Results Report

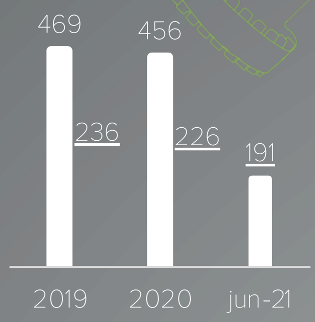
2Q21 -1H21

Results

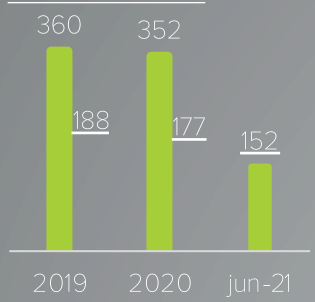
Highlights

2Q21

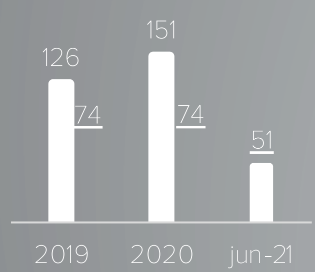
Revenue
(USD mm)



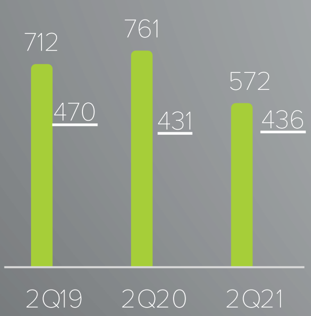
EBITDA
(USD mm)



Net Income
(USD mm)



Firm contracted capacity
And transported volume
(Mcfd)



Underline figure: transported volume
Figures calculated as simple quarterly averages

TGI continues its transformation journey, committed to the sustainability of its business.

- Efficiency:
  - i) We successfully concluded the renegotiation of the intercompany loan with GEB, agreeing to a rate reduction of 110,5 bps.
  - ii) We made progress in the implementation of operational efficiency initiatives that have generated accumulated savings of USD 7,1 mm as of June.
- Transformation:
  - i) Appointed the new VP of Transformation and finalized a portfolio of 18 initiatives that would be generating efficiencies and/or revenues.
  - ii) Support to the National Government in the preparation of the Colombia Hydrogen roadmap and with GEB structuring of the roadmap for TGI: H2 storage and transportation and H2 - gas mix.
- Expansion:
  - i) New products have been developed for industry, thermal park, and NGV that have generated incremental volumes to date for 2,7 MPCD.
  - ii) Signed a MOU with Ecopetrol and an agreement with Shell for the development of midstream business.
  - iii) Offers to connect new gas sources have been submitted and are expected to be finalized in 2H21.
  - iv) Progress with Minenergía on regulations for Micro LNG vehicular pilot.
- Regulation:
  - i) Development of agendas with the regulator and government entities on WACC, Res. 160. Studies and coordination with other transporters looking for the best alternative for the parties

Table N°1 – Relevant financial indicators	2Q20	2Q21	Var	Var %	Jun-20	Jun-21	Var	Var %
Revenue (USD thousand)	105.093	94.388	-10.705	-10,2%	225.876	191.028	-34.848	-15,4%
Operating income (USD thousand)	55.719	54.052	-1.667	-3,0%	129.568	107.790	-21.779	-16,8%
EBITDA (USD thousand)	79.987	74.236	-5.751	-7,2%	176.641	151.979	-24.663	-14,0%
EBITDA Margin	76,1%	78,6%	2,5 pp		78,2%	79,6%	1,4 pp	
Net income (USD thousand)	13.763	27.019	13.255	96,3%	73.978	50.781	-23.197	-31,4%
Gross Total Debt / EBITDA*	3,2x	3,5x	0,21x		3,2x	3,5x	0,21x	
EBITDA* / Financial Expenses*	5,1x	4,8x	-0,25x		5,1x	4,8x	-0,25x	
International credit rating:								
Fitch – Corporate Rating– Sep. 29 I 20:		BBB, stable						
Moody's – Corporate Rating – Jul. 24 I 20:		Baa3, stable						

*LTM

Natural gas market in Colombia

- Domestic natural gas demand varied +3,6% (+32,0 GBTUD) during 2Q21 explained by: i) the recovery of demand in most of the sectors, mainly industrial-refinery (+95,7 GBTUD) and NGV (+16,9 GBTUD). This improvement in structural demand was partially offset by i) lower thermal consumption (-83,4 GBTUD) due to higher water inputs in the country's generation system.
- Domestic demand during the same period presented an increase of +7,0% (+36,2 GBTUD), in line with the national performance, as a result of: i) a better dynamics of the industrial-refinery sector (+83,7 GBTUD), which was partially offset by i) lower thermal consumption (-48,0 GBTUD).

Table N°2 – Natural gas demand by sectors	Colombia			Inland demand		
(GBTUD)	2Q20	2Q21	Var %	2Q20	2Q21	Var %
Industrial - refinery	342	438	28,0%	216	300	38,7%
Residential - commercial	210	217	3,1%	168	176	4,4%
Thermal	258	174	-32,4%	67	19	-71,3%
Vehicular – CNG	32	48	53,7%	26	40	51,4%
Petrochemical	0	17	3967,0%	0	0	-3,6%
Other Consumption	41	21	-49,1%	39	18	-52,5%
Total	884	916	3,6%	518	554	7,0%

Financial Results

This report presents the corresponding variations under International Financial Reporting Standards (IFRS) of the comparative financial statements for 2Q20 and 2Q21 (3 months), and the accumulated figures as of Jun-20 and Jun-21 (6 months)

Quarterly Results 2Q21

Revenue

Table N°3 – Revenue Breakdown	USD thousand		Var		USD thousand		Var	
	2Q20	2Q21	USD	%	Jun-20	Jun-21	USD	%
By type of charge								
Capacity - AO&M	98.579	81.259	-17.321	-17,6%	211.060	163.612	-47.449	-22,5%
Variable	5.605	11.201	5.596	99,8%	12.199	23.976	11.778	96,6%
Other Revenues	909	1.929	1.020	112,2%	2.617	3.440	823	31,4%
By Currency								
Indexed to USD	70.514	69.611	-904	-1,3%	154.701	141.078	-13.623	-8,8%
Indexed to COP	34.579	24.777	-9.801	-28,3%	71.175	49.951	-21.224	-29,8%
Total	105.093	94.388	-10.705	-10,2%	225.876	191.028	-34.848	-15,4%

Revenues for 2Q21 decreased to USD 94,4 mm, a variation of USD -10,7 mm (-10,2%) compared to the same period of 2020 due to lower contracted capacity of the Ballena-Barranca section, following the non-renewal in Dec-20 of 205 Mcfpd of firm reliability capacity that had been contracted since 2012.

Revenue breakdown by type of charge in 2Q21 is detailed as follows:

- Capacity revenues corresponding to fixed charges in USD and AO&M (86,1% of total revenues) decreased USD -17,3 mm (-17,6%) between 2Q20 (USD 98,6 mm) and 2Q21 (USD 81,3 mm), which is explained by the following factors:
  - Fixed capacity charges in USD were USD 57,7 mm, a variation of USD -7,0 mm (-10,8%) mainly due to: (i) the non-renewal of contracts for the Ballena Barranca gas pipeline (USD -19,1 mm), going from a contracted capacity of 251 mcfpd in 2020 to 49 mcfpd in 2021; (ii) the modification of contracts from 100%-0% pair of charges to 80%-20% (USD -4,6 mm), which causes the fixed component to decrease in contrast to the variable component (reason why in 2Q21 fixed charges represent a lower percentage of total revenues). On the other hand, there was an important recovery of the COVID-19 effects that impacted 2Q20 (USD +10,1) and new contract in Ballena - Barranca (USD +4,4 mm).
  - Fixed AO&M charges, which are remunerated in COP, were COP 86.945 mm, representing a decrease of COP 43.532 mm (-33,4%). Expressed in USD they were USD 23,5 mm, a variation of USD -10,3 mm (-30,5%) explained by the same reasons as the fixed capacity charges in USD. It should be noted that in 2020 the AOM charges were not adjusted under the Transitory Commercial Policy, which was applied solely and exclusively due to the declaration of a state of economic, social and ecological emergency, through decree 417 of 2020 - COVID 19 and the issuance of CREG resolution 042 of 2020. Therefore, the relative variation in AOM charges is greater than the variation in fixed capacity charges in USD.
- Variable charges (11,9% of total revenues) amounted to USD 11,2 mm, representing an increase of USD +5,6 mm (+99,8%). This increase is mainly due to the modification of contracts from 100%-0% pair of charges to 80%-20% and the associated route

deviations. The average volume transported increased from 431 mcfpd in 2Q20 to 436 mcfpd in 2Q21 (see operational figures).

- Non-regulated operating revenues, classified as complementary services (2% of total revenues), were USD 1,9 mm (+112,2%) in 2Q21 and had a significant increase explained by higher revenues from parking services (USD +634k) contracted to supply transportation needs during the scheduled maintenance of the Cusiana plant during the first days of April, as well as higher revenues from gas losses (USD +282k).

Revenue breakdown by currency is as follow: USD 69,6 mm (73,7%) came from USD-denominated charges (mainly fixed charges for capacity and variable charges) and the remaining USD 24,8 mm (26,3%) came from COP-denominated charges (mainly fixed charges for AO&M).

- Revenues denominated in USD fell -1,3% compared to the same period of the previous year. The variation is explained by the drop in revenues associated with fixed capacity charges in USD of USD -7,0 mm (-10,8%), derived from the effects of the variables mentioned above, which was partially offset by the growth in revenues from variable charges of USD +5,6 mm (+99,8%) due to the modification in the pair of charges for some contracts. During this quarter, a lower relative variation of USD denominated revenues is observed considering that during 2Q20 these revenues were affected by the application of the Transitory Commercial Policy.
- Revenues denominated in COP fell -28,3%, mainly explained by the non-renewal of contracts for the Ballena Barranca gas pipeline.

Year to date, revenues went from USD 225,9 mm as of Jun-20 to USD 191,0 mm as of Jun-21, a decrease of USD -34,8 (-15,4%), explained by the drop in fixed capacity charges due to the non-renewal of the Ballena-Barranca section contracts, partially offset by higher variable revenues from the change in the pair of charges.

Operating Costs

Table N°4 – Operating Costs	USD thousand		Var		USD thousand		Var	
	2Q20	2Q21	USD	%	Jun-20	Jun-21	USD	%
Professional Services	5.064	4.254	-809	-16,0%	10.142	8.381	-1.762	-17,4%
Maintenance	5.380	1.886	-3.494	-64,9%	10.961	3.334	-7.627	-69,6%
Taxes, fees, and contributions	391	741	350	89,6%	1.207	1.138	-69	-5,7%
Depreciation and amortization	21.815	22.711	896	4,1%	43.647	45.023	1.376	3,2%
Other costs	8.255	5.892	-2.363	-28,6%	15.611	12.233	-3.377	-21,6%
Total	40.905	35.485	-5.420	-13,3%	81.568	70.110	-11.458	-14,0%

Operating costs presented a variation of USD -5,4 mm (-13,3%) between 2Q20 and 2Q21, mainly explained by lower maintenance and support services costs:

- Maintenance (USD -3,5 mm, -64,9%): explained by rescheduling of maintenance plans due to the public order situation and efficiency initiatives that the company has continued to implement, resulting in a decrease in costs of: (i) USD -1,9 mm for right-of-way maintenance; (ii) USD -0,6 mm for repair and change of coatings; (iii) USD -0,5 mm for costs of inspection, diagnosis and evaluation services for cathodic protection systems of gas pipelines belonging to TGI; and (iv) other minor for USD 0,4 mm mainly associated to civil works for improvement and minor maintenance of the different stations that are part of TGI's gas pipeline network.
- Other costs (USD -2,4 mm; -28,6%): This effect is mainly explained by: (i) lower costs incurred due to the renegotiation of contracts for (USD -1,3 mm) related to support and maintenance of licenses required for operation, acquisition of licenses for additional modules, communication link services and special technical services for the generation

of management indicators; (ii) lower costs of the all-risk insurance policy by USD -500k, (iii) lower cost of fuel gas by USD -270k due to lower thermal dispatch compared to 2Q20 and savings from the direct operation of environmental management of USD -230k.

- Depreciation and Amortization (USD +0,89 mm; +4,1%): Higher depreciation due to the asset's capitalization in 2H20, mainly associated with the Cantagallo - San Pablo and Industrial Zone - Cantagallo branch lines, in addition to the capitalization of geotechnical expenses, major maintenance and building adaptations, as well as minor purchases of transformers and actuators.
- Professional Services (USD -0,8 mm; -16,0%): i) Reclassification of personnel cost to expenses in the areas of IT, GDC, VCO and Regulation, for USD -500k for standardization of information with Grupo Energía Bogotá (offset by a higher value of the expenses). ii) lower cost of USD -300k in fees and consulting services in accordance with the efficiency plan established since the beginning of the year.

As a result of the described performance in revenues and the reduction in operating costs due to i) efficiencies in the Ballena-Barranca gas pipeline ii) a rescheduling of maintenance plans due to public order situations during 2Q21, and iii) efficiencies captured within the framework of the TGI 2.0 transformation plan, gross profit for 2Q21 was USD 58,9 mm, a decrease of USD -5,3 mm (-8,2%) compared to the same period of the previous year. Gross margin in 2Q21 was 62,4% compared to 61,1% in 2Q20.

Year to date, operating costs went from USD 81,6 mm as of Jun-20 to USD 70,1 mm as of Jun-21, a decrease of USD -11,5 (-14,0%). This variation is explained by lower maintenance costs due to rescheduling of the infrastructure integrity management plan given the public order conditions during 2Q21, added to reclassifications of personnel costs to expenses. Similarly, in line with the efficiency strategy, savings have been achieved in contracted technical services and all-risk insurance policies. Given the combined effect on revenues and costs, gross profit for the half-year was USD 120.9 mm (-16.2%), with a gross margin of 63.3% vs. 63.9% as of Jun-20.

Administrative & Operating Expenses (net)

Administrative and operating expenses (net of other expenses and revenues) decreased USD -3,6 mm (-42,7%), from USD 8,4 mm in 2Q20 to USD 4,8 mm in 2Q21, mainly due to:

- Depreciation and Amortization (USD -1,3 mm; -45,6%): Base effect for provisions recorded in 2020, according to the invoices for transportation service that were reissued by some of the shippers due to the COVID-19 contingency.
- Personal services and general expenses (USD +1,3 mm, +24,0%): i) Higher expense in personal services in 2021 by USD +500k, associated with a reclassification from personnel costs due to the standardization of information with Grupo Energía Bogotá, which was offset by a lower value in the operating cost. In addition, ii) An increase in general expenses associated with printing, publications, annual subscriptions paid in 2Q21, IT services, studies, and projects, which is compensated by lower fees expenses, resulting in a net increase of USD +600k.
- Other Income increased by USD +3,6 mm (+771,3%): USD +3,1 mm due to higher income received from insurance recoveries in 2021 plus a positive effect on the recovery of provisions of USD +500k.

As of Jun-21, administrative and operating expenses were USD 13,1 mm compared to USD 14,7 mm as of Jun-20, a decrease of USD -1,6 mm (-10,9%). This accumulated variation is mainly explained by higher income from insurance claims recoveries during 2Q21 and the base effect of provisions incurred during 2Q20.

Operating Income

The 1Q21 gross profit result together with the lower administrative and operating expenses (net) due to the management of claims recovery and provisions led the operating profit for the period to USD 54,1 mm, a drop of -3,0% compared to 2Q20, placing the operating margin at 57,3% (+4,3 pp).

Half-year operating income amounted to USD 107,8 mm, a reduction of USD -21,8 mm (-16,8%) compared to Jun-20. However, the operating margin remained relatively stable compared to the first half of 2020, achieved by the joint effect of optimizations in costs and expenses, active management in revenue recovery and a base effect given by the Transitory Commercial Policy during 2Q20.

Non-Operating Result (net)

The non-operating result (net) went from USD -19,8 mm in 2Q20 to USD -14,2 mm in 2Q21, mainly explained by:

- Foreign exchange difference (USD +3,4 mm; +120,7%): The appreciation of peso by approximately COP 306 during 2Q20 and the liability position resulting from declared and unpaid dividends, together with the provisions for decommissioning in COP, resulted in an exchange difference expense of USD -2,9 mm. On the other hand, during 2Q21 a depreciation of COP 20, along with the liability position (dividend decree 1Q21), led to an income for this period of USD +0,6 mm. The difference generated by the effects between the periods analyzed results in a positive year-on-year variation of USD +3,4 mm.
- Financial costs (USD -1,9 mm; -11,2%): Mostly related to the renegotiation of the intercompany loan rate from 6,125% to 5,02%, which took place in May, having a cumulative effect from January to June 2021 in the 2Q21 financial statements. This adjustment represents savings of USD 1 mm per quarter.
- Equity income (USD +0,6 mm; 115,6%): Due to better earnings in Contugas compared to 2Q20 for the increase in revenues of USD +0,3 mm (+1,5%) mainly in the industrial distribution segment, lower provisions of USD -1,9 mm (-39,9%) and financial expenses of USD -0,7 mm (-26,6%).

As of Jun-21, the net non-operating result was USD -32,1 mm compared to USD -20,7 mm as of Jun-20. This variation is explained by a lower contribution from the exchange difference income generated by the liability position in pesos of the dividends declared. In particular, the strong devaluation that occurred in 1Q20, which coincided with the declaration of dividends, generated this effect. Likewise, better equity income due to a higher profit of Contugas and a lower financial cost due to the renegotiation of the intercompany loan, benefited the non-operating results.

Income taxes

Income tax was USD 12,4 mm, decreasing USD -8,5 mm (-40,5%) compared to 2Q20, product of a higher expense recorded in that quarter (+USD 7,9 mm) due to the resulting difference between the actual income tax return for 2019 and the expense provisioned at the end of that year, and a lower taxable income in 2Q21 compared to 2020.

On the other hand, the deferred tax went from an expense of USD -1,3 mm in 2Q20 to one of USD -478k in 2Q21 (-63,8%), as a consequence of the variations in the calculation baseline caused by the exchange differential on the Company's liabilities and assets in foreign currency.

As of Jun-21, income tax amounted to USD 25,3 mm compared to USD 40,9 mm as of Jun-20, as a result of the lower taxable income due to the effects explained in the operating result and the absence of adjustments in the effective tax filing, such as the one made in 2020 for USD 7,9 mm mentioned above. Deferred tax income decreased by USD -5,6 mm (-92,2%) as a result of variations in exchange rates that impact the basis for calculating that tax.

Net Income

Net income went from USD 13,8 mm in 2Q20 to USD 27,0 mm in 2Q21, which represents an increase of 96,3%, explained by the positive effects of the non-operating result and taxes, which offset the decrease in operating income.

The accumulated net income as of Jun-21 is USD 50,8 mm, a reduction of USD -23,1 mm (-31,4%) that evidences the effects of the reduction in operating income and the lower exchange profit that was recorded during 1Q21. However, the lower financial cost, in line with the company's financial efficiency strategy, is noteworthy.

EBITDA

EBITDA in 2Q21 was USD 74,2 mm, which represents a decrease of USD -5,8 mm vs. 2Q20 (-7,2%). This is explained by the loss in revenues of USD -10,7 mm (-10,2%), which was partially offset by a reduction of USD -5,0 mm (-19,7%) in OPEX. The reduction in OPEX corresponds to the realization of operating efficiencies by USD +3,3 mm and to cuts by USD +3,6 mm, for a total of USD +6,9 mm during 2Q21. This was offset by a negative TRM effect of USD -1,5 mm, and indexation of USD -0,4 mm. The company's efficiency efforts are reflected in a higher margin of 78,6% compared to 76,1% in 2Q20.

EBITDA as of Jun-21 was USD 152,0 mm, which represents a decrease of USD -24,7 mm (-14,0%). This is explained by a USD -34,8 mm (-15,4%) drop in revenues, which was partially offset by a USD -10,2 mm (-20,2%) reduction in OPEX. The reduction in OPEX corresponds to the capture of operating efficiencies of USD +7,1 mm and cuts of USD +6,1 mm, for a total of USD +13,2 mm as of 2Q21. This was offset by a negative TRM effect of USD -2,3 mm, and indexation of USD -0,7 mm. The company's efficiency efforts were reflected in a higher margin of 79,6% compared to 78,2% in 2Q20.

Table N°5 – EBITDA	USD thousand		Var		USD thousand		Var	
	2Q20	2Q21	USD	Var %	Jun-20	Jun-21	USD	Var %
EBITDA	79.987	74.236	-5.751	-7,2%	176.641	151.979	-24.663	-14,0%
EBITDA Margin	76,1%	78,6%		2,5 pp	78,2%	79,6%		1,4 pp

Debt Profile

Table N°6 – Relevant debt items	USD thousand		Var	
	Jun-20	Jun-21	USD	%
Total net debt	1.062.727	1.026.918	-35.809	-3,4%
Gross senior debt	760.141	757.752	-2.390	-0,3%
Total gross debt	1.130.141	1.127.752	-2.390	-0,2%
EBITDA LTM*	348.677	326.871	-21.806	-6,3%
Financial Expenses LTM*	68.981	68.078	-903	-1,3%
Debt ratios				
Gross total debt / EBITDA*	3,2x	3,5x	0,2x	
EBITDA* / Financial expenses*	5,1x	4,8x	-0,3x	

*Corresponds to EBITDA and financial expenses in the last twelve months (LTM)

In line with guidance for 2021, the debt/EBITDA ratio will tend towards 3.9x by year-end, given the decrease in revenues due to contractual maturities in the Ballena-Barranca section.

Financial expenses in 2Q21 were USD 15,5 mm, a decrease of USD 2,0 mm (-11,2%) compared to the previous period. The lower expense is mainly due to the reduction of the intercompany loan rate from 6,125% to 5,02%, which was implemented in May 2021.

Table N°7 – Debt profile	Amount USD mm	Currency	Coupon (%)	Maturity
Senior - International bond	750	USD	5,55%	1-nov-28
Inter-company subordinated	370	USD	5,02%	21-dic-22
Leasing - Renting	4,0	USD	N/A	Long term
Financial liability IFRS 16	3,8	USD	8,64%	N/A

Commercial Performance

Revenue breakdown by sector

Table N°8 – Revenues Composition by sector	2Q20	2Q21	Jun-20	Jun-21
Residential-Distributor	53,9%	73,1%	53,4%	73,1%
Industrial	12,0%	13,2%	12,5%	13,8%
Vehicular	5,6%	4,8%	6,0%	4,9%
Commercial	6,3%	3,0%	6,4%	3,1%
Thermal	9,8%	3,8%	9,3%	3,1%
Refinery	12,4%	2,2%	12,4%	2,1%
Petrochemical	0%	0%	0,0%	0,0%
Total	100,0%	100,0%	100,0%	100,0%

**Due to regulatory changes, the revenues composition by sector will begin to be reported according to what is declared by customers in commercial contracts. See appendix 1 - 1Q21 Results Report for pro-forma 2020 information.*

The Residential/Distribution and Industrial sectors contributed 86,9% of accumulated revenues in 2021. On the other hand, the residential/distributor sector had the highest growth in 2Q21 compared to 2Q20 (+9,7%) with a share of 73,1% compared to 53,9%, respectively. This is largely due to the recovery of demand vs. the impacts of covid-19 during 2Q20 and to the fact that some distributors entered to service the refineries from their contracts.

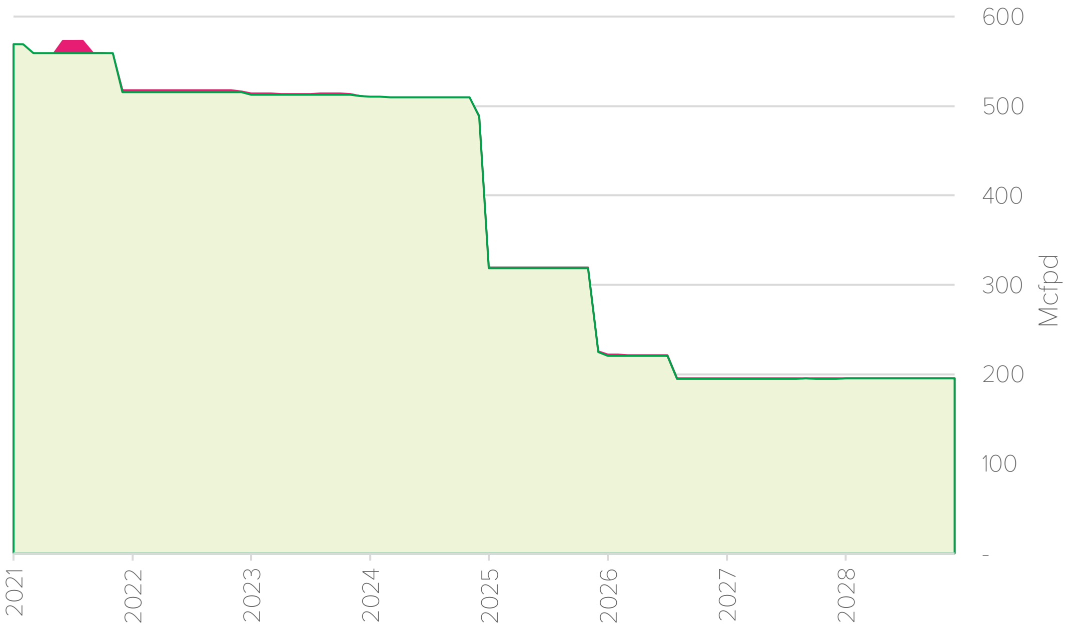
Contractual structure

Table N°9– Contractual structure	N° Total Contracts	N° Take or Pay	N° Interruptible	Residual Life Take or Pay (average years)
Jun-20	873	823	50	5,9
Jun-21	667	665	2	5,1

Between June 2020 and June 2021, the number of contracts in force went from 873 to 667, since most of the expired contracts were within a monthly contract period and not long-term. At the end of 2Q21, 99,7% of the contracts were take or pay and 0,3% were interruptible. Take or pay contracts are on average under a weighted ratio of 93% fixed and 7% variable charges, approximately.

As of June 2021, the Company has 67,3% of its available capacity contracted, a decrease of 23,5 pp compared to 2Q20, due to the contractual expiration associated with the capacity of the Ballena-Barranca tranche, which was not renewed due to the low production from gas sources in La Guajira and real use of the pipeline.

Graph N°1 – Residual contracted life



Operational Performance

Table N°10 – Selected operational indicators	2Q20	2Q21	Var %
Total capacity – Mcfpd	837,8	849,4	1,4%
Take or pay contracted capacity – Mcfpd	761	572	-24,8%
Transported volume – Average Mcfpd	430,8	435,8	1,2%
Load factor	48%	48%	-0,2 pp
Availability	100%	100%	0,0 pp
Gas pipeline length – Km	4.017	4.033	0,4%

The total length of TGI's gas pipeline network reached 4.033 Km, an increase of 0,4% explained by the incorporation of the Puente Guillermo - La Belleza Phase IV Loop and the Porvenir - Miraflores Loop. 3.883 Km of gas pipeline are owned and operated by TGI; the remaining 150 Km, although under its control and supervision, are operated by the contractor, as established in the operation and maintenance contract. The system operates mainly with natural gas coming from the Ballena / Chuchupa and Cusiana / Cupiagua basins.

Table N°11 – Volumen by transporter (Mcfpd)	2Q20	Part %	2Q21	Part %	Var %	Var Mcfpd
TGI	430,8	54,5%	435,8	53,9%	1,2%	5,0
Promigas	322,9	40,8%	317,2	39,2%	-1,8%	-5,7
Otros	37,4	4,7%	55,3	6,8%	47,9%	17,9
Total	791,1	100,0%	808,3	100,0%	2,2%	17,3

In 2Q21, there was an increase in the average daily transported volume of 1,2% compared to 2Q20 due to demand recovery. Of the total volume transported in the gas pipeline network at national level, TGI continues to be the main actor with 435 mcfpd, while the second is Promigas with 317,2 Mcfpd, which corresponds to the transportation of 753,0 Mcfpd (the two Companies group 93,2%).

Table N°12 – Total transportation capacity of TGI's system

	Capacity Mcfpd*
Ballena – Barracabermeja	260
Mariquita – Gualanday	15
Gualanday – Neiva	11
Cusiana – Porvenir	470
Cusiana – Apiay	64
Apiay – Usme	18
Morichal – Yopal	12
Total	849

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

Projects in execution

Investments amounted to USD 9,3 mm during 2Q21. In Cusiana Phase IV the percentage of physical progress as of Jun-21 is 95,8% and in Replacement of Branches the percentage of physical progress is 99,2%.

Cusiana Phase IV

Description	Execution	
Increase natural gas transportation capacity by 58 Mcfd between Cusiana and Vasconia: – Construction of 38,5 Km of loops of 30” diameter – Expansion of Puente Guillermo Gas Compression Station – Modifications to Miraflores and Vasconia Gas Compression Stations	Total Capex	USD 92,3 mm
	Capex executed to date	USD 83,3 mm
	Capex executed in 2Q21	USD 2,4 mm
	Physical Progress of Project	95,8%
	Start of operations: – Station Puente Guillermo: 17 Mcfd / 2Q18 – Loop Puerto Romero – Vasconia: 46 Mcfd / 1Q20 – Loop Puente Guillermo - La Belleza: 10 Mcfd / 4Q20 – Loop El Porvenir – Miraflores: 2 Mcfd / 1Q21	

Replacement of Branches

Description	Execution	
Replacement of 4 branches for reaching their regulatory useful life in accordance with resolution CREG 126 of 2016 and 1 branch by mutual agreement: – Branch Yariguíes - Puerto Wilches – Branch – Pompeya – Branch Z. Industrial Cantagallo – Cantagallo – Branch Cantagallo – San Pablo – Branch Galán – Casabe – Yondó	Total Capex	USD 11,6 mm
	Capex executed to date	USD 11,2 mm
	Capex executed in 2Q21	USD 0,04 mm
	Physical Progress of Project	99,2%
	Start of operations: – Branch Yariguíes – Puerto Wilches: 4Q19 – Branch Pompeya: 4Q19 – Z. Industrial Cantagallo – Cantagallo: 1Q20 – Branch Cantagallo – San Pablo: 1Q20 – Branch Galán – Casabe – Yondó: 3Q20	

Regulatory Update

Table N°13 – Regulatory Update

Authority	Resolution	Scope	Status	
CREG	Resolution CREG 026 of 2021.	Transitory provision for the commercialization of natural gas transportation capacity	Released	View more
	Resolution CREG 015 of 2021	Whereby the administrative proceedings of files 2019-0172, 2019-0173, 2019-0174, 2019-0175, 2019-0176 (IPAT Projects) are archived.	Released	View more
	Resolution CREG 038 of 2021.	Whereby it is ordered to make public a draft resolution of a general nature, "Whereby Resolution CREG 004 of 2021 is amended", which defines the procedure for the calculation of the discount rate applicable in the tariff methodologies issued by the Energy and Gas Regulatory Commission.	In consultation	View more
	Circular CREG 031 of 2021.	The document: "Analysis of the wholesale marketing of natural gas supply from the issuance of Resolution CREG 089 of 2013 to date and its prospects for improvement" is published.	Released	View more
	Circular CREG 036 of 2021.	Natural Gas Commercialization Schedule for the year 2021.	Released	View more
	Resolution CREG 076 of 2021.	Transitional measures regarding the mechanisms and procedures for the commercialization of the Total Production Available for Firm Sale (PTDVF) and the Imported Quantities Available for Firm Sale (CIDVF) of natural gas.	In consultation	View more
UPME	External Circular UPME No 017-2021.	Publication of answers to comments received between January 22 and May 4, 2021 to the selection documents of the Pacific gas import infrastructure Investor Published on October 29, 2020 by Circular 044 of 2020.	Released	View more
	External Circular UPME No 023-2021.	Addendum No. 3 to the investor selection documents of the public call UPME GN No. 01 - 2020, Plant of. Particularly included are adjustments to the schedule of the selection process of the Investor and the Auditor.	Released	View more
MME	Resolution MME 0014 of 2021.	Natural Gas Production Statement 2021 - 2030.	Released	View more

Appendix 1. Financial Statements

Table N°14 - Income Statement	USD thousand 2Q20	2Q21	Variation USD	%
Revenues	105.093	94.388	-10.705	-10,2%
Operating costs	-40.905	-35.485	5.420	-13,3%
Gross income	64.188	58.903	-5.285	-8,2%
Gross margin	*61,1%*	*62,4%*		
Administrative and operating expenses	-8.470	-4.852	3.618	-42,7%
Personnel expenses	-1.929	-2.621	-692	35,8%
General expenses	-3.480	-4.085	-605	17,4%
Taxes	-607	-672	-65	10,8%
Depreciation, amortization, and provision	-2.926	-1.591	1.335	-45,6%
Other expenses	0	-1	-1	-100,0%
Other revenue	473	4.118	3.646	771,3%
Operating income	55.719	54.052	-1.667	-3,0%
Operating margin	*53,0%*	*57,3%*		
Financial costs	-17.478	-15.519	1.958	-11,2%
Financial revenues	1.059	679	-380	-35,9%
Foreign exchange difference	-2.853	591	3.444	-120,7%
Equity Income	-527	82	610	115,6%
Income before income tax	35.919	39.885	3.965	11,0%
Current tax	-20.836	-12.388	8.448	-40,5%
Deferred tax	-1.320	-478	842	-63,8%
Net income	13.763	27.019	13.255	96,3%
Net margin	*13,1%*	*28,6%*		

Table N°15 - Income Statement	USD thousand Jun-20	Jun-21	Variation USD	%
Revenues	225.876	191.028	-34.848	-15,4%
Operating costs	-81.568	-70.110	11.458	-14,0%
Gross income	144.308	120.919	-23.389	-16,2%
Gross margin	*63,9%*	*63,3%*		
Administrative and operating expenses	-14.740	-13.129	1.611	-10,9%
Personnel expenses	-3.991	-5.307	-1.315	33,0%
General expenses	-6.078	-7.354	-1.276	21,0%
Taxes	-1.244	-1.303	-59	4,7%
Depreciation, amortization, and provision	-5.298	-4.003	1.295	-24,4%
Other expenses	-18	-40	-23	127,8%
Other revenue	1.889	4.877	2.988	158,1%
Operating income	129.568	107.790	-21.779	-16,8%
Operating margin	*57,4%*	*56,4%*		
Financial costs	-35.080	-32.913	2.167	-6,2%
Financial revenues	2.205	1.472	-732	-33,2%
Foreign exchange difference	14.042	32	-14.010	99,8%
Equity Income	-1.902	-723	1.179	62,0%
Income before income tax	108.833	75.658	-33.175	-30,5%
Current tax	-40.978	-25.356	15.622	-38,1%
Deferred tax	6.123	478	-5.644	-92,2%
Net income	73.978	50.781	-23.197	-31,4%
Net margin	*32,8%*	*26,6%*		

Table N°16 - Balance Sheet	USD thousand Dic-20	Jun-21	Variation USD	%
Assets				
Current Assets				
Cash and equivalents	136.628	100.833	-35.795	-26,2%
Trade and other accounts receivable	62.694	85.483	22.789	36,3%
Inventories	11.691	12.623	932	8,0%
Other non-financial assets	3.412	11.749	8.337	244,3%
Total Current Assets	214.425	210.688	-3.737	-1,7%
Non-Current Assets				
Property, plant, and equipment	2.161.805	2.132.129	-29.676	-1,4%
Assets by rights of use	2.860	4.594	1.734	60,6%
Investments in associates and subordinates	14.829	14.105	-724	-4,9%
Trade and others account receivable	12.301	11.808	-493	-4,0%
Intangible assets	157.632	156.612	-1.020	-0,6%
Other financial / non-financial assets	6.301	5.776	-525	-8,3%
Total Non-Current Assets	2.355.727	2.325.024	-30.703	-1,3%
Total Assets	2.570.152	2.535.712	-34.440	-1,3%
Liabilities				
Current Liabilities				
Trade and other accounts payable	12.060	19.537	7.477	62,0%
Current tax liabilities	38.480	26.405	-12.075	-31,4%
Employee benefits	5.298	3.830	-1.468	-27,7%
Provisions	14.477	10.771	-3.706	-25,6%
Financial leases	1.764	3.027	1.263	71,6%
Other financial liabilities	12.306	10.498	-1.808	-14,7%
Accounts payable to related parties	3.036	67.488	64.452	2123,1%
Total Current Liabilities	87.420	141.556	54.136	61,9%
Non-Current Liabilities				
Accounts payable to related parties	370.000	370.000	0	0,0%
Financial liabilities	6.188	5.644	-544	-8,8%
Provisions	81.821	77.174	-4.647	-5,7%
Deferred tax liabilities	345.155	344.676	-479	-0,1%
Bonds issued	746.353	746.541	188	0,0%
Other financial liabilities	15.703	14.348	-1.355	-8,6%
Total Non-Current Liabilities	1.565.221	1.558.383	-6.838	-0,4%
Total Liabilities	1.652.641	1.699.939	47.298	2,9%
Equity				
Common stock	703.868	703.868	0	0,0%
Additional paid in capital	56.043	56.043	0	0,0%
Reserves	184.913	203.181	18.268	9,9%
Net income of the period	150.785	50.781	-100.004	-66,3%
Retained earnings	-35.439	-35.439	-0	0,0%
Cumulative other comprehensive income	-142.659	-142.661	-2	0,0%
Total Equity	917.511	835.773	-81.738	-8,9%
Total Liabilities + Equity	2.570.152	2.535.712	-34.440	-1,3%

Table N°17 - Cash Flow Statement	Dic-20	Jun-21
	USD thousand	
Cash Flow from Operating Activities		
Net Income	150.785	50.781
Adjustments for:		
Depreciations and amortizations	94.311	47.683
Unrealized exchange difference	-21.594	-32
Employee benefits	-420	-235
Amortized cost financial obligations	360	188
Valuation of dismantlement obligations	4.462	2.385
Deferred tax	-14.005	-478
Current tax	76.998	25.356
Financial costs	65.433	30.340
Financial revenues	-3.427	-1.238
Valuation of equity participation method	-3.189	723
Loss in property, plant, and equipment	-2	40
Inventories impairment	666	152
Accounts receivable impairment	3.110	1.185
Provisions recovery	-2.361	-4.872
Net Changes in Operating Assets and Liabilities		
(Increase) decrease in trade and other accounts receivables	17.142	17.283
Increase in inventories	-98	-1.085
(Increase) decrease in other non-financial assets	15	-8.338
Decrease in trade and other accounts payable	-40.575	-14.935
Increase (decrease) in employee benefits obligations	1.221	-1.244
Decrease in other financial assets	-520	-567
(Decrease) increase in estimated liabilities and provisions	3.390	-4.093
Interest payments	-42.496	-20.936
Interest payments to related parties	-22.663	-9.855
Paid taxes	-59.629	-68.474
Net cash provided by operating activities	206.914	39.734
Cash Flow from Investing Activities		
Investments in associates	0	0
Property, plant, and equipment	-49.646	-21.615
Intangibles	0	0
Net cash used in investing activities	-49.646	-21.615
Cash Flow from Financing Activities		
Payment of dividends	-96.112	-66.258
Payment of financial obligations	-1.898	-1.113
Acquired financial obligations	0	0
Net cash used in financing activities	-98.010	-67.371
Effect of exchange rate variation on cash and equivalents	-845	13.457
Net Changes in Cash and Equivalents	58.413	-35.795
Cash and Equivalents at the Beginning of the Period	78.215	136.628
Cash and Equivalents at the End of the Period	136.628	100.833

Appendix 2. Disclaimer and clarifications

This document contains words such as “anticipate”, “believe”, “expect”, “estimate” and others with similar meaning. Any information that is different from the historical information, including, but without limiting to that which refers to the Company’s financial situation, its business strategy, its plans and management objectives, corresponds to forecasts.

Forecasts in this report were made under assumptions related to the economic, competitive, regulatory and operational environment of the business and took into account risks beyond the Company’s control. Forecasts are uncertain and they may not materialize. One may also expect that unexpected events or circumstances occur. As a result of the foregoing, actual results may differ significantly from forecasts herein contained. Therefore, forecasts in this report must not be considered as true facts. Potential investors must not take into account the forecasts or assumptions herein contained, neither should they base their investment decisions thereupon.

The Company expressly waives any obligation or commitment to distribute updates or revisions of any of the forecasts herein contained. The Company’s past performance may not be considered as a pattern of its future performance.

Appendix 3. Terms and definitions

- ANLA: National Environmental License Authority.
- ASME: American Society of Mechanical Engineers.
- Average – Mcfd: It is the average of the transported volume per day during the quarter being studied.
- BEO (Boletín Electrónico de Operaciones) [Electronic Operations Bulletin]: It is a free website that provides commercial and operational information related to the services of a transporter, which includes regulated charges, charges agreed with the market agents, nomination cycle, transportation program, offers to release capacity and gas supply, energy balance accounts and any other information established in the RUT.
- Contract with interruptions or interruptible: A written agreement in which the parties agree not to assume any commitment for the continuity of the supply or transport of natural gas during a specified period. The service may be interrupted by either party, at any time and under any circumstance, by giving advance notice to the other.
- CREG: Colombian Energy and Gas Regulation Commission.
- Firm Contract or that which guarantees firmness: is a written contract in which the agent guarantees the supply service of a maximum amount of natural gas and/or the maximum transportation capacity, without interruptions, during a defined term, except during the days established for scheduled maintenance and works. This contract modality requires physical support.
- GBTUD: Giga British Thermal Unit per-Day.
- ICANH: Colombian Institute of Anthropology and History.
- IPAT: Investments in priority projects of the natural gas supply plan in a transportation system. Specifically, for this document, it refers to projects in the Plan that TGI could execute directly because they are embedded within the transportation system.
- Kcfd: Thousand cubic feet per day.
- MBTU: Million British Thermal Units.
- Mcfpd: Million cubic feet per day.
- mm: Million
- SSPD: Colombian Superintendence of Public Services.
- UPME: Colombian Mining and Energy Planning Unit.