<b>(50.721.225)</b>

	As of 31 December 2018			
	(EUR)	(US Dollars)	(CHF Swiss Francs)	(thousands of pesos )
Cash and cash equivalents (Note 4)	2.872	530.288	-	1.733.976
Debtors	1.186.143	1.991.981	-	10.879.899
Accounts payable	(5.038.517)	(2.087.142)	(244.473)	(26.307.071)
<b>Net (liability) position</b>	<b>(3.849.502)</b>	<b>435.127</b>	<b>(244.473)</b>	<b>(13.693.196)</b>

## 32. Penalties

As of 31 December 2019, the status of penalties is shown below:

- a) No resolution is pending that implies a possible penalty by the Superintendence of Household Public Utilities, due to breaches to the legal system, specifically Act 142, Act 143 and the Regulation issued by the Commission for the Regulation of Energy and Gas. As of 30 June 2019, there is only one sanctioning procedure closed in 2013, the penalty of which consisted of a warning (without monetary value) for matters similar to those mentioned in this paragraph.

### Environmental penalties

- a) The National Authority of Environmental Licenses (ANLA) confirmed the penalty against the Company for a value of \$2,503.259, for the alleged breach of the Environmental License, in relation to the removal of the wood and biomass product of the forest use of the vessel of the reservoir of El Quimbo Hydroelectric Project. The Company brought a lawsuit against the Resolutions issued by the ANLA, through a process of Nullity and Restoration of right.

The initial hearing was held on 4 June 2019, the hearing set for August was cancelled by the Cundinamarca Administrative Court.

The Court set a date to hold the evidence hearing on 25 February 2020.

- b) The Regional Autonomous Corporation of Upper Magdalena (CAR) decided in the appeal against Resolution No. 2239 of 29 July 2016, in which the Company was penalised for \$758,864, for breach of environmental regulations, since activities were carried out without having the prior environmental permit as established by the regulation (opening of the road above the 720 level of the Quimbo Hydroelectric Project-PHEQ), the penalty was reduced to \$ 492,700.

The claim for nullity and restoration of right and process was brought in October 2017, it is being reviewed with the CAM's response to the claim, the initial hearing was scheduled by the Court on 20 May 2020.

- c) On 12 January 2018, the Company was notified of the 4 December Resolutions No. 3567, 3568 and 3569 in which the penalties imposed by the CAM in November 2016 were confirmed in relation to resolutions 3590, 3653 and 3816 of November 2016 derived from the absence of dumping permits for the resettlements of the PHEQ project, in accordance with environmental regulations.

As a result, the Regional Autonomous Corporation of Upper Magdalena (CAM) imposed three (3) penalties consisting of a fine of \$50,670 each:

- Resolution No. 3590 of 10 November 2016, the CAM penalised the Company for not having the dumping permit of the Montea resettlement.

A request for Nullity and Restoration of Right was filed, since 30 May 2019, the process is in court ending first instance ruling.

- Resolution No. 3653 of 10 November 2016, the CAM penalised the Company for not having the dumping permit of the Santiago and Palacios resettlement.

A request for Nullity and Restoration of Right was filed on 21 May 2019, an unfavourable first instance ruling was issued against the Company by the Sixth Administrative Court of Neiva Huila, currently the process is being Appealed.

- Resolution No. 3816 of 10 November 2016, the CAM penalised the Company for not having the dumping permit of the La Galda resettlement.

A request for Nullity and Restoration of Right was filed, the CAM answered the claim and the process is pending date for the initial hearing.

### Tax penalties

- a) Vehicle tax, extemporaneity imposed on vehicle sold without transfer to buyer. Fine amount \$713.
- b) Penalty for late presentation of the December 2018 Palermo Industry and Trade tax withholding statement, for \$344 for the change of the collecting bank, as established in the municipality.
- c) Penalty for late presentation of the December 2018 Cali Industry and Trade tax withholding statement, for \$173 for the change of the collecting bank, as established in the municipality.

- d) Penalty for correction of the December 2018 withholding tax statement, for \$399.
- e) Penalty for late presentation of the 2018 Espinal Industry and Trade tax statement, for \$345, due to regulatory change.
- f) Penalty for late presentation of the 2018 Cerete Industry and Trade tax statement, for \$1.172.
- g) Penalty for late registration in the municipality of Pamplona, for starting operations at the beginning of 2018, for \$828.
- h) Penalty for late presentation of 2018 magnetic media for \$102,810.
- i) Penalty for late presentation of the 2014 Pereira Industry and Trade tax statement, for \$464 plus default interest of \$ 305.

### 33. Other Insurance

In addition to policies relative to property, plant, and equipment (see Note 12), the company has the following policies:

Property/person insured	Risks covered	Insured amount	Expiry	Insurance Company
Employees having a direct contract with the Company	Death, total and permanent disability	Maximum individual insured amount: \$1.800.000	31/01/2020	Seguros bolivar
Advisors or directors	Civil liability of directors and managers	\$ 15.773.178	10/11/2020	SBS Seguros

### 34. Commitments and Contingencies

#### I. Purchase Commitments:

The Company as of 31 December 2019 has commitments to purchase electric energy (pay as contracted at current prices), natural gas, fuel oil and coal, as follows:

Period	Natural Gas	Fuel Oil	Coal	Energy	Total
2020-2023	\$ 127.308.346	\$ 73.885.483	\$ 42.557.713	\$ 85.048.652	\$ 328.800.194
<b>Total</b>	<b>\$ 127.308.346</b>	<b>\$ 73.885.483</b>	<b>\$ 42.557.713</b>	<b>\$ 85.048.652</b>	<b>\$ 328.800.194</b>

As of 31 December 2019, the Company has commitments to sell energy in long-term contracts for the period of 2020-2024 for \$13,214,162.

The following is the summary of the commitments to purchase materials and services:

Period	Materials	Services	Total
2020-2021	\$ 66.707.994	\$ 196.356.843	\$ 263.064.837
2021-2022	24.032.735	111.461.114	135.493.849
2024-2028	-	976.720	976.720
<b>Total</b>	<b>\$ 90.740.729</b>	<b>\$ 308.794.677</b>	<b>\$ 399.535.406</b>

#### II. Canoas Pumping Station Agreement

On 5 December 2011, the inter-institutional agreement between Empresa de Acueducto y Alcantarillado de Bogotá E.S.P. (EAAB) and the Company, with the objective of joining forces to ensure the construction of the Canoas Pumping Station, through economic and operational contribution offered by the Company.

It is worth mentioning the importance of the aforementioned agreement for the inhabitants of the Bogota River Basin, as it contributes significantly to the financing of mega works necessary for the sanitation of the Bogota River and allows the use of water resources in the supply of electrical energy guaranteeing the reliability of the system for the electric generation; thus making compatible the process of power generation and the optimisation of water quality.

The economic contribution of the Company for this agreement amounts to \$84,048,000, the value of the final disbursement will be the result of the simple indexation of the economic resources of the agreement and will be disbursed once the EAAB builds the pumping station and begins its operation.

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The agreement is valid for 27 years from date of execution and until the Company retains the status of user of the waters of the Bogota River by virtue of the water concession granted by the CAR. This may be extended by agreement of the parties provided there are reasonable grounds.

In November 2018, the EAAB carried out the process of awarding the designs and construction of the pumping station, which according to the schedule will start in March 2019 with a duration of 44 months. The Company will participate in the technical tables starting from the beginning of the detail and construction engineering contract. Once the construction, installation and start-up of the pumping station are completed and the equipment tests are carried out, the Company will receive the Pumping Station to operate and maintain it.

### III. Contingencias y Arbitrajes

The Company 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 correspond to the part not provisioned will be favourable to the Company and will not cause significant liabilities which must be accounted for or which, if they do, will not significantly affect their financial position.

The main litigations that the Company has as of 31 December 2019 classified as contingent are:

Processes	Start Date	Claim	Subject of the Lawsuit	Current status and procedural situation
Policarpo Agudelo Y Otros	2014	\$ 50.000.000	Compensation for Damages Puente Paso del colegio	First instance ruling favourable to the company
Ruber Cufino Hernandez Y Otros	2017	38.117.538	Compensation as a non-resident population	In the superior council of the judiciary solving a conflict of jurisdiction
Tito Toledo Y Otros	2018	33.716.615	Damages and losses caused by the PHEQ to its work of artisanal miners of the A.I.D. property	First instance ruling favourable to the company
José Edgar Bejarano	2017	32.000.000	Collective action for flooding in the Upia River (Villanueva and Barranca de Upia in Casanare) downstream of the Guavio reservoir.	Testimony hearing pending
Jesus Maria Fernandez Y Otros	2017	24.673.190	Compensation for damages in the form of loss of profits due to the permanent occupation of El Quimbo Dam in the area of a mining concession contract - La Mina Property.	In court pending initial hearing date
Yina Paola Amaya Pimentel Y Otros	2018	20.706.898	Compensation for the damages caused by the pheq to their work as day laborers in tobacco cultivation and short-cycle crops of a.i.d properties.	In the administrative court of Neiva pending resolution of appeal filed by the Company against the order that did not rule the expiry
Aura Lucia Diaz Garcia Y Otros	2017	20.349.603	Compensation as a non-resident population	Pending date for evidence review
Antonio Jesus Moreno	2017	15.831.622	Compensation Non-resident population	In the superior council of the judiciary solving a conflict of jurisdiction
Fanol Bermeo Bermeo Y Otros	2017	10.400.000	Damages caused to front men	In court pending first instance ruling
Carlos Arrigui Ramon	2015	10.000.000	Serious injury	Second instance ruling favourable to the company
Piscicola New York S.A. Procesadora Y Comercializadora De Alimentos S.A. - Proceal S.A. Piscicola Rios S.A.	2017	7.792.000	Claim for the defendants to pay collective compensation for the material damages (consequential damages) and moral damages for the construction of the PHEQ.	Pending date of settlement hearing.
Maria Esther Rojas De Irrigui	2015	6.000.000	Serious injury	Second instance ruling favourable to the company
Lucia Motta De Barrera	2017	5.596.309	Serious injury	First instance ruling favourable to the company
Yaneth Joven Suarez	2017	5.486.229	Serious injury	First instance ruling favourable to the company
Ricardo Rivera Chau	2017	5.416.668	Serious injury	First instance ruling favourable to the company

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Processes	Start Date	Claim	Subject of the Lawsuit	Current status and procedural situation
Alba Myriam Chauz Montealegre Y Otros	2017	5.188.063	Fish traders	Evidence review
Rosario Florez Angarita Y Otros	2017	4.416.785	Non-contractual civil liability compensation	In the superior council of the judiciary solving a conflict of jurisdiction
Jose Ramiro Benavides Y Otros	2018	4.229.160	To compensate the damages caused by pheq to their economic activity with the construction chain - non-residents who derived their income in the a.i.d	In court to solve impleader
Mendez Arboleda Sas	2016	3.749.528	Serious injury	Pending hearing for first instance ruling
Luz Marina Ardila Silva	2018	2.561.088	To compensate the damages caused by the pheq to their economic activity in farms of the a.i.d	Pending to solve impleader
William Javier Cedeño Medina	2017	1.500.732	Compensation for damages for being lessee of a property acquired by the pheq	In court pending first instance ruling
Roberto Aisama Nurinbia Y Otros 6	2019	1.226.291	Compensation for damages caused by pheq to their economic activity as non-residents - corn farmers and an employee of the service in aid properties	The amendment to the lawsuit was answered on 13 January 2020
Pedro Hernandez Rojas	2017	1.088.705	Damages caused by the pheq requires compensation for being the owner of the parcel 18b folio 20223122 lot	In court pending first instance ruling
Roberto Campos Y Otros	2018	1.042.693	Compensation for damages caused by pheq to their economic activity, artisanal mining in farms located in aid - non-residents who derived their income in the a.i.d	Pending initial hearing date
Yustina Esquivel Buesaquillo Y Otro	2018	887.248	Compensation for damages caused by pheq to your work on a.i.d properties	In court to solve the appeal and in benefit of appeal against the Company for the order that declared non- jurisdiction.
Gustavo Adolfo Trujillo	2017	807.302	Serious injuries	In the superior council of the judiciary solving a conflict of jurisdiction
Alquileres Y Constructores Aderco Ltda	2013	195.490	Lawsuit for theft of machinery to the Company's subcontractor	Objection of expert opinion
Orlando Baena Rodríguez	2018	150.000	Full compensation for damages	Pending hearing of art. 77.
Leovigildo Antonio Rolong Montenegro	2013	40.000	solidarity wages and benefits	Has been suspended since 26 November 2014.
Jose Omar Cano Campos	2018	25.000	Invalidity of administrative acts - denies the inclusion in the census of the recipient population affected by (pheq) and its corresponding compensation	In the superior council of the judiciary solving a conflict of jurisdiction
Derly Andrea Lasso Torres Y Otros 19	2019	Undetermined	compensation for damages to the receiving population	In the upper council of the judiciary pending solution to conflict of jurisdiction
María Francy Bejarano Martínez Y Otros	2016	Undetermined	the judicial action pursues the extinction of the real right of ownership of the company over a real estate located in the Guavio area	In the evidentiary stage

The main tax-related processes that the Company has as of 31 December 31 2018 classified as contingent are:

**Industry and Trade Tax (ICA).**

The companies of the power generation line have been required by some municipalities to pay Industry and Commerce Tax (ICA) based on their income. However, this ignores the application of the special regime contained in Act 56 of 1981, according to which this tax must be paid taking into account the capacity of power generation installed in the plant.

It is worth noting the actions of nullity and reinstatement of right against the appraisal settlement made by the Municipality of Guachené on account of the ICA of fiscal years 2012 to 2016, which amount to \$3,650,683.

The Company, together with its external and internal advisors, based on reiterated jurisprudential criteria, concluded that contingent events related to the industry and trade tax have a losing probability of less than 50%. This considering that the Constitutional Court declared applicable article 181 of Act 1 607/2014, reiterating that the sale of energy is the conclusion of the generation activity, so that provided the energy sold has been generated by the seller, the ICA tax will only be applied at the location of the generation plant, according to Act 56/1981. The Council of State accepted this and in 2016 resolved several process in favour of the Company.

### **2003 Fiscal Year Income Tax**

The process is based on the company administration not recognising benefits resulting from applying the Páez Act. As such, tax authorities considered that the company could not avail of benefits considered in such Act regarding all its revenues.

The process value amounts to \$117,113,000. The Company, together with its external advisors, concluded that the contingent event related to the 2003 income has a losing probability lower than 50%.

### **Forest Use Rate 2014 and 2019**

The background of this controversy is the environmental license of El Quimbo, which indicated the possibility of paying to the Upper Magdalena Regional Autonomous Corporation (CAM) the compensatory rates for the impact or use of natural resources, where applicable. Based on this, the CAM issued in 2014 a settlement of the forest harvesting rate, applying a rate corresponding to the provision of technical services established in the Inderena Agreement 048 of 1982. The Company maintains that collection is illegal based on the following arguments:

(i) Agreement 048 is void, and the rate provided in 1982 could not be applied, since it was provided for Inderena (entity suppressed since 1994); and,

(ii) CAM has not provided any service. In fact, the Law requires that the costs for environmental impact studies, diagnoses, monitoring of projects and others related to environmental licenses be borne by the individual who requested it.

In 2019, the CAM settled this rate for the second time, expanding the volume of material that it had already analysed in the 2014 determination process. The Company reiterates the arguments set forth above and adds that, in addition, this second settlement would be void to the extent that the Law prohibits a second settlement on the same events.

It is worth bearing in mind that the Company brought a lawsuit in a simple action for annulment against Agreement 048 of 1982, which CAM refers to as the basis for collection.

The amount of the proceeding against the 2014 settlement amounts to \$28,605 million, while the amount of the proceeding against the 2019 settlement is \$24,090 million. In both cases, the Company, together with its external advisors, estimated that the contingent event has a probability of loss of less than 50%.

### **2013 Fiscal Year Income Tax**

The origin of the audit is the Legal Stability Agreement signed by the Company, which included an estimated investment schedule that, according to the DIAN, serves as a limit to calculate the deduction for investments in productive real fixed assets. To the extent that the Company made an investment higher than estimated (which implied the payment of an additional premium), the deduction was calculated based on the actual investment made. However, the DIAN argues that the deduction must be calculated based on the estimated investment and not based on the actual investment. For which reason it rejects the deduction that exceeds the estimated investment, thus generating a higher tax payable by Company.

The amount of this contingency amounts to \$49,972 million. The Company, together with its external advisors, concluded that the contingent event has a probability of loss of less than 50%.

### **Proceeding brought by Manufacturas Eliot against the Company**

Manufacturas Eliot, a customer of the Company, demands the return of the sums that were collected for the contribution of the electricity sector, since it considers that it was exempt from this payment

The amount of this contingency amounts to \$5,077 million. The Company, together with its external advisors, concluded that the contingent event has a losing probability lower than 50%.

### **Compensar - Solidarity Contribution**

Compensar filed a lawsuit against the Company in order to obtain a refund of \$679,641,826 originated in the delay in the payment of the solidarity contribution from May 2009 to July 2012. Compensar alleges that it is excluded of the contribution in three of its offices because it is a non-profit organisation that develops assistance activities in these offices. The Company

granted the exclusion and later revoked said concession and made the retroactive payment to Compensar under the Commercial Offer signed between the Parties.

On 18 July 2017, the initial hearing was held, in which the Company filed an appeal against the judge's decision not to declare proven the exceptions of lack of jurisdiction, ungrounded lawsuit and motion to dismiss for lack of standing. For this reason, the file was referred to the Council of State to resolve the appeal.

On 10 August 2018, the Council of State issued an order declaring proven the exception of the ungrounded lawsuit, ordering the termination of the process. Compensar presented an incident of nullity against this action, which was resolved unfavourably on 7 December 2018. In other words, the Council of State denied the request for nullity, confirmed the termination of the process and referred the file back to the Administrative Court of Cundinamarca .

On 14 February 2019, the Administrative Court of Cundinamarca issued an order abiding by the decision of the Council of State, which formally ended the judicial discussion.

### **35. Energy Derivatives Market**

Since 2016, the Company accessed the energy derivatives market with the objective of entering into energy futures contracts with which it mitigates the risk associated with the volatility of energy prices in the SPOT market, thereby managing its contracts portfolio.

As of 31 December 2019, 5.28 GWh of energy futures purchases have been settled in the year in order to cover the contracting portfolio.

In May 2018, the Board of Directors approved the change to the Company's corporate purpose, to be able to carry out operations in the derivatives markets for purposes other than the coverage of the contracting portfolio. As of 31 December 2019, there are also futures contracts in force for the sale of energy for 18 GWh, with a purpose other than the coverage of the contracting portfolio. In turn, as of 31 December 2019, 27.05 GWh were settled, which were not considered in the hedging strategy.

As of 31 December 2019, the Derivex valuation closes as follows:

<b>Operation</b>	<b>MTM</b>	<b>No. Operations</b>
Purchase	352.530	2
Business	(1.101.528)	53
Sale	-	-

The above operations are backed by guarantees which as of 31 December 2019 amount to \$821,248 in cash and \$1,125,143 in TES, which are considered restricted cash.

### **36. Risk Management**

The Company is exposed to certain risks it manages through the implementation of identification, measurement, concentration limitation, and supervision systems.

The basic principles defined by the Company to implement its risk management policy include the following:

- a) Comply with good corporate governance standards.
- b) Comply strictly with the entire corporate regulatory system.
- c) Each management and corporate area define:
  - i. Markets in which it can operate on the basis of sufficient knowledge and skills to ensure effective risk management.
  - ii. Criteria about counterparties.
  - iii. Authorised operators.

- d) Managements, corporate areas and lines of business establish for each market where they operate their risk exposure consistent with the defined strategy.
- e) All operations by managements, corporate areas and lines of business are performed within the limits approved in each case.
- f) 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 those 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 income statement.

Depending on the estimates by the Company 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.

Interest rate	As of 31 December 2019		As of 31 December 2018	
	Variation (basic points)*	Sensitivity in COP thousands	Variation (basic points)*	Sensitivity in COP thousands
IPC	+/- 3,16%	(+/-)\$ 62.289.485	+/- 5,14%	(+/-)\$ 133.171.674
IBR	+/- 2,23%	\$ -	+/- 4,08%	(+/-)\$ 6.380.346

(\*) Changes or movements in interest rates were calculated based on their historical volatility over a three-year period 2017-2019 and 2016-2018 for the 2019 and 2018 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:

- (a) Debt contracted by the Company in a currency other than that at which its flows are indexed to.
- (b) 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.
- (c) Revenues directly related to the evolution of currencies other than that of its flows.

Taking into account that the functional currency of the Company 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. The Company currently contracts exchange rate hedges to cover the payment of invoices in dollars for the purchase of assets in foreign currency (maintenance capex) and reduction of the CREE (Actual equivalent energy cost of the reliability charge). Currently, the Company has contracted exchange rate hedges for a notional amount of USD 6,664,723 and EUR 505,400 maturing in January 2020.

### Commodity Risks

The Company is exposed to the risk of the variation of the price of commodities (fuel market) and the spot price of energy (Colombian energy market).

The Company purchases fuels for generation without risk coverage due to changes in prices. Liquid fuels are purchased at international market prices. The prices of solid fuels such as coal result from open hiring processes in the local market not directly associated with international commodities; the indexation of these is given by the variation of the CPPI (Coal Producer Price Index) limited to a maximum of +/- 5% in order to maintain stability in the values of purchases.



The Company carries out most energy sales transactions through contracts in the wholesale energy market (MEM), in the non-regulated market (MNR) and in the financial derivatives market (Derivex), in which a price has been previously agreed upon with indexation to the PPI, thus mitigating the spot price risk of the generation portfolio.

### Liquidity Risk

The Company 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 until expiry, 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)	\$ 111.782.376	\$ 358.647.044	\$ 470.429.420	\$ 1.762.611.992	\$ 669.334.154	\$ 617.496.390	\$ 162.364.060	\$ 3.211.806.596
Bank loans (principal + interest)	-	-	-	-	-	-	-	-
Financial lease obligations (principal + interest)	202.665.848	470.409.167	673.075.015	467.587.170	67.165.527	-	-	534.752.697
Commercial accounts payable and other payables	349.053.095	-	349.053.095	-	-	-	-	-
<b>Total</b>	<b>\$ 663.501.319</b>	<b>\$ 829.056.211</b>	<b>\$ 1.492.557.530</b>	<b>\$ 2.230.199.162</b>	<b>\$ 736.499.681</b>	<b>\$ 617.496.390</b>	<b>\$ 162.364.060</b>	<b>\$ 3.746.559.293</b>

### Credit Risk

The Company performs a detailed follow-up of credit risk.

### Commercial Accounts Receivable

The company credit risk has historically been limited, considering the short payment terms it gives its clients, resulting in no significant values being individually accumulated. The regulation allows cutting the energy supply service, and almost all contracts signed with customers provide that non-payment constitutes grounds for termination. With this purpose, the credit risk is constantly monitored by evaluating general and individual portfolio indicators.

### 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 will be carried out with national and foreign first line entities that meet the minimum risk rating required by the Company.

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 to 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. When a Financial Counterparty has more than one rating, the lowest one will be considered for the purposes in this section.

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 Company 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:

- There is an economic relationship between the hedged item and the hedging instrument
- The effect of credit risk does not predominate over the changes in value that come from that economic relationship
- 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. 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 2019:

	Book value		Fair value	
	As of 31 December 2019			
<b>Financial assets (1)</b>				
Integrated Housing	\$	6.543.136	\$	7.226.337
Conventional Housing		4.350.011		4.350.012
Pensioned housing		2.640.811		2.924.986
Other loans		172.781		172.781
PSJ Housing		57.083		57.082
<b>Total assets</b>	<b>\$</b>	<b>13.763.822</b>	<b>\$</b>	<b>14.731.198</b>
<b>Financial liabilities (2)</b>				
Bonds issued				
	\$	3.001.765.481	\$	3.216.113.685
Lease obligations				
		11.550.325		12.098.773
<b>Total liabilities</b>	<b>\$</b>	<b>3.013.315.806</b>	<b>\$</b>	<b>3.228.212.458</b>

- The Company evaluates accounts receivable and other receivables in the long term, based on measurement parameters such as interest rates, the risk factors of each country in particular, the solvency of the customer and the risk characteristics of the financed portfolio. Based on this evaluation, provisions are recorded to account for the expected losses on these accounts receivable.
- Financial obligations and finance leases are estimated by discounting future cash flows using the rates available for debts with similar conditions, credit risk and maturities. The Company uses the discount rates of the zero-coupon curve according to the 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 2019, the Company keeps in its Financial Statement the following financial assets and liabilities, measured at their fair value, classified by levels, in accordance with the defined policy (see note 3.2.13):

Financial Assets	Level 3
Financial investments - unlisted or illiquid companies	\$ 544.417

To measure this equity instrument at fair value, the Company's interest in Derivex's equity was taken as basis, this being the most appropriate method to measure the investment due to the conditions of the counterparty, since there are no market comparables.

This methodology was also applied in the previous period.

Financial liabilities	Level 2
Derivative instruments (See Note 13)	\$ 4.560.865

### 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 2019		As of 31 December 2018	
	Current	Non-Current	Current	Non-Current
<b>Amortised cost</b>				
Cash and cash equivalents	\$ 283.674.744	\$ -	\$ 634.767.165	\$ -
Commercial accounts receivable and other receivables	239.008.801	36.544.144	152.986.102	16.979.005
Accounts receivable from related entities	183.358.252	-	135.427.801	-
Other financial assets	13.471.927	-	85.387.200	-
<b>Total financial assets at amortised cost</b>	<b>719.513.724</b>	<b>36.544.144</b>	<b>\$ 1.008.568.268</b>	<b>\$ 16.979.005</b>
<b>Fair value through profit or loss</b>				
Other financial assets	-	-	582.398	-
<b>Total Financial assets at fair value through profit or loss</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 582.398</b>	<b>\$ -</b>
<b>Fair value through OCI</b>				
Other financial assets	-	554.417	-	1.923.594
<b>Total financial assets at fair value through OCI</b>	<b>\$ -</b>	<b>\$ 554.417</b>	<b>\$ -</b>	<b>\$ 1.923.594</b>
<b>Amortised cost</b>				
Other financial liabilities	\$ 324.631.163	\$ 2.688.684.643	\$ 759.721.448	\$ 3.042.178.911
Commercial accounts payable and other payables	349.053.095	-	390.931.680	-
Accounts payable to related entities	226.662.717	-	189.108.090	-
<b>Total financial liabilities at amortised cost</b>	<b>\$ 900.346.975</b>	<b>\$ 2.688.684.643</b>	<b>\$ 1.339.761.218</b>	<b>\$ 3.042.178.911</b>
<b>Fair value through profit or loss</b>				
Other financial liabilities	4.560.865	-	1.922.833	-
<b>Total financial liabilities at fair value through profit or loss</b>	<b>\$ 1.922.833</b>	<b>\$ -</b>	<b>\$ 1.922.833</b>	<b>\$ -</b>

### 39. Approval of Financial Statements

The general purpose financial statements of the Company as of 31 December 2019, were approved by the Audit Committee according to Minutes No. 061 of 24 February 2020 and recommended by the Board of Directors according to Minutes No. 478 of 24 February 2020, in order to be submitted to the General Shareholders' Meeting in accordance with the provisions of the Code of Commerce.

### 40. Subsequent Events

#### Intercompany loan repayment:

On 15 January 2020, Codensa S.A. E.S.P. repaid the loans granted in October for \$68,862,265 at a rate of 5.34% E.A., the interest paid corresponds to \$717,938.

**Emgesa S.A. E.S.P.**  
**Notes to the Financial Statements - Separate**  
(In thousands of pesos)

On 17 January 2020, Codensa S.A. E.S.P. repaid the loan granted in November for \$23,796,206 at a rate of 5.34% E.A., the interest paid corresponds to \$244,372.

**Payment of dividends**

On 15 January 2020, the excess of the dividends corresponding to the 2018 profit for \$178,336,911 was paid.

**Hedge maturity date**

In December 2019, three (3) derivatives were acquired with liability valuation with Scotiabank Colombia to cover the real equivalent cost exposure in investments, projects and others that matured in January 2020, as detailed below:

Derivative	Underlying	Risk factor	Asset notional	Currency	Active fixed rate	Maturity	MTM
FORWARD	Insurance bill payment exposure coverage	Exchange rate	5.937.723	USD	3.322,56	28 de january de 2020	\$ 206.937
FORWARD	Investment/project exposure coverage	Exchange rate	727.500	USD	3.335,03	15 de january de 2020	35.706
FORWARD	TFee exposure coverage	Exchange rate	505.400	EUR	3.753,58	17 de january de 2020	30.255
<b>Total valuation</b>							<b>\$ 272.898</b>

**CREG Resolution 200 of 2019**

In January 2020, CREG published Resolution 200 of 2019, through which it defines a scheme to allow generators that meet the requirements to share assets for their connection to the National Interconnected System. The plants must be centrally dispatched plants or plants following the central dispatch in accordance with the provisions of CREG Resolution 086 of 1996.

**Renewal of insurance policies**

On 3 January 2020, the Non-contractual Civil Liability policy that covers the Company's vehicles with Mapfre Seguros de Colombia was renewed until 2 January 2021.





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