TRANSPORTADORA DE GAS INTERNACIONAL S.A. E.S.P

Separated Financial Statements

As of December 31, 2021, and 2020

With Statutory Auditor´s Report

KPMG S.A.S.
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(FREE TRANSLATION OF THE REPORT ISSUED IN SPANISH)
STATUTORY AUDITOR'S REPORT

To the Shareholders
Transportadora de Gas Internacional S.A. E.S.P.:

Report on the audit of the separated financial statements

Opinion

I have audited the separate financial statements of Transportadora de Gas Internacional S.A. E.S.P. (the Company), which comprise the separated statement of financial position as at December 31, 2021 and the separated statements of income and other comprehensive income, changes in equity and cash flows for the year then ended and their respective notes that include the summary of significant accounting policies and other explanatory notes.

In my opinion, the above mentioned separated financial statements, prepared in accordance with information taken accurately from books and attached to this report, present fairly, in all material aspects, the separated financial position of the Company at December 31, 2021, the separated results of its operations, and its separated cash flows for the year then ended, in conformity with Accounting and Financial Reporting Standards accepted in Colombia, applied on a consistent basis with previous year, except for the application for one only time, as of December 31, 2021, of the voluntary exemption allowed by Decree 1311 of 2021 "Accounting alternative to mitigate the effects of the change in the income tax rate for the taxable period 2021."

Basis for opinion

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

Other matters

The separated financial statements as at and for the year ending December 31, 2020 are presented only for comparison purposes, were audited by another public accountant, member of KPMG S.A.S. who in his report dated February 26, 2021 he expressed an unqualified opinion.

Responsibilities of Management and Those Charged with Governance for the separated financial statements

Management is responsible for the preparation and fair presentation of these separated financial statements in accordance with Accounting and Financial Reporting Standards accepted in Colombia. This responsibility includes: designing, implementing and maintaining the internal control relevant that management considers necessary for the preparation and presentation of separated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In preparing the separated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to the continuity of the Company 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.

Statutory Auditor's responsibilities for the audit of the separated financial statements

My objectives are to obtain reasonable assurance about whether the separated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an audit 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 ISAs will always detect a material misstatement, when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these separated financial statements.

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

- Identify and assess the risks of material misstatement of the separated 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 for 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 appropriate use of the going concern basis by management and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I would conclude that a material uncertainty exists, I am required to draw attention in my statutory auditor's report to the related disclosures in the separated financial statements or, if such disclosures are inadequate, I must modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Company ceases to continue as a going concern.

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

- Obtain sufficient and appropriate audit evidence regarding the financial information of Company´s components to express an opinion about the separated financial statements. I am responsible for the direction, supervision, and performance of the audit. I remain solely responsible for my audit opinion.

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

Report on other legal and regulatory requirements

Based on the results of my tests, I believe during 2021:

a) The Company's bookkeeping has been kept in conformity with legal rules and accounting pronouncements.

b) The operations recorded in the books are in conformity with the bylaws and the General Shareholders' Meeting decisions.

c) The correspondence, the vouchers of accounts and the books of minutes and record of shares have been properly maintained.

d) The management report prepared by management agrees with the accompanying separated financial statements, which includes evidence about free circulation of invoices issued by of sellers or suppliers.

e) The information contained in the contribution returns submitted to the Comprehensive Social Security System, specifically the information on employees and their salary base, has been prepared from the accounting records and supporting documentation. The Company is up to date in payment of contributions to the Comprehensive Social Security System.

In compliance with the requirements of articles 1.2.1.2. and 1.2.1.5. of Single Regulatory Decree 2420 of 2015, in development of the Statutory Auditor's responsibilities contained in numerals 1 and 3 of article 209 of the Code of Commerce, related to the evaluation whether the Company's management performance is in accordance with the bylaws and the orders or instructions of the General Shareholders' Meeting and if there are and are adequate measures of the internal control, preservation and custody of the Company's assets or third parties' assets in its possession, I issued a separate report dated February 25, 2022.

Lidia Roa.

Lidia Nery Roa Mendoza
Statutory Auditor of Transportadora de Gas Internacional S.A. E.S.P.
Registration 167431 - T
Member of KPMG S.A.S.

February 25, 2022

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(FREE TRANSLATION OF THE REPORT ISSUED IN SPANISH)
STATUTORY AUDITOR'S INDEPENDENT REPORT ON THE COMPLIANCE WITH NUMERALS 1) AND 3) OF ARTICLE 209 OF CODE OF COMMERCE

To the Shareholders
Transportadora de Gas Internacional S.A. E.S.P.:

Main matter description

As part of my duties as Statutory Auditor and in compliance with Articles 1.2.1.2 and 1.2.1.5 of Single Regulatory Decree 2420 of 2015, amended by Articles 4 and 5 of Decree 2496 of 2015, respectively, I must report on compliance with numerals 1) and 3) of Article 209 of the Code of Commerce, detailed as follows, by Transportadora de Gas Internacional S.A. E.S.P. hereinafter "the Company" as of December 31, 2021, as a conclusion of independent reasonable assurance, that the management performance has complied with the statutory and the General Shareholders' Meeting provisions and that there are adequate internal control measures, in all material aspects, in accordance with the criteria indicated in the paragraph called Criteria of this report:

1) If the Company'smanagement performance is in conformity with the bylaws and the instructions or decisions of the General Shareholders' Meeting, and

3) If there are and are adequate the measures of internal control, maintenance and custody of the Company's assets or third parties' assets in its possession.

Responsibility of Management

The Company's Management is responsible for the compliance with the bylaws and the General Shareholders' Meeting decisions and for designing, implementing and maintaining adequate internal control measures, for the maintenance and custody of the Company's assets or third parties' assets in its possession, in accordance with the requirements of the internal control system implemented by management.

Statutory Auditor's responsibility

My responsibility is to examine whether the Company's management performance conforms to the bylaws and the General Shareholders' Meeting's decisions and if there are and are adequate the internal control, maintenance and custody measures of the Company's assets or third parties' assets in its possession and report thereon expressing an independent reasonable security conclusion based on the evidence obtained. I performed my procedures in accordance with the International Standard on Assurance Engagements 3000 accepted in Colombia (ISAE 3000, which was issued by the International Auditing and Assurance Standards Board (IAASB – Translated into Spanish in 2018). Such standard requires that I plan and perform the procedures necessary to obtain reasonable assurance about compliance with the bylaws and the General Shareholders' Meeting decisions and whether there are and are adequate the measures of internal control, including the Integrated System for Prevention and Control of Money Laundering and Terrorism Financing , and maintenance and custody of the Company's assets or third parties' assets that are in its possession, in accordance with the requirements of the internal control system implemented by management, in all material aspects.

The Accountants Firm to which I belong and who appointed me as the Company's statutory auditor, applies the International Quality Control Standard No. 1 and, consequently, maintains a comprehensive quality control system that includes policies and procedures documented on compliance with ethical requirements, applicable legal and regulatory professional standards.

I have complied with the independence and ethics requirements of the Code of Ethics for Accounting Professionals issued by the International Ethics Standards Board for Accountants - IESBA, which is based on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The procedures selected depend on my professional judgment, including the risk assessment that the management performance do not conform to the bylaws and decisions of the General Shareholders' Meeting and that the internal control, including the Integrated System for Prevention and Control of Money Laundering and Terrorism Financing, and conservation and custody measures of the Company's assets or those of third parties that are in its possession are not properly designed and implemented, in accordance with the requirements of the internal control system implemented by management.

This reasonable assurance engagement includes obtaining evidence for the year ending December 31, 2021. Procedures include:

- Obtaining a written representation from Management about whether the management performance conforms to the bylaws and the General Shareholders' Meeting's decisions and if there are adequate measures of internal control, maintenance and custody of the Company's assets or third parties' assets in its possession, in accordance with the requirements of the internal control system implemented by management.

- Reading and verifying compliance with the Company's bylaws.

- Obtaining a management certification on the meetings of the General Shareholders' Meeting, documented in the minutes.

- Reading the General Shareholders' Meeting's minutes and the bylaws and verification of whether the management performance conforms to them.

- Inquiries with Management about changes or modification projects to the Company's bylaws during the period covered and validation of its implementation.

- Evaluation of whether there are and are adequate the measures of internal control, maintenance and custody of the Company's assets or third parties' assets that are in its possession, in accordance with the requirements of the internal control system implemented by management, which includes:

  - Design, implementation and operating effectiveness tests on the relevant controls of the internal control components on the financial report and the elements established by the Company, such as: control environment, risk assessment process by the entity, the information systems, control activities and monitoring to controls.

  - Evaluation of the design, implementation and operating effectiveness of relevant, manual and automatic controls of the key business processes related to the significant accounts of the financial statements.

  - Issuance of management letters with my recommendations about the deficiencies in the internal control that were identified during the statutory audit work.

  - Follow up on the matters included in the recommendation letters that I issued regarding deficiencies in internal control considered non-significant.

Inherent limitations

Due to the inherent limitations to any internal control structure, there may be effective controls at the date of my examination that change that condition in future periods, because my report is based on selective tests and for the evaluation of internal control has the risk of becoming inadequate due to changes in the conditions or because the degree of compliance with the policies and procedures may deteriorate. On the other hand, the inherent limitations of internal control include human error, failures due to the collusion of two or more people, or inappropriate oversight of controls by management.

Criteria

The criteria considered for the evaluation of the matters mentioned in the paragraph Main Matter Description include: a) the bylaws and the minutes of the General Shareholders' Meeting and, b) the internal control components implemented by the Company, such as the control environment, the risk assessment procedures, its information and communications systems, and the monitoring of controls by the management and those charged governance, which are based on the established in the internal control system implemented by management.

Conclusion

My conclusion is based on the evidence obtained on the matters described and is subject to the inherent limitations set forth in this report. I believe that the audit evidence I have obtained provides a reasonable assurance basis for my conclusion expressed below:

In my opinion, the management performance conforms to the bylaws and the General Shareholders' Meeting's decisions and the measures of internal control, maintenance and custody of the Company's assets or third parties' assets in its possession are adequate, in all material aspects, in accordance with the requirements of the internal control system implemented by management.

Lidia Roa.

Lidia Nery Roa Mendoza
Statutory Auditor of Transportadora de Gas
Internacional S.A. E.S.P.
Registration 167431 - T
Member of KPMG S.A.S.

February 25, 2022

TRANSPORTADORA DE GAS INTERNACIONAL S.A. E.S.P.

Separated Statements of Financial Position

As of December 31, 2021 and December 31, 2020

(In thousands of U.S. dollar)

Assets	Note		2021	2020
Current assets:				
Cash and cash equivalents	10	$	140.742	136.628
Trade accounts receivable and other accounts receivable	11		24.272	40.628
Accounts receivable with related parties	33		20.374	22.089
Inventory	12		18.738	11.691
Other non-financial assets	13		3.520	3.412
Total current assets			207.646	214.448
Non-current assets:				
Properties, plants and equipments	14		2.079.096	2.161.805
Assets by right of use	15		9.899	2.860
Investments in associates	17		20.319	14.829
Trade accounts receivable and other accounts receivable	11		11.459	12.301
Intangible assets	16		155.148	157.632
Other financial assets			28	54
Other non-financial assets	13		9.356	6.248
Total non-current assets			2.285.305	2.355.729
Total assets		$	2.492.950	2.570.177

Liabilities and Equity	Note		2021	2020
Current liabilities:				
Lease liabilities	19		8.333	1.764
Trade accounts payable and other accounts paya	20		12.744	12.061
Current tax liabilities			6.312	38.503
Employee benefit obligations			5.039	5.298
Other financial liabilities	18		13.379	12.306
Provisions	21		18.444	14.477
Accounts payable with related parties	31		373.033	3.035
Total current liabilities			437.284	87.444
Non-current liabilities:				
Other financial liabilities	18		747.330	752.357
Lease liabilities	19		382	184
Provisions	21		66.584	81.822
Other liabilities	22		13.539	15.703
Deferred tax liabilities	32		399.575	345.155
Accounts payable with related parties	33		0	370.000
Total non-current liabilities			1.227.410	1.565.221
Total liabilities			1.664.694	1.652.665
Equity				
Capital stock	23		703.868	703.868
Additional paid-in capital	23		56.043	56.043
Reserves	24		203.181	184.913
Retained earnings			(135.272)	(27.749)
Cumulative other comprehensive income			437	437
Total equity			828.257	917.512
Total liabilities and equity		$	2.492.950	2.570.177

The attached notes are integral part of the financial statements.

Mónica Leticia Contreras Esper
Statutory Representative

Adolfo León Ospina Lozano
Accountant
P.C. 30901 - T

Lidia Nery Roa Mendoza
Statutory Auditor
P.C. 167431 - T
Appointed by KPMG S.A.S.
(See my report attached)

TRANSPORTADORA DE GAS INTERNACIONAL S.A. E.S.P.

Separated Statements of Income and Other Comprehensive Income

For the years ended December 31, 2021 and 2020

(In thousands of U.S. dollar)

	Note		2021	2020
Continued operations:				
Income	25	$	384.733	455.769
Cost of sales	26		(148.536)	(166.406)
Gross margin			236.197	289.363
Operating and administrative expenses:				
Personal services	27		(10.453)	(8.354)
Taxes	27		(2.180)	(4.910)
Depreciation, amortization and provision	27		(8.588)	(9.098)
Other expenses	30		(13.333)	(14.068)
Other income	31		7.005	2.471
Operating Income			208.649	255.404
Financial costs	28		(67.115)	(70.256)
Financial income	29		4.063	3.847
Foreign exchange differences			1.017	21.594
Participation in the result of associates			5.490	3.189
Profit before income tax			152.105	213.778
Income tax	32			
Current			(54.421)	(76.998)
Deferred			2.731	14.006
Net income			100.415	150.786
Other comprehensive income				
Items which will be reclassified to profit or loss:				
Participation in other comprehensive income of the associates			-	1
Total Other comprehensive Result			-	1
Comprehensive income			100.415	150.787
Profit per share				
Basic and diluted (pesos per share)		$	690,60	1.037,03

The attached notes are integral part of the financial statements.

Mónica Leticia Contreras Esper Statutory Representative	Adolfo León Ospina Lozano Accountant P.C. 30901 - T	Lidia Nery Roa Mendoza Statutory Auditor P.C. 167431 - T Appointed by KPMG S.A.S. (See my report attached)

TRANSPORTADORA DE GAS INTERNACIONAL S.A. E.S.P.

Separated Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(In thousands of U.S. dollar)

		Paid in Capital		Reserves					
		Capital Stock	Additional Paid in capital	Legal Reserve	Other Reserves	Total	Retained Earnings	Other Comprehensive income	Total
Balances as at december 31, 2019		703.868	56.043	106.122	66.203	172.325	(52.659)	436	880.013
Net Income							150.787	-	150.787
Participation in other comprenhensive income of associates		-	-	-	-	-	-	1	1
Other comprenhensive income		-	-	-	-	-	-	-	-
Reserves		-	-	12.588	-	12.588	(12.588)	-	-
Distribution of dividends		-	-	-	-	-	(113.289)	-	(113.289)
Balances as at december 31, 2020	$	703.868	56.043	118.710	66.203	184.913	(27.749)	437	917.512
Net Income		-	-	-	-	-	100.415	-	100.415
Participation in other comprenhensive income of associates		-	-	-	-	-	-	-	-
Other comprenhensive income		-	-	-	-	-	-	-	-
Reserves		-	-	15.079	3.189	18.268	(18.268)	-	-
Deferred Tax		-	-	-	-	-	(57.152)	-	(57.152)
Distribution of dividends		-	-	-	-	-	(132.517)	-	(132.517)
Balances as at december 31, 2021	$	703.868	56.043	133.789	69.392	203.181	(135.272)	437	828.257

The attached notes are integral part of the financial statements.

Mónica Leticia Contreras Esper
Statutory Representative

Adolfo León Ospina Lozano
Accountant
P.C. 30901 - T

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Appointed by KPMG S.A.S.
(See my report attached)

TRANSPORTADORA DE GAS INTERNACIONAL S.A. E.S.P.

Separated Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(In thousands of U.S. dollar)

		2021	2020
Cash flows from operating activities:			
Net income	$	100.415	150.786
Adjustes for:			
Depreciation and amortization		96.308	94.311
Exchange difference		(1.017)	(21.594)
Amortized cost loan employees		(1.844)	(420)
Amortized cost financial liabilities		977	360
Losses on disposal liabilities		4.864	4.462
Deferred income tax		(2.731)	(14.005)
Current income tax		54.421	76.998
Withdrawal of assets - Consumption		-	-
Financial cost		61.274	65.433
Financial income		(2.220)	(3.427)
Equity Method		(5.490)	(3.189)
Impairment (Recovery) of property, plant and equipment		43	(2)
Impairment (Recovery) of inventory		1.165	666
Impairment accounts receivable		1.115	3.110
Estimated liabilities (contingencies and miscellaneous)		(2.072)	(2.361)
		305.208	351.128
Net changes in operating assets and liabilities			
Trade accounts receivable and other accounts receivable		14.125	17.141
Inventory		(1.866)	(98)
Other non-financial assets		1.527	15
Other financial assets		26	-
Trade accounts payable and other accounts payable		(34.294)	(37.185)
Employee benefit obligations		3.493	1.221
Other financial liabilities		-	(520)
Interest paid		(41.841)	(42.496)
Interest paid related parties		(19.142)	(22.663)
Interest received		-	-
Tax paid		(68.474)	(59.629)
Net cash provided by operating activities		158.762	206.914
Cash flows from investing activities:			
Payment of dividends		-	-
Payment of financial obligations		(11.792)	(49.646)
Net cash flow used in investing activities		(11.792)	(49.646)
Cash flows from financing activities:			
Payment of dividends		(132.517)	(96.112)
Payment of financial obligations		(3.475)	(1.898)
Net cash used in by financing activities		(135.992)	(98.010)
Effects of exchange rate changes on cash		(6.864)	(845)
Net changes in cash, cash equivalents and restricted cash		4.114	58.413
Cash, cash equivalents and restricted cash at the beginning of the year		136.628	78.215
Cash, cash equivalents and restricted cash at the end of the period	$	140.742	136.628

The attached notes are integral part of the financial statements.

Mónica Leticia Contreras Esper	Adolfo León Ospina Lozano	Lidia Nery Roa Mendoza
Statutory Representative	Accountant	Statutory Auditor
	P.C. 30901 - T	P.C. 167431 - T
		Appointed by KPMG S.A.S.
		(See my report attached)

TRANSPORTADORA DE GAS INTERNACIONAL S.A. E.S.P.

Notes to the Separated Financial Statements

For the years ended on December 31, 2021 and 2020

(In US Dollars, except when indicated otherwise)

1. General Information

Transportadora de Gas Internacional S.A. E.S.P. (hereon TGI) is a stock company organized as a public utilities company under the Colombian laws.

TGI was incorporated by means of Public Deed No. 67 of February 16, 2007 of Notary Eleven of Bucaramanga, registered at the Chamber of Commerce of Bucaramanga on February 19, 2007 with an indefinite term. TGI's corporate object is the planning, organization, construction, expansion, enlargement, maintenance, operation, and commercial exploitation of its own natural gas transportation systems. In addition, it can commercially utilize the capacity of third-party gas pipes, for which it pays an availability rate.

The closing of the disposal process of the assets, rights and contracts of Ecogas was finalized on March 2, 2007, for $3.5 trillion. As part of this process, TGI acquired a gas pipeline network that included: (a) six gas pipelines with their respective branches for TGI's direct operation or through the operation and maintenance contracts that Ecogas had entered into with independent contractors, which were originally executed with Ecogas and assigned to TGI as part of the disposal process; and (b) three gas pipelines owned by third parties in the BOMT modality (Build, Operate, Maintain and Transfer).

TGI is regulated mainly by Law 142 of 1994, or the Code of Public Utilities, Law 689 of 2001 and Resolution 071 of 1999, by means of which the Single Regulation of Natural Gas Transportation (RUT as per its acronym in Spanish) is established in Colombia, its by laws and other provisions included in the Code of Commerce. The rates applicable to the gas transportation service are regulated by the Energy and Gas Regulation Commission (CREG as per its Spanish acronym), a technical body of the Ministry of Mines and Energy.

2. Normative technical framework

The financial statements have been prepared in accordance with the Accounting and Financial Reporting Standards accepted in Colombia (NCIF as per their Spanish acronym), established in Law 1314 of 2009, regulated by Single Regulatory Decree 2420 of 2015 modified by Decrees 2496 of 2015, 2131 of 2016, 2170 of 2017, 2483 of 2018, 2270 of 2019, 1432 of 2020, and 938 of 2021. The applicable NCIF for 2021 are based on the International Financial Reporting Standards (IFRS), together with its interpretations, issued by the International Accounting Standards Board (IASB); the base standards correspond to those officially translated into Spanish and issued by the IASB on the second semester of 2020.

3. Functional and presentation currency

The items included in these financial statements are presented using Colombian pesos. The functional currency is the United States of America dollar (USD), which corresponds to the currency of the main economic environment in which TGI operates.

Income and expense items are translated at the average exchange rates for the period. Any exchange rate differences that arise, if applicable, are recognized in other comprehensive income and are accumulated in stockholders' equity.

4. Use of estimates and judgments

In applying the accounting policies, which are described in Notes 3 and 4, Management must make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that apparently do not come from other sources. Estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed regularly. Revisions to accounting estimates are recognized in the period of the review if the review only affects that period, or in future periods if the review affects both the current period and subsequent periods.

4.1 Critical judgments when applying accounting policies

The main judgments are presented below, apart from those involving estimates, made by management during the process of applying TGI's accounting policies and that have a significant effect on the amounts recognized in the financial statements.

4.1.1 Contingencies

TGI has provisioned for estimated impacts of losses related to the various claims, situations or circumstances related to uncertain results. The Company records a loss if an event occurred on or before the date of the statement of financial position and (i) The information is available on the date the financial statements are issued indicating that it is probable that the loss will occur, given the probability of uncertain future events; and (ii) The amount of the loss can be reasonably estimated, TGI continually assesses contingencies from lawsuits, environmental remediation and other events.

4.1.2 Deferred taxes

A judgment is required to determine whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those derived from unused tax losses, require Management to assess the probability that TGI will generate sufficient tax revenue in future years, in order to use the deferred tax assets recorded. The assumptions about the generation of future tax benefits depend on the expectations of future cash flows. Estimates of future tax earnings are based on anticipated cash flows from operations and

(Continue)

judgment on the application of current tax laws in each jurisdiction. To the extent that future cash flows and tax revenues differ significantly from estimates, TGI's ability to realize the net deferred tax assets recorded at the reporting date could be affected.

4.2 Key sources of uncertainty in estimations

Following are the assumptions in respect to the future and other key sources of uncertainty in the estimations at the end of the reporting period, that have a significant risk of causing significant adjustments in the carrying values of the assets and liabilities reported in the financial statements of TGI.

4.2.1 Useful life of property, plant and equipment

As described in Note 14, TGI reviews the estimated useful life of its property, plant and equipment at the end of each reporting period.

There were no changes in the useful life of property, plant and equipment during the periods reported on TGI's financial statements.

4.2.2 Useful lives of intangibles

As described in Note 16, TGI reviews the estimated useful lives of its intangibles at the end of each reporting period.

There were no changes in the useful lives of intangibles during the periods presented in the financial statements of TGI.

4.2.3 Reserve for doubtful accounts receivable

The estimates and assumptions used to determine the reserves are reviewed on a periodic basis. Notwithstanding that the recorded provisions are considered adequate, changes in the economic conditions may lead to changes in the reserve and, therefore, to an impact on profit and loss.

4.2.4 Impairment of long-lasting assets (property, plant and equipment)

The review of impairment of long-lasting assets is based on internal and external financial indexes, projections, and other assumptions. TGI reviews the estimates and updates the information on the basis of assumptions, as needed.

4.2.5 Impairment of investments in subsidiaries and associate

(Continue)

At the end of each reporting period, TGI evaluates the carrying amounts of its assets from investments in subsidiaries in order to determine whether there is any indication that those assets have suffered any impairment loss. In such case, the recoverable amount of the asset is computed in order to determine the extent of the impairment loss (if any).

4.2.6 Measurements of fair value and valuation processes

Some of the assets and liabilities of the Company may be measured at their fair value. These are based on the market value at the time of measurement. The purpose of a measurement of the fair value is to estimate the price at which an orderly transaction to sell an asset or transfer a liability between market participants on the date of measurement under present market conditions would take place.

For assets corresponding to fixed income investments, TGI determines the fair value by taking the value of the initial investment, adjusted by the interest earned that would be expected to be received for that investment. For the liabilities related to bonds, the fair value is measured by taking the carrying value of the securities issued affected by the value of the bond in the observable stock market, which is available for permanent consultation.

4.2.7 Abandonment of assets

Pursuant to the environmental and sector regulations, TGI must recognize the costs for abandonment of gas pipelines and related assets, which include the cost of decommissioning the facilities and of the environmental recovery of the affected areas.

The estimated costs for the abandonment and decommissioning of these facilities are recorded at the time these assets are installed. The estimated liability created for the abandonment and decommissioning is subject to annual review and is adjusted to reflect the best estimate, due to technological changes and political, economic, environmental, security and stakeholders' relations matters.

The calculations for these estimates and involve significant judgments by Management, such as the internal cost projections, future inflation and discount rates.

Significant variances in external factors used for computing the estimation may impact significantly the financial statements.

4.2.8 Estimate of uninvoiced income

Because of regulatory matters, the billing of revenues must be made monthly in arrears. Nonetheless, at the closing of each month TGI carries out a process to estimate the revenues to be recorded in the respective month in which the service is rendered. The procedure performed is the following: The projection of fixed charges is made in accordance with new developments reported by the commercial management related to new contracts, terminated contracts and modifications to contracts in force, and, on these, calculation is made of the fixed charges that are the purchased capacity by the rates of the fixed charge. Additionally, the suspensions of service declared by the customers, by TGI or by force majeure are taken into account, as well as the adjustments in rates due to regulatory changes. For the variable charge, the Operations Management reports the average nomination day of the month, which is multiplied by the number of days of the month and by the weighted rate of the previous month. The above calculations – fixed and variable – are recorded monthly as estimate of income not billed in the respective month.

4.2.9 Provisions for contingencies, litigation and claims

The litigation and claims to which TGI is exposed are managed by the legal area, the processes are of a labor, civil, criminal, tax and administrative nature. TGI considers that a past event has given rise to a present obligation if, taking into account all the evidence available as of the reporting date, it is probable that there is a present obligation, regardless of the future events. It is understood that the occurrence of an event is more likely than unlikely when the probability of occurrence is greater than 50%, in which case the provision is recorded.

5. Basis for measurement

The separated financial statements of TGI have been prepared on the basis of the historic cost.

6. Classification of assets and liabilities between current and non-current

In the Statement of Financial Position, assets and liabilities are classified according to their maturity between current, those with a maturity equal to or less than twelve months, and non-current, those whose maturity is greater than twelve months.

7. Accounting period

TGI prepares and discloses general-purpose financial statements once a year, with cut-off as of December 31 and, according to directives from its main shareholder, intermediate financial statements will be reported by any specific need of the administration.

The Ordinary General Stockholders' Meeting No. 27 of September 30, 2014 approved to amend articles 62 – Financial Statements, and 48 – Attributions, of the corporate bylaws, whereby the Board of Directors is authorized, prior study and analysis of the financial

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statements of TGI and in accordance with the provisions of the Colombian Code of Commerce, to be able to determine at any time the account cut-offs that it deems necessary, for the purpose of distributing profits.

8. Significant accounting policies

The accounting policies established by the Company, are described as follows:

8.1 Financial instruments

Financial assets and liabilities are recognized when TGI becomes a part of the contractual provisions of the instruments.

Financial assets and liabilities are initially measured at their fair value. Transaction costs which are directly attributable to the acquisition or issuance of financial assets and liabilities (other than financial assets at fair value with changes in profit and loss) are added or subtracted from the fair value of financial assets or liabilities, as the case may be, in their initial recognition. Transaction costs which are directly attributable to the acquisition of financial assets and liabilities at their fair value with changes in profit and loss are immediately recognized in the income statement.

Offsetting of Financial Assets and Liabilities – TGI offsets financial assets and liabilities, and the net amount is presented in the statement of financial position, only when:

- there is a right, legally enforceable, to offset the amounts recognized; and
- there is the intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

8.2 Cash and cash equivalents

Under this item of the statement of financial position are recorded cash, bank balances, term deposits and other short-term high-liquidity investments (equal or less than 90 days from the investment date), that are quickly realizable in cash and have low risk of changes in their value.

8.3 Financial asset

All recognized financial assets are subsequently are subsequently measured in full at amortized cost or fair value, according to the classification of the financial assets.

8.3.1 Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortized cost:

- The financial asset is maintained within a business model which objective is to hold financial assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are only principal and interest payments on the amount of outstanding capital.

Debt instruments that meet the following conditions are subsequently measured at fair value recognized in other comprehensive income:

- The financial asset is maintained within a business model whose objective is achieved through the collection of contractual cash flows and the sale of financial assets; and
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are only payments of the principal and interest on the outstanding principal amount.

By default, all other financial assets are subsequently measured at fair value with changes in profit and loss.

Notwithstanding the foregoing, the Company may make the following irrevocable choice at the time of initial recognition of a financial asset:

- TGI can irrevocably choose to present subsequent changes in the fair value of a capital investment in other comprehensive income if certain criteria are met; and
- TGI can irrevocably designate a debt investment that complies with amortized cost or fair value criteria recognized in other comprehensive income measured at fair value through profit or loss if by doing so it eliminates or significantly reduces an accounting mismatch (see 3.3.1.4).

8.3.1.1 Amortized cost and effective interest method

The effective interest method is a way to calculate the amortized cost of a debt instrument and to allocate interest income during the relevant period.

For financial instruments that are not financial assets with credit impairment purchased or originated, the effective interest rate is the rate that accurately discounts the estimated future cash receipts (including all commissions and points paid or received that are part of the effective interest rate, transaction costs and other premiums or discounts) excluding the expected credit losses, during the expected useful life of the debt instrument or, as the case may be, a shorter period, to the gross carrying amount of the debt instrument in the initial recognition. For financial assets with credit impairment purchased or originated, an effective interest rate adjusted for credit is calculated by discounting the estimated future cash flows, including expected credit losses, at the amortized cost of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount in which the financial asset is measured in the initial recognition less the repayments of the principal, plus the accumulated amortization using the effective interest method of any difference between that initial amount and the amount at maturity, adjusted for any tolerable loss. On the other hand, the gross book value of a financial asset is the amortized cost of a financial asset before adjusting any provision for losses.

Interest income is recognized using the effective interest method for debt instruments, measured subsenquently at amortized cost and at fair value recognized in other comprehensive income. For financial instruments other than financial assets with credit impairment acquired or originated, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently suffered some credit impairment. For financial assets that have subsequently impaired, interest income is recognized by applying the effective interest rate at the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk in the financial instrument with credit impairment improves so that the financial asset no longer has credit impairment, the interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

For financial assets acquired or originated with credit impairment, TGI recognizes interest income by applying the effective interest rate adjusted for credit at the amortized cost of the financial asset as of the initial recognition. The calculation does not return to the gross base, even if the credit risk of the financial asset subsequently improves, so that the financial asset no longer has a credit impairment.

Interest income is recognized in profit and loss and is included in the item "investment income".

8.3.1.2 Equity instruments designated as at fair value recognized in other comprehensive income

In the initial recognition, TGI can make an irrevocable choice (on an instrument-by-instrument basis) to designate investments in equity instruments at fair value recognized in other comprehensive income. The designation at fair value recognized in other comprehensive income is not allowed if the capital investment is held for trading or if it is a contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies.

A financial asset is held for trading if:

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- it has been acquired mainly for the purpose of selling it in the short term; or
- in the initial recognition, it is part of a portfolio of identified financial instruments that TGI manages jointly and has evidence of a recent real pattern of short-term profit taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedge instrument). Investments in equity instruments at fair value recognized in other comprehensive income are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value with gains and losses that arise from changes in fair value recognized in other comprehensive income and accumulated in the investment revaluation reserve. The accumulated gain or loss will not be reclassified to profit or loss in the disposal of the capital investments, but will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognized in profit and loss when the Company's right to receive dividends is established in accordance with IFRS 15 Revenue, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the item "investment income" in profit and loss.

8.3.1.3 Financial assets at fair value through profit or loss

Financial assets that do not meet the criteria to be measured at amortized cost or at fair value recognized in other comprehensive income are measured at fair value through profit or loss. Specifically:

- Investments in equity instruments are classified as measured at fair value with changes in profit or loss, unless TGI designates a capital investment that is not held for trading or has a contingent consideration that arises from a business combination in the fair value recognized in other comprehensive income in the initial recognition.

Financial assets at fair value with changes in profit and loss are measured at fair value at the end of each reporting period, with any gain or loss of fair value recognized in profit or loss to the extent that they are not part of a hedge relationship designated. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" item.

8.3.2 Gains and losses in foreign currency

The carrying amount of financial assets denominated in a foreign currency is determined in that foreign currency and is converted at the spot rate at the end of each reporting period. Specifically,

- for financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in the income statement in the "other gains and losses" line item.

- for debt instruments measured at fair value recognized in other comprehensive income that are not part of a designated hedging relationship, the exchange differences in the amortized cost of the debt instrument are recognized in profit and loss in the item "other gains and losses". Other exchange differences are recognized in other comprehensive income in the investment revaluation reserve.

- for financial assets measured at fair value with changes in profit or loss that are not part of a designated hedging relationship, foreign exchange differences are recognized in profit or loss under "other gains and losses"; and

- for equity instruments measured at fair value recognized in other comprehensive income, foreign exchange differences are recognized in other comprehensive income in the investment revaluation reserve.

8.3.3 Impairment of financial assets

TGI recognizes a provision for expected credit losses on investments in debt instruments that are measured at amortized cost or at fair value. No impairment loss is recognized for investments in equity instruments. The amount of expected credit losses is updated on each reporting date to reflect changes in credit risk since the initial recognition of the respective financial instrument.

TGI always recognizes the credit losses expected during the life of the credit for accounts receivable. The expected credit losses on these financial assets are estimated using a provision matrix based on TGI's historical experience of credit losses, adjusted for factors that are specific to debtors, general economic conditions and an assessment of both current course and the forecast of conditions on the filing date, including the time value of money when appropriate.

For all other financial instruments, TGI recognizes the expected credit losses over the life of the loan when there has been a significant increase in credit risk since the initial recognition. If, on the other hand, the credit risk in the financial instrument has not increased significantly since the initial recognition, TGI measures the provision for losses for that financial instrument in an amount equal to 12 months of expected credit losses over the life of the loan. The assessment of whether the expected credit losses should be recognized over the life of the loan is based on significant increases in the probability or risk of a default occurring from the initial recognition rather than on the

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evidence that a financial asset is impaired in the credit on the date of presentation of the report or a real breach occurs.

The duration of expected credit losses over the life of the loan represents the expected credit losses that will result from all possible default events during the expected useful life of a financial instrument. In contrast, 12 months of expected credit losses over the life of the loan represent the portion of the useful life of the expected credit losses over the life of the loan that is expected to result from events of default in a financial instrument that are possible within 12 months after the reporting date.

8.3.3.1 Significant increase in credit risk

In assessing whether the credit risk in a financial instrument has increased significantly since the initial recognition, TGI compares the risk of default in the financial instrument at the reporting date with the risk of default that occurs in the financial instrument on the date of initial recognition. In making this assessment, TGI considers quantitative and qualitative information that is reasonable and supportable, including historical experience and prospective information that is available without cost or effort.

In particular, the following information is taken into account when evaluating whether the credit risk has increased significantly since the initial recognition:

- a significant actual or expected deterioration in the external (if available) or internal credit rating of the financial instrument;
- Significant deterioration in credit risk indicators of the external market for a particular financial instrument, for example, a significant increase in the credit margin, credit default for the debtor of interest rate swap prices, or the time or extent to which the fair value of a financial asset has been less than its amortized cost;
- existing or anticipated adverse changes in commercial, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- a significant actual or expected deterioration in the debtor's operating results;
- significant increases in credit risk in other financial instruments of the same debtor;
- a significant actual or expected adverse change in the debtor's regulatory, economic or technological environment that results in a significant decrease in the debtor's ability to meet its debt obligations.

Regardless of the result of the previous evaluation, TGI assumes that the credit risk in a financial asset has increased significantly since the initial recognition when

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the contractual payments have an expiration of more than 30 days, unless TGI has reasonable and reliable information that demonstrates the contrary.

8.3.3.2 Impaired financial assets

A financial asset has credit impairment when there have been one or more events that have a detrimental impact on the estimated future cash flows of that financial asset. The evidence that a financial asset has credit impairment includes observable data on the following events:

a) significant financial difficulty of the issuer or the borrower;

b) a breach of contract, such as a default or an expired event;

c) it is probable that the counterparty files for bankruptcy or another financial reorganization; or

d) the disappearance of an active market for that financial asset due to financial difficulties.

8.3.3.3 Write-off policy

TGI writes-off a financial asset when there is information indicating that the counterparty is in serious financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to compliance activities in accordance with the recovery procedures of TGI, taking into account legal advice when appropriate. Any recovery made is recognized in profit and loss.

8.3.3.4 Measurement and recording of expected credit losses

The measurement of expected credit losses is a function of the probability of default, the loss given the default (that is, the magnitude of the loss if there is a default) and the exposure in non-compliance. The evaluation of the probability of default and the loss given by default is based on historical data adjusted by prospective information as described above. Regarding the exposure to non-compliance, for financial assets, this is represented by the gross carrying amount of the assets on the reporting date, the understanding of the specific future of TGI, the debtors' financing needs and other relevant information towards the future.

For financial assets, the expected credit loss is estimated as the difference between all the contractual cash flows that are due to TGI in accordance with the contract and all the cash flows that TGI expects to receive, discounted at the original effective interest rate.

When the credit losses expected during the life of the loan are measured on a collective basis to address cases in which evidence of significant increases in credit

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risk at the individual-instrument level is not yet available, the financial instruments are grouped according to the following basis:

- The nature of financial instruments (i.e., trade accounts and other accounts receivable);
- Expired status;
- Nature, size and industry of debtors;
- Nature of guarantees for accounts receivable from financial leases; and
- External credit ratings when available.

Debtors are reviewed regularly by management to ensure that they continue to share similar credit risk characteristics.

If TGI has measured the provision for losses for a financial instrument in an amount equal to the credit losses expected during the life of the credit in the period of the previous report, but determines on the current filing date that the conditions for the Credit losses expected during the life of the loan are no longer met, the Company measures the provision for loss in an amount equal to 12 months expected credit losses during the life of the loan at the date of the current report.

TGI recognizes a loss or gain for impairment in the result of all financial instruments with an adjustment corresponding to their book value through a provision for loss account, except for investments in debt instruments that are measured at fair value recognized in Other comprehensive income, for which the provision for losses is recognized in other comprehensive income and accumulated in the revaluation reserve of the investment, and it does not reduce the book value of the financial asset in the statement of financial position.

8.3.4 Write-off of financial assets

TGI derecognizes a financial asset only when the contractual rights of the asset's cash flows expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If TGI does not transfer or substantially retain all the risks and benefits of the property and continues to control the transferred asset, TGI recognizes its interest retained in the asset and an associated liability for the securities that it must pay. If TGI retains substantially all the risks and benefits of ownership of a transferred financial asset, TGI continues to recognize the financial asset and also recognizes a loan secured by the income received.

When a financial asset is written off at amortized cost, the difference between the book value of the asset and the sum of the consideration received and receivable is

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recognized in profit or loss. In addition, when an investment in a debt instrument classified as at fair value recognized in other comprehensive income is derecognized, the accumulated gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss. In contrast, upon the derecognition of an investment in an equity instrument that TGI chose in the initial recognition to measure at fair value recognized in other comprehensive income, the accumulated gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but it is transferred to retained earnings.

8.4 Financial liabilities

Financial liabilities correspond to financing sources obtained by TGI through bank loans and bond issues, accounts payable to suppliers and creditors.

Financial liabilities are usually recognized for the cash received, net of the costs incurred in the transaction. In subsequent periods, these obligations are valued at amortized cost, using the effective interest rate method.

The effective interest method is a method for calculation of the amortized cost of a financial liability and of attribution of the financial expense throughout the relevant period. The effective interest rate is the discount rate that equals exactly the cash flow receivable or payable (including fees and points paid or received that are part of the effective interest rate, transaction costs and other premiums or discounts) estimated throughout the expected life of the financial liability (or, when adequate), in a shorter period with the net carrying amount at the time of the initial recognition.

8.5 Inventory

Inventory consists of materials, supplies and spare parts to be used for equipment maintenance. Inventory cost involves the purchase value, import fees and other non-recoverable taxes, transportation costs, storage and other direct costs attributable to the acquisition, net of discounts and rebates. Inventory is valued at the lower of cost or net realizable value.

TGI determines the provision for inventories according to their obsolescence and impairment, pursuant to a technical analysis made by TGI.

8.6 Property, plant and equipment

Subsequent measurement and acquisitions after this date are made at the acquisition cost less accumulated depreciation.

Property that is under construction for providing services are recorded at cost less any impairment loss recognized. Cost includes professional fees and, in the case of qualifying assets, costs from borrowings capitalized in accordance with the Company's accounting policy. Such property is classified to the appropriate categories of property, plant and equipment when they are complete and ready for their intended use. Depreciation of these assets, as well as for other properties, begins when the assets are ready for their intended use.

Land is not depreciated.

Depreciation is recognized in order to take to profit and loss the amount paid for an asset (other than land and properties under construction) over their useful lives using the straight-line method. The estimated useful life, residual value and depreciation method are reviewed at the end of each year, and the effect of any changes in the recorded estimate are recognized on a prospective basis.

Buildings	20 – 50 years
Leasehold improvements	5 – 7 years
Plant and pipelines	10 – 70 years
Machinery, equipment, furniture and fixtures	10 years
Communication and computing equipment	3 – 5 years
Transportation equipment	5 years
Dining, kitchen and pantry equipment	10 years

Assets held under financial lease are depreciated based on their estimated useful lives as assets owned are.

An item of property, plant and equipment is derecognized when sold or when no future economic benefits arising from the continued use of the asset are expected. The gain or loss arising from the sale or retirement of an item of property, plant and equipment is computed as the difference between the considerations received from the sale and the carrying amount of the asset and is recognized in profit and loss.

TGI recognizes an asset retirement obligation (“ARO”) at the present value of future costs expected to be incurred when the asset is retired from service; if a legal retirement obligation exists and it is possible to make an estimate of the fair value, this value is recognized as a higher value of the assets.

8.7 Intangible assets

8.7.1 Intangible assets acquired separately

Intangible assets with finite useful lives acquired separately are carried at acquisition cost less accumulated amortization and accumulated impairment losses. Amortization is recognized based on the straight-line method according to estimated useful life. Estimated useful lives and amortization methods are reviewed at each year end, and the effect of any changes in the recorded estimate are recognized on a prospective basis.

Intangible assets correspond mainly to computer software, transit easements and business rights.

The following useful lives are used for the calculation of the amortization:

Business rights	65 years
Software and licenses	5 years or on termination of the contract
Easements	65 years

The amortization period and the amortization method of an intangible asset with a finite useful life are reviewed, as a minimum, at the end of each reporting period. The changes in the expected useful life or in the expected pattern of generation of future economic benefits of the asset are reflected in the changes in the amortization period or in the amortization method, as it may correspond, and are treated as changes in the accounting estimates. Amortization expenses of intangible assets with a finite useful life are recognized in the Comprehensive Income Statement, in the item of amortization.

8.7.2 Derecognition of intangible assets

An intangible asset is derecognized upon its sale, or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between net revenues and net carrying value, and are recognized in income when the asset is derecognized.

8.8 Impairment of the value of tangible and intangible assets

At the end of each reporting period, TGI evaluates the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. In such case, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When the recoverable amount of an individual asset cannot be estimated, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent distribution basis is identified, common assets are also allocated to the individual cash-generating units or allocated to the smallest group of cash-generating units for which a reasonable and consistent distribution basis can be identified.

The recoverable amount is the higher of fair value less disposal costs and value in use. In estimating the value in use, estimated future cash flows are discounted from the present value using a discount rate before tax that reflects current market valuations regarding the time value of money and the specific risks to the asset for which the estimated future cash flows have not been adjusted.

If the computed recoverable amount of an asset (or cash-generating unit) is less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized immediately in profit or loss.

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When an impairment loss is subsequently reversed, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimated value of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been computed if the impairment loss would have not been recognized for that asset (or cash-generating unit) in prior years. The reversal of an impairment loss is automatically recognized in profit or loss.

8.9 Investments in associates

An associate is an entity on which TGI exercises significant influence. Significant influence is the power to take parts in the financial policy decisions and the operation of the associate, without exercising absolute control or joint control over the associate entity.

Investments in associates are incorporated into the financial statements using the equity method and the carrying amount is increased or decreased to recognize the participation in the profit or loss of the associate after the acquisition date.

8.10 Investments in subsidiaries

Subsidiary entities are considered to be those companies controlled by the Company, directly or indirectly. The control is exercised if, and only if, the following elements are present:

i) Power over the subsidiary,

ii) Exposure, or right, to variable returns from these companies, and

iii) Ability to use power to influence the amount of these returns.

The Company has power over its subsidiaries when it holds the majority of the substantive voting rights, or without this situation, it has rights that grant it the present capacity to conduct its relevant activities, that is, the activities that significantly affect the returns of the subsidiaries.

The Company will reassess whether or not it has control over a subsidiary company if the facts and circumstances indicate that there have been changes in one or more of the control elements mentioned above.

Investments in subsidiaries are incorporated into the financial statements using the equity method.

Under the equity method, investments in subsidiaries are initially recorded in the statement of financial position at cost and are subsequently adjusted to account for the Company's share of profits or losses and other comprehensive income of the subsidiary.

8.11 Related Parties

A related party is the entity that is related to the Company that prepares its financial statements, for the application of this policy it corresponds to:

(i) exercises control or joint control over the reporting entity.

(ii) exerts significant influence on the reporting entity; or

(iii) is a member of the key personnel of the management of the reporting entity or of a controlling entity of the reporting entity.

Likewise, the entity is related to an entity that reports if any of the following conditions apply:

(iv) The entity and the reporting entity are members of the same group.

(v) An entity is an associate or a joint venture of the other entity (or an associate or joint control of a member of a group of which the other entity is a member).

8.12 Leases

The lease is defined as "a contract, or part of a contract, that transmits the right of use of an asset (the underlying asset) for a period of time.

8.12.1 Identification of an asset

The asset that is a subject of a lease has to be specifically identified. This will be the case if any of the following applies:

- The asset is explicitly specified in the agreement (i.e., a specific serial number); or
- The asset is implicitly specified at the time that is made available for use by the client (i.e., when there is only one asset that is capable of being used to satisfy the terms of the contract),

8.12.2 Initial measurement of the asset for right of use

On the date of initiation, a lessee will measure an asset for right of use at cost. The cost of the asset for right of use will consist of:

- The amount of the initial measurement of the lease liability;
- Lease payments made before or after the initiation date, less the lease incentives received;
- The initial direct costs incurred by the lessee; and
- An estimate of the costs to be incurred by the lessee when dismantling and eliminating the underlying asset, restoring the place in which it is located or restoring the underlying asset to the condition required by the lease terms and

conditions, unless these costs are incurred to produce inventories. The lessee could incur obligations as a consequence of those costs either on the date of initiation or as a consequence of having used the underlying asset during the specific period.

8.12.3 Initial measurement of the lease liability

On the initiation date, a lessee will measure the lease liability at present value of the lease payments that have not been paid on that date.

Lease payments will be discounted using the interest rate implied in the lease, if the rate could be easily determined. If that date cannot be easily determined, the lessee will use the incremental rate for lease loans.

On the initiation date, the lease payments included in the measurement of the lease liability consist of the following payments for the right to use the underlying asset during the term of the lease that are not paid on the initiation date:

- Fixed payments, less any lease incentive receivable;
- Variable lease payments, that depend of an index or a rate, initially measures using the index or rate on the initiation date;
- Amounts that the lessee expects to pay as guarantees of the residual value;
- The price of exercising a purchase option if the lessee is reasonably sure of exercising that option;
- Payments of penalizations for termination of the lease, if the term of the lease reflects that the lessee will exercise an option to terminate the lease.

8.12.4 Subsequent measure for right to use

After the initiation date, the Company will measure its asset for right to use applying the cost model.

8.13 Loans costs

The costs for loans directly attributable to the acquisition, construction or production of qualifiable assets, which require a substantial period of time until they are ready for their use or sale, are added to the cost of those assets during that time until the time when they are ready for their use or sale.

All the other costs for loans are recognized in the results during the period in which they are incurred.

8.14 Employee benefits

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A liability is recognized for benefits that correspond to the employees with respect to wages and salaries, annual vacations, social security contributions, vacations and bonds, participations in profits, in the service period in which it is provided for the amount not discounted for the benefit that are expected to be paid for that service.

The liabilities recognized by the short-term employee benefits are valued at the undiscounted amount for the benefits that are expected to be paid for this service.

8.15 Taxes

Income tax expense represents the sum of current income tax payable and deferred tax.

8.15.1 Current tax

Current tax payable is based on tax profits recorded during the year. The tax profit differs from the profit reported in the comprehensive income statement, due to the items of income or expenses that are taxable or deductible in other years and items that are never taxable or deductible. TGI's liability for current tax is calculated using the tax rates enacted or substantially approved at the end of the reporting period. TGI determines the provision for income tax and complementary taxes based on taxable income or presumptive income, the highest, estimated at rates specified in the tax law.

8.15.2 Deferred tax

The differences between the carrying value of assets and liabilities and their tax basis generate balances of deferred tax assets or liabilities, which are calculated using the tax rates that are expected to be in effect when the assets and liabilities be realized, considering for this purpose the rates that at the end of the reporting period have been enacted or for which the approval process is practically completed.

Deferred tax assets are recognized for all deductible temporary differences, losses and unused tax credits, to the extent that the existence of future taxable income sufficient to recover the deductions for temporary differences and make use of tax credits is probable, unless the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that:

- It is not a business combination; and
- At the time performed it did not affect either the accounting income or the tax profit (loss).

Regarding deductible temporary differences associated to investments in subsidiaries, associates and joint agreements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future

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and that future taxable income will be available against which the temporary differences may be used.

Current tax and changes in deferred tax of assets or liabilities are recorded in profit and loss or in items of total equity in the statement of financial position, depending on where gains or losses that have originated it have been recorded.

At each accounting closing, recorded deferred taxes, both assets and liabilities, are reviewed in order to verify that they are still effective, and timely adjustments are made to them according to the results of such analysis.

8.16 Provisions

Provisions are recognized when TGI has a present obligation (legal or implicit) as a result of a past event, it is probable that the Company will have to make a disbursement in the future to settle the obligation, and its estimate may be reliably measured; when applicable, these are recorded at their present value.

Disbursements related to environment conservation, connected to income from current or future transactions, are accounted for as expenses or assets, as applicable.

Disbursements related to past transactions, which do not contribute to obtaining current or future revenues, are charged to expenses.

The creation of these provisions coincides with the identification of an obligation related to environmental remediation and TGI has adequate information to determine a reasonable estimate of the respective cost.

Contingent liabilities are not recognized but are subject to disclosure in the explanatory notes when the probability of outflow of resources is possible, including those which values cannot be estimated.

8.17 Asset retirement obligations

Liabilities associated to asset retirement obligations are recognized when there are obligations, whether legal or implied, related to the retirement of items from ducts, premises and equipment, as the case may be; such liabilities must be recognized using the technique of discounted cash flows and considering the economic limit of the field or useful life of the respective asset. In the case a reliable estimate is not possible to be determined during the period when the liability occurs, the provision must be recognized when there are sufficient elements to make the best estimate.

The provision's carrying amount is reviewed and adjusted on an annual basis, considering the changes of the variables used for the estimate. The financial cost of updating such liabilities is recognized in the profit and loss for the period as a financial expense.

8.18 Revenue recognition

Revenues are calculated at the fair value of the consideration received or receivable.

Revenues from gas transportation services are recognized when TGI provides the transportation service in accordance with requests, requirements or contracts with customers. These services are monitored by the company's nomination area, which verifies daily the amounts transported so that the services are billed at the end of the month. The fees charged follow the guidelines of the Energy and Gas Regulation Commission - CREG.

The service provided and not billed at the end of each period, which is valued at the sale price according to the current rates with their corresponding associated costs, has been considered as revenues from transportation services. Said amounts are presented in current assets in the line of customer debtors.

- *Dividend income and interest income*: Dividend income from investments is recognized once the shareholders' rights to receive this payment have been established (provided that it is probable that the economic benefits will flow to TGI and that the income may be reliably valued).

Interest income is recognized when it is probable that the economic benefits will flow to the Entity and the amount of income can be reliably valued. Interest income is recorded on a periodic basis, with reference to the unpaid balance and the applicable effective interest rate, which is the rate that exactly discounts the estimated cash flows to be received over the expected life of the financial asset and equals it with the net book value of the financial asset at its initial recognition.

8.19 Recognition of costs and expenses

Costs and expenses are recognized by the Company to the extent that the economic events occur in such a way that they will be systematically recorded in the corresponding accounting period, regardless of the flow or monetary or financial resources. Expenses are made up by the disbursements that do not classify to be recorded as cost or as investment.

Within the costs are included the costs of personnel or third parties directly related to the rendering of services, depreciations, amortizations, among others.

In the expenses are included the maintenance of assets, taxes, public utilities, among others. All of them incurred by the responsible processes of rendering the services.

Included as investment are those costs directly related to the formation or acquisition of an asset that requires a substantial period of time to put it in conditions to use or sell. Among others, as constructions in progress are capitalized the costs of personnel directly related to the construction of projects, costs for interest of the debt intended to finance projects and

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overhaul or major maintenance costs that increase the useful life of existing assets, among others.

8.20 Statement of cash flows

The statement of cash flows reflects the movements in cash made during the period, determined by the indirect method using the following expressions in the sense explained below:

- *Cash flows:* inflows and outflows of cash or other equivalent means, these being understood as the investments with maturity of less than three months with high liquidity and low risk of changes in value.

- *Operating activities*: these are the activities that represent the main source of ordinary income of TGI, as well as other activities that cannot be classified as investment or financing activities.

- *Investing activities*: those of acquisition, sale or other disposal of noncurrent assets and other investments not included in cash and cash equivalents.

- *Financing activities*: those activities generating changes in the size and composition of the total equity and the financial liabilities.

- *Dividend income and interest income:* Dividend income from investments is recognized once the shareholder's rights to receive this payment has been established (provided that it is probable that the economic benefits will flow to TGI and that the income may be reliably valued.

Interest income is recognized when it is probable that the economic benefits will flow to the Entity and the amount of income can be reliably valued. Interest income is recorded on a periodic basis, with reference to the unpaid balance and the applicable effective interest rate, which is the rate that exactly discounts the estimated cash flows to be received over the expected life of the financial asset and equals it to the net book value of the financial asset at initial recognition.

8.21 Earnings per share (basic and diluted)

The basic earnings per share are calculated as the ratio of the net result of the period attributable to the shareholders of the Company to the weighted average of common shares outstanding during that period. There is no potential dilution of shares.

9. Standards issued by IASB not yet in effect in Colombia

The amendments issued by the IASB during 2019 and 2020 that were adopted by Decree 938 of 2021 and will be effective as from January 1, 2023 are listed below, with early application being voluntary provided that the Standard allows it. The Company has not evaluated the possible impact that the applications of these amendments will have on its financial statements in the period in which they are applied for the first time.

Financial reporting standard	Subject of the standard or amendment	Detail
IFRS 9 - Financial Instruments IAS 39 - Financial Instruments: Recognition and Measurement IFRS 7 - Financial instruments: information to be disclosed.	Reform of the Reference Interest Rate (amendments to IFRS 9, IAS 39 and IFRS 7)	Paragraphs 6.8.1 to 6.8.12 of IFRS 9 are added, regarding temporary exceptions to the application of the specific requirements of hedge accounting. Paragraphs 102A to 102N and 108G are incorporated into IAS 39, regarding temporary exceptions to the application of the specific requirements of hedge accounting. Paragraphs 24H on uncertainty arising from the reform of the reference interest rate, 44DE and 44DF (effective date and transition) are incorporated. The amendment applies as of January 1, 2020 and its early application is allowed (although no significant impact is expected for Colombian entities) and its requirements will be applied retroactively only to the hedging relationships that existed at the beginning of the period. on which it is reported in which the entity applies said requirements for the first time.
IFRS 9 - Financial Instruments IAS 39 - Financial Instruments: Recognition and Measurement IFRS 7 - Financial instruments: information to be disclosed. IFRS 4 - Insurance contracts IFRS 16 - Leases	Reference Interest Rate Reform - Phase 2	Paragraphs 5.4.5 to 5.4.9 Changes in the basis for the determination of contractual cash flows as a result of the reform of the reference interest rate (measurement at amortized cost) are added, 6.8.13 Completion of the application of the temporary exception in hedge accounting, 6.9.1 to 6.9.13 Additional temporary exceptions arising from the benchmark interest rate reform, 7.1.10 Effective date, and 7.2.43 to 7.2.46 Transition for the reform of the benchmark interest rate Phase 2, of IFRS 9. Paragraph 102M is modified. Completion of the application of the temporary exception in hedge accounting, paragraphs 102O to 102Z3 are added, additional temporary exceptions arising from the reform of the reference interest rate and 108H to 108K Effective date and transition, and new headings are added, from IAS 39. Paragraphs 24I, 24J Additional disclosures related to benchmark interest rate reform, 44GG and 44HH Effective date and transition, and new headings are added, from IFRS 7. Paragraphs 20R and 20S Changes in the basis for the determination of contractual cash flows as a result of the benchmark interest rate reform, and paragraphs 50 and 51 Effective date and transition are added, and new headings are added , of IFRS 4.

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Financial reporting standard	Subject of the standard or amendment	Detail
		Paragraphs 104-106 Temporary exception arising from benchmark interest rate reform are amended, and paragraphs C20C and C20D Benchmark interest rate reform phase 2 of IFRS 16 are added. The amendment was issued in August 2020 and applies as of January 1, 2021 and its early application is allowed.
IFRS 3 - Business Combinations.	Modifications by reference to the conceptual framework.	Modifications are made to the references to align them with the conceptual framework issued by the IASB in 2018 and incorporated into our legislation, in that sense the identifiable assets acquired and the liabilities assumed in a business combination, on the transaction date, will correspond to those that meet the definition of assets and liabilities described in the conceptual framework5. Paragraphs 21A, 21B and 21C are incorporated regarding the exceptions to the recognition principle for liabilities and contingent liabilities within the scope of IAS 37 and IFRIC 21. Paragraph 23A is incorporated to define a contingent asset, and clarify that the acquirer in a business combination will not recognize a contingent asset on the acquisition date. The amendment applies as of January 1, 2022 and its early application is allowed. Any effect on its application will be carried out prospectively.
IAS 16 - Property, plant and equipment.	It is modified in relation to products obtained before the intended use.	The modification deals with the costs directly attributable to the acquisition of the asset (which are part of the PPYE element) and refer to "the costs of checking that the asset works properly (that is, if the technical and physical performance of the asset it is such that it can be used in the production or supply of goods or services, to lease to third parties or for administrative purposes) ". Paragraph 20A states that the production of inventories, while the PPYE element is in the conditions foreseen by management, at the time of sale, will affect the profit or loss for the period, together with its corresponding cost. The amendment applies as of January 1, 2022 and its early application is allowed. Any effect on its application will be made retroactively, but only to the elements of PPYE that are brought to the place and conditions necessary for them to operate in the manner foreseen by management from the beginning of the first period presented in the financial statements. in which the entity applies the modifications for the first time. The accumulated effect of the initial application of the amendments will be recognized as an adjustment to the opening balance of retained earnings (or other component of equity as appropriate) at the beginning of the first period presented.

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Financial reporting standard	Subject of the standard or amendment	Detail
IAS 37 - Provisions, contingent liabilities and contingent assets.	Onerous Contracts - Cost of Fulfillment of a Contract.	It is clarified that the cost of fulfilling a contract includes the costs directly related to the contract (the costs of direct labor and materials, and the allocation of costs directly related to the contract). The amendment applies as of January 1, 2022 and its early application is allowed. The effect of applying the amendment will not restate the comparative information. Instead, the cumulative effect of the initial application of the amendments will be recognized as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, on the date of initial application.
Annual Improvements to IFRS Standards 2018–2020	Amendments to IFRS 1 - First-time adoption of International Financial Reporting Standards, IFRS 9 - Financial Instruments and IAS 41 - Agriculture.	Amendment to IFRS 1. Subsidiary that adopts IFRS for the first time. Paragraph D13A of IFRS 1 is added, incorporating an exemption on subsidiaries that adopt the IFRS for the first time and take as balances in the opening statement of financial position the book amounts included in the financial statements of the parent (literal a of the paragraph D16 of IFRS 1) so that it can measure the accumulated exchange differences for translation by the carrying amount of said item in the consolidated financial statements of the parent company (also applies to associates and joint ventures). Modification to IFRS 9. Fees in the “10% test” regarding the derecognition of financial liabilities. A text is added to paragraph B3.3.6 and B3.3.6A is added, it is special to clarify the recognition of the commissions paid (to the result if it is a cancellation of the liability, or as a lower value of the liability if it is not as a cancellation). Modification to IAS 41. Taxes in fair value measurements. The phrase “neither tax flows” is eliminated from paragraph 22 of IAS 41, the reason for the above is because “before Annual Improvements to IFRS Standards 2018-2020, IAS 41 had required an entity to use the flows of cash before taxes when measuring fair value, but did not require the use of a discount rate before taxes to discount those cash flows”. In this way, the requirements of IAS 41 are aligned with those of IFRS 13. The amendment applies as of January 1, 2022 and its early application is allowed.
IAS 1 - Presentation of financial statements.	Modifications are made related to the classifications of liabilities as current or non-current.	This amendment was issued in January 2020 and subsequently modified in July 2020. It modifies the requirement to classify a liability as current, by establishing that a liability is classified as current when “it does not have the right at the end of the reporting period to postpone the settlement of the liability for at least the following twelve months. as

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Financial reporting standard	Subject of the standard or amendment	Detail
		of the date of the reporting period". Clarifies in the added paragraph 72A that "the right of an entity to defer the settlement of a liability for at least twelve months after the reporting period must be substantial and, as paragraphs 73 to 75 illustrate, must exist at the end of the reporting period". The amendment applies as of January 1, 2023 and its early application is allowed. The effect of the application on the comparative information will be made retroactively.
Extension of the Temporary Exemption from the Application of IFRS 9 - Financial Instruments	Amendments to IFRS 4 - Insurance contracts	Paragraphs 20A, 20J and 20O of IFRS 4 are amended to allow the temporary exemption that allows, but does not require, the insurer to apply IAS 39 Financial Instruments: Recognition and Measurement instead of IFRS 9 for annual periods that begin before January 1, 2023 (since as of that date there is a new international requirement contained in IFRS 17).
IFRS 17 - Insurance contracts	Application of IFRS 17 and the amendment to IFRS 17 issued in June 2020.	IFRS 17 introduces a new measurement model for insurance contracts. The scope is similar to IFRS 4. However, the requirements to separate the non-insurance components of insurance contracts are significantly different from IFRS 4. Like IFRS 4, IFRS 17 focuses on types of contracts, rather than types of entities. Therefore, it applies to all entities, whether or not they are regulated as insurance entities. Annual periods beginning on or after January 1, 2023. Early adoption is permitted if IFRS 9 also applies on the date of adoption or earlier.

10. Cash and cash equivalents

For the purposes of the cash flow statements, the cash and cash equivalents include cash and banks and investments in market instruments such as: special funds, trust funds, net of bank overdrafts As of December 31, 2021 there are no restricted cash or cash equivalents. Cash and cash equivalents at the end of the period, as shown in the statement of cash flows, may be reconciled to the related items in the statements of financial position, as follows:

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		2021	2020
Cash (1)	$	6	9
Banks (1)		106,708	109,062
Temporary investments and collective portfolio (2)		32,823	26,350
Trust (3)		1,205	1,207
Cash and cash equivalents in the statement of cash flows	$	140,742	136,628

(1) Only balances in foreign currency for 2021 were recognized in the total cash. The total of Banks, of $ 106,708 for 2021 and $ 109,062 for 2020, the remainder is in foreign currency.
(2) They correspond to temporary investments and collective portfolios with maturities of less than 90 days, which are set up with a specific destination, to make the payments corresponding to the interest on the debt and dividends.
(3) The Trusts are made up of the Ariari Trust Commission for $ 1,842, the Ocensa Trust for $ 173 and the Trust with the Ministry of Education - Interactive classrooms for $18, which receive and administer the resources for which they were constituted.

11. Accounts receivable from customers and other accounts receivable

The composition of this item as of December 31, 2021 and 2020 is the following:

		2021	2020
Trade accounts receivable	$	25,831	42,000
Doubtful debts (1)		1,365	1,583
Less – provision for impairment		(5,142)	(5,250)
Trade accounts receivable net		22,054	38,333
Prepayment and advances delivered		824	35
Other current debtors (2)		1,435	2,450
Accounts receivable from employees (3)		11,418	12,111
		35,731	52,929
Current		24,272	40,628
Noncurrent	$	11,459	12,301

(1) Includes accounts receivable from clients that are in the process of reconciliation (glosses) due to differences compared to regulations where contractual discrepancies are generated. Such accounts receivable are 100% impaired, mainly from ISAGEN S.A. E.S.P., for $ 7 ($ 7 in 2020), to Empresas Públicas de Medellín S.A. E.S.P. for $ 1 ($ 1 in 2020) and Terpel Energía for $ 1 ($ 1 in 2020).

(2) Correspond to other debtors, advances, judicial deposits and accounts of difficult collection and provision OBA's generated by imbalances in the pipe with the producers Chevron and Equion, which are in the process of conciliation.

(3) Home loans, employee insurance policies. Currently there is no impairment in other accounts receivable. The housing loans to employees and former employees, have as a guarantee I will pay for the total loan and first-degree mortgage on the property, with terms of 10 to 15 years.

See the risk associated with trade debtors in note 35.2 on credit risk and impairment loss.

12. Inventories

The composition of this item as of December 31, 2021 and 2020 is the following:

		2021	2020
Materials	$	19.752	12,834
Provision for obsolescence		(1.014)	(1,143)
	$	18.738	11,691

The movement of the provision is the following:

		2021	2020
Balance at the beginning of the year	$	1.143	477
Losses for impairment recognized on the inventory accounts		1.165	671
Recoveries of the year		(1.294)	(5)
Balance at the end of the year	$	1.014	1,143

13. Other non financial assets

The composition of this item as of December 31, 2021 and 2020 is the following:

		2021	2020
Insurance policies	$	3,520	3,412
Judicial deposits (1)		9,356	6,248
		12,876	9,660
Current		3,520	3,412
Non-current		9,356	6,248
	$	12,786	9,660

(1) It corresponds to the deposit created by the attachment of Civil Court 27 of the Circuit of Bogota in April 2012, in respect to executive process 0633-2011 on precautionary

measures for complaint and judicial fees Law 1653 to eh Municipality of Barrancabermeja in November 2015. Additionally, adjustments are generated in December 2016 and February 2017 according to the writs issued by the Court in each one of the different instances within the process. In May and June 2018 an attachment created of the Superintendency of Public Utilities for enforcement process 2019131540100131E and attachment FINASER Official Notice 1611 Sixth Court of Valledupar, respectively.

14. Properties, plants and equipment

The composition of this item as of December 31, 2021 and 2020 is the following:

		2021	2020
Cost			
Constructions in progress (1)	$	29,748	72,672
Land		10,300	10,506
Buildings and roads		85,349	71,737
Machinery and equipment		39,275	12,292
PPE Component		-	7,304
Plants and ducts		2,497,190	2,479,913
Furniture, fixtures and office equipment		3,734	6,999
Transportation, traction and lifting equipment		2	8,164
Kitchen and pantry equipment		45	37
Communication and computer equipment		15,747	5,335
Goods received under leasing		-	10,742
Accumulated depreciation and impairment		(602,294)	(523,896)
	$	2,079,096	2,161,805

(1) As of December 31, 2021, the most relevant projects in the construction in progress category are:, Cogua Operational Center, Safe Infrastructure, Upia River Crossing and Guayuriba River Crossing. For the year 2020, the most relevant projects in the construction in progress category are: Loop Puente Guillermo (last loop of Cusiana Phase IV, Cogua Operational Center, Cantagallo-San Pablo Branch, Galán Yondó Branch, Safe Infrastructure

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Notes to the Separated Financial Statements

		Constructions in progress	Land	Buildings and roads	Machinery and equipment	PPE Component	Plant and pipelines	Furniture and fixtures and office equipment	Transportation, traction and lifting equipment, Kitchen and pantry equipment, communication, and computing equipment	Assets received through leasing	Total
Cost											
Balances as of December 31, 2019	$	76,967	10,780	67,914	12.126	6,921	2,393,559	6,147	12,890	10,742	2,598,046
Additions		46,323									46,323
Additions for spare parts						3,360					3,360
Dismantling							42,313				42,313
Retirements			(8)								(8)
Consumption of spare parts						(1,094)					(1,094)
Transfers for capitalizations		(49,033)		3,824	166	(1,883)	44,041	852	646		(1,387)
Transfer to intangibles			(266)								(266)
CAPEX Provision		(1,585)									(1,585)
Balances as of December 31, 2020	$	72,672	10,506	71,738	12,292	7,304	2,479,913	6,999	13,536	10,742	2,685,702
Additions		11,483									11,483
Additions for spare parts						308					308
Dismantling							2,189				2,189
Retirements			(206)	(8)	(2)		(66)	(20)	(7,963)		(8,265)
Transfer to Inventories						(6,346)					(6,346)
Consumption of spare parts						(1,266)					(1,266)
Transfers for capitalizations		(54,407)		13,619	26,985		15,154	(3,245)	10,221	(10,742)	(2,415)
Transfer to intangibles											
CAPEX Provision											
Balances as of December 31, 2021	$	29,748	10,300	85,349	39,275	-	2,497,190	3,734	15,794	-	2,681,390

		Buildings	Machinery and equipment	Plant and pipelines	Furniture and fixtures and office equipment	Transportation, traction and lifting equipment, Kitchen and pantry equipment, communication, and computing equipment	Assets received through leasing	Total
Balances as of December 31, 2019	$	(10,615)	(5,797)	(409,098)	(2,806)	(9.193)	(1,181)	(438,690)
Retirements								
Depreciation expense	$	(2,005)	(952)	(78,790)	(1,120)	(2.164)	(176)	(85,207)
Balances as of December 31, 2020	$	(12,620)	(6,749)	(487,888)	(3,926)	(11.357)	(1,357)	(523,897)
Retirements	$	(13)	1	38		7,971		7,997
Depreciation expense		(3,811)	(10,432)	(68,154)	1,800	(7,154)	1,357	(86,394)
Balances as of December 31, 2021	$	(16,444)	(17,180)	(556,004)	(2,126)	(10,540)	-	602,294

(Continúa)

Losses for impairment recognized during the year - TGI evaluated as of December 31, 2021 and 2020 the possible impairment indicators in a qualitative manner, in accordance with IAS 36, concluding that there is no need for recording any impairment, since its assets are recoverable by sale and/or use.

15. Assets for right of use

		Buildings	Property, plant and equipment	Total
Cost				
As of January 1, 2021	$	412	11,084	11,496
Additions (Retreats)		408	4,321	4,729
Effect on conversion		-	-	-
As of december 31, 2021	$	820	15,405	16,225
Depreciatión accumulated				
As of January 1, 2021	$	(378)	(8,258)	(8,636)
Depreciatión Expense		(331)	2,641	2,310
As of december 31, 2021		(709)	(5,617)	(6,326)
Balance				
As of december 31, 2021	$	111	9,788	9,899
As of december 31, 2020	$	34	2,826	2,860

		Buildings	Property, plant and equipment	Total
Cost				
As of January 1, 2020	$	460	9,971	10,431
Additions (Retreats)		(48)	1,113	1,065
Effect on conversion		-	-	-
As of december 31, 2020	$	412	11.084	11.496
Depreciatión accumulated				
As of January 1, 2020	$	(204)	(4,244)	(4,448)
Depreciatión Expense		(174)	(4,014)	(4,188)
As of december 31, 2020		(378)	(8,258)	(8,636)
Balance				
As of december 31, 2020	$	34	2,826	2,860
As of december 31, 2019	$	460	9,971	10,431

(Continúa)

The Company has several assets under lease, including buildings, property, plant and information technology equipment. The average term of the lease is of 3 years.

Approximately one fifth of the leases for buildings and equipment expired in the current fiscal year. The expired agreements were replaced by new leases for identical underlying assets. This gave as result additions to the assets for right of use of $1,065 in 2021.

16. Intangible assets

The composition of this item as of December 31, 2021 and 2020 is as follows:

		2021	2020
Cost:			
Business rights	$	142,839	142,839
Software and licenses		9,826	8,677
Easements		48,335	47,068
		201,000	198,584
Less – Accumulated depreciation		(45,852)	(40,952)
	$	155,148	157,632

		Business rights (1)	Software and licenses (2)	Easements (3)	Total
Cost					
Balances as of December 31, 2020	$	142,839	8,678	47,068	198,585
Transfers			1,148	1,267	2,415
Retirements					
Balances as of December 31, 2021	$	142,839	9,826	48,335	201,000
Amortization					
Balances as of December 31, 2020		(30,433)	(5,686)	(4,833)	(40,952)
Total as of December 31, 2020	$	(30,433)	(5,686)	(4,833)	(40,952)
Amortization expense		(2,197)	(727)	(1,976)	(4,900)
Balances as of December 31, 2021		(32,630)	(6,413)	(6,809)	(45,852)
Total as of December 31, 2021	$	(32,630)	(6,413)	(6,809)	(45,852)

(1) On March 2, 2017 the closing of the sale of the assets, rights and contracts of Ecogas was formalized. Each asset was independently recorded, and the value of the intangible corresponds to the rights to clients' contracts acquired at the sale with Ecogas. Amortization is applied based on the straight-line method during the estimated useful life of the gas pipelines during a 65-year period.

(Continúa)

(2) This item represents the costs incurred for the purchase of computer software and licenses, which are being amortized on a straight-line basis over a 5-year period.

(3) Easements correspond to a type of actual right that limits the domain of a piece of land in favor of the needs of another. They are amortized during the estimated useful life of the gas pipelines in a 65-year period.

17. Investments in associates and subsidiaries

		2021	2020
Contugas S.A.C (1)	$	20,319	14,829
TGI International Ltd. (2)		-	-
TGI Regasificadora S.A.S. (3)		-	-
	$	20,319	14,829

Details of associates and subsidiaries

Name of associate and subsidiary	Main activity	Place of incorporation and operations	Proportion of shareholding and voting power 2021	2020
Contugas S.A.C. (1)	Transportation, distribution and commercialization of natural gas	Peru	31,41927%	31,41927%
TGI International Ltd.(2)	Investment vehicle	Cayman Islands	100%	100%
TGI Regasificadora SAS. (3)	Investment project vehicle	Colombia	100%	100%

(1) Contugas S.A.C.

Incorporated on June 4, 2008 under the name Transportadora de Gas Internacional del Perú S.A.C. Subsequently, through resolutions of the General Shareholders' Meeting dated September 24, 2008, September 18, 2009 and November 29, 2010, the Company changed its name to Transcogas Perú SAC, Congas Perú SAC, and finally to Contugas SAC, respectively.

Contugas aims to carry out the distribution and commercialization of natural gas and fuel in all its forms. Likewise, it may provide the services of design, planning, expansion, financing, construction, operation, commercial exploitation and maintenance of natural gas transportation and distribution systems through pipelines, as well as hydrocarbon transportation systems in all its forms.

On April 25, 2008, the Private Investment Promotion Agency - PROINVERSION awarded the consortium constituted by Grupo Energía Bogotá S.A. ESP. and Transportadora de Gas del Interior S.A. ESP, both entities domiciled in Colombia, shareholders of Contugas, the international public tender process, under the modality of a comprehensive project, for the design, financing, construction, operation and maintenance of the natural gas distribution system in the department of Ica in Peru. As a result of this award, on March 7, 2009, the BOOT Contract for the Concession of the Natural Gas Distribution System by Pipeline Network in the department of Ica was signed, a contract that has been executed by Contugas in its capacity as concessionaire company.

On April 30, 2014, the Company began commercial operations after having completed the construction of the Natural Gas Distribution System through the Pipeline Network in Ica.

Accumulated results

As of December 31, 2021 and 2020, Contugas presents accumulated results and accumulated losses of US $ 17,475 thousand and US $ 10,151 thousand, respectively, mainly associated with its operations and the estimate of impairment of the concession assets that for the year 2021 generated a recovery for thousands of US $ 33,00 and a loss for thousands of US $ 20,350 in the year 2020, said impairment estimate has been made based on the recovery of the investment for the future flows of the Company. During 2021 y 2020 no capital contributions have been received from shareholders.

Contugas' Management estimates that the business plans that will allow it to recover the value of long-lived assets will continue to be fulfilled. These business plans include flows derived from gas distribution revenues to be generated as a result of the start-up of electricity generation projects in the concession area operated by Contugas and have been considered to measure the recovery value of the assets. long life. Likewise, it is expected to continue receiving the necessary financial support from its shareholders, which will allow it to generate profitable operations to comply with its obligations and with its planned development activities in accordance with the Contugas structure, cover its financial costs, and continue to recover accumulated losses.

Commercial activities

Contugas signed contracts with its three main clients, Corporación Aceros Arequipa S.A. (CAASA) in December 2011, Empresa de Generación Eléctrica de Arequipa S.A.C. (EGASA) and Empresa de Generación Eléctrica del Sur S.A.C. (EGESUR) in the month of May 2015. Through which the natural gas distribution service was agreed through the capacity reserve, that is, the payment corresponds to this reserve of contracted capacity regardless of the volume consumed (take or pay contract), in this way said companies have access at all times to that contracted capacity.

However, in September 2015, EGASA and EGESUR went to OSINERGMIN to indicate that there was an illegality in the signed contracts, since they considered that the billing for the service should correspond to the volumes actually consumed and not to the capacity reserve contracted, according to what is mentioned in the Billing Procedure published by OSINERGMIN. Similarly, in February 2017, CAASA presented the same claim to OSINERGMIN based on the same arguments.

(Continúa)

In February 2016, OSINERGMIN issued resolutions N ° 006 and 007-2016, in favor of EGASA and EGESUR, ordering CONTUGAS to bill only for the volumes consumed and to return undue charges and to stop demanding the reservation agreements reserved capacity.

Due to the fact that the OSINERGMIN Dispute Settlement Tribunal was not constituted to handle the administrative appeal in second instance, in August 2016, Contugas decided to go to court filing an amparo claim since it considered that OSINERGMIN had taken jurisdiction over contracts signed with private clients thus violating their constitutional rights. Contugas obtained a precautionary measure in the first instance, also ratified in the second instance, by which OSINERGMIN was ordered not to rule on the contracts signed with these three independent clients.

In turn, in December 2016, the Fifth Specialized Constitutional Court issued a precautionary measure in favor of Contugas, declaring resolutions 006-2006 and 007-2016 void, a precautionary measure that was appealed by the defendants, but confirmed by the 5th Superior Civil Chamber, for which Contugas considers that it is a firm and definitive decision. In the second instance, the Superior Chamber revoked the precautionary measure, as it considered that the Amparo was not the appropriate way, but the contentious-administrative process.

On December 12, 2019, under File 4801-2017, the Judgment was issued by which the Constitutional Court declared the nullity of resolutions No. 006 and 007-2016 issued by OSINERGMIN. This resolution declares the validity of the capacity reservation clauses signed between Contugas and its independent clients.

In May 2018, OSINERGMIN declared CAASA's claims founded, whose resolution was appealed by Contugas. As of December 31, 2020, a ruling by the OSINERGMIN Court of Appeals is pending. The effects of the Constitutional Court ruling do not extend to CAASA directly.

To date, these three clients pay for the service for the volumes actually consumed, despite the ruling of the Constitutional Court. For this reason, the sum of the accounts receivable from Aceros Arequipa, EGASA and EGESUR as of December 31, 2021 is for thousands of US $ 83,166 (thousands of US $ 61,822 as of December 31, 2020).

On April 1, 2019, EGASA communicated to Contugas its decision to unilaterally terminate the Natural Gas Distribution Service contract, arguing that since its natural gas transportation contract was void and not having other contracts or agreements that can guarantee the transport, the contract with Contugas could be terminated. Contugas has communicated that according to the Contract, EGASA's argument is incorrect, since Contugas has offered to provide Supply and Transportation services, so there is no shortage referred to by EGASA. As of December 31, 2020, Contugas has initiated an arbitration process against EGASA both for the collection of the amount owed and for the resolution of the Contract.

As of December 31, 2021, Contugas has evaluated the impairment of these accounts receivable using the expected loss method, considering the risk or probability of a credit loss occurring, reflecting the probability that such loss occurs and does not occur, including, if this possibility is very low. The estimate for impairment of accounts receivable related to the three main contracts signed (EGASA, EGESUR and CAASA), in compliance with IFRS 9, are presented in the result for the year 2021 for US $ 28,762 thousand (US $ 7,890 thousand for the financial year 2020), being that the accumulated uncollectible provision as of December 31, 2021 with these customers amounts to US$ 47,308 thousand

Regarding the case with CAASA, on June 16, 2020, Contugas closed the Direct Deal, being expedited to initiate an extrajudicial conciliation procedure. On February 11, 2021, Resolution No. 025-2021-OS / TSC-103 of the OSINERGMIN Dispute Settlement Tribunal was notified in relation to CAASA's claim; in said resolution, CAASA's claims since May of 2016 onwards, and the Company is ordered to re-invoice from 2014 to April 2016. All invoicing will be based on what was contracted, and in accordance with the regulation and the Distribution Contract.

Therefore, during the year 2021, the Company has written off the uncollectible provision that it maintained in its accounting books accumulated as of December 31, 2020 with CAASA for US$ 26,919 thousand.

Management Plans

The Group's management and its legal advisors consider that there are high probabilities of a favorable resolution of the aforementioned processes.

New electricity generation customer

On November 23, 2016, the Company signed a contract for the supply, transportation and distribution service of natural gas to a new electricity generation customer, whose plant will operate in the province of Pisco. The contract stipulates the firm reserve of a natural gas supply capacity for 29.5 MMPCD and the possibility of increasing another 29.5 MMPCD under the interruptible modality. As of December 31, 2020, the Company is in renegotiation of the conditions established in this contract and among the main changes is that the Company will only supply the natural gas distribution service with a reserved capacity of 72 MMPCD, and additionally it will It foresees the start of operations for July 1, 2025. The flows derived from this contract will allow the Company to increase EBITDA and obtain positive results.

As of December 31, 2021, progress has been made with favorable milestones in the development of the electricity generation project; The main one is the linking of a foreign company from the electricity sector as the Project Sponsor, additionally there are milestones such as the acquisition of the land where the plant will be located (27 hectares) and the manufacture of two water wells with capacity 11 and 13 liters per minute, a favorable result for the project; The start of operations is planned for the end of 2025 in line with the COES energy sector expansion plan. Additionally, the project has been approved (500 MW combined cycle), transmission lines, access roads and water studies. The new distribution contract would be signed in the first quarter of 2022 with a capacity reserve of 78MMPCD.

(Continúa)

New Liquefied Natural Gas (LNG) customer

The Company is in the process of signing a new distribution contract related to a natural gas (LNG) liquefaction project. This is a project with a high probability of execution, which has important advances such as overhaul of the existing plant in the USA, purchase of land in Pisco and agreements with mining and primary transportation clients, which are expected to enter in stages until reach a level of consumption of 28 MMCFD in the year 2027. Contugas currently has signed an MOU and NDA with the shareholders of the project

Modification of the natural gas transportation contract

Until December 31, 2021, Contugas had a firm transportation capacity of 46.2 MMCFD with a significant loss with respect to the actual transportation used by its clients of approximately 22.6 MMCFD. As of January 1, 2022 and according to the contract signed with Transportadora de Gas del Perú (TGP), the contracted firm transportation capacity was reduced to 14.03 MMCFD, for which Contugas contracted an additional 3 MMCFD as of January 1. January 2022, valid until December 31, 2024. Additionally, Contugas signed a firm transportation capacity transfer agreement for 6.67 MMCFD in the secondary market, with Gas Natural de Lima y Callao (Cálidda), valid until December 31, 2022.

Recovery of portfolio of main clients

The Company has been managing the recovery of the portfolio of two of its main clients whose debt as of December 31, 2021 is US$ 83,166 thousand (US$ 61,822 thousand as of December 31, 2020); The Company's legal advisors believe that there is a high probability of success in recovering the portfolio related to the capacity reserve between the years 2022 and 2023.

With these actions, Management estimates that the Company will reverse the expected credit loss for these accounts receivable recognized in previous periods. Such reversal would generate a gain in the period in which it is made.

Concession Assets

The concession assets represent the collection rights of natural gas distribution services, which are associated with the actual consumption of users, and are within the regulatory regime established by the regulatory entity OSINERGMIN. The activated cost represents the value invested in the distribution network (assets of the concession). The concession assets as of December 31, 2021 and 2020, amounted to $ 954,680 million and $ 894,618 million, respectively.

On April 30, 2014, the trunk network and branches that supply gas to the cities of Marcona and Nazca began operation; therefore, from that date, amortization is recorded for the total assets of the concession.

Distribution assets in process correspond to contract assets represented by network construction that as of the date of the statement of financial position have not been gasified. Once they are gasified, they are transferred to the heading of “distribution goods”.

(Continúa)

Contugas has recognized during the year ended December 31, 2021 an expense for amortization of the concession assets of US $ 15,929 thousand (for US $ 16,052 thousand in 2020). Based on the estimates made by Contugas, at the end of this fiscal year, the investment will be fully recovered through the collection of fees and no recovery is generated through the residual participation of the concession assets through the net book value of assets.

As of December 31, 2021 and 2020, Contugas has made projections of the expected cash flows for the coming years, which consider a discount rate that is estimated to reflect market conditions. The discount rate used in 2021 and 2020 was 6.58% and 5.89% respectively. In the revenue and cost projections Contugas considered the main contracts signed with large clients. These projections have been reviewed and approved by Management and presented to the Board of Directors. In accordance with these projections, Management has estimated that the recoverable value of Contugas's assets is greater than their amount recognized in the books, therefore, the accompanying financial statements contain an impairment recovery of US $ 33,000 thousand (in the 2020, an impairment of assets of the concession was recognized for thousands of US $ 20,350).

Financial obligations:

On September 24, 2019, Contugas signed a Syndicated Loan for thousands of US $ 355,000, which had Mizuho Bank, Ltd. as lead banks, and BBVA, as administrative agent, Mizuho. Credit and guarantee contracts are under the laws of New York, Colombia and Peru.

The participation of the banks (hereinafter "the Lenders") is as follows:

In thousands of US dollars	**Amount**
Banco Bilbao Vizcaya Argentaria S.A., New York Branch	85.000
Mizuho Bank, Ltd.	85.000
Sumitomo Mitsui Banking Corporation	45.000
Banco de Sabadell, S.A., Miami Branch	26.000
Banco Santander S.A.	26.000
Export Development Canada	26.000
Banco de Bogota (Panama) S.A.	26.000
Banco Latinoamericano de Comercio Exterior S.A.	18.000
Citibank, N.A. International Banking Facility	18.000
	355.000

The contractual term is 60 months, the principal being fully payable at the end of this period, plus the compensatory interest accrued at that date. Upon signing the contract, Contugas paid structuring expenses of US $ 3,400 thousand and administrative agent expenses of US $ 25 thousand.

This loan bears interest at the 180-day LIBOR rate plus 1.75%. Interest payments will be made semi-annually in March and September. During 2021, said loan accrues interest for US$6,993 thousand (US$10,325 thousand in 2020).

The main purpose of the funds obtained from this loan was to pay the Syndicated loan (for thousands of US $ 342,000 in favor of Banco Davivienda S.A., Banco de Bogotá S.A. Nassau, Banco de Bogotá S.A. Panamá and Corporación Andina de Fomento).

This loan does not have compliance with covenants, since it is backed by a corporate guarantee granted by its shareholders Grupo Energía Bogotá S.A. ESP (GEB) and Transportadora de Gas Internacional, with which they guarantee the credit payment obligations.

(2) *TGI International Ltd.* – In order to serve as investment vehicle for the issue of bonds in the international capital markets, TGI incorporated this affiliate in Cayman Islands. Said operation was guaranteed by TGI, who holds 10,000 common shares for a face value of USD$1 each in TGI International Ltd. Between March 2, 2012 and April 6, 2012, the above mentioned bonds were cancelled and TGI issued directly new bonds.

(3) *TGI Regasificadora S.A.S.* – In order to serve as investment vehicle in projects, TGI incorporated this affiliate in Bogota. It holds 10,000 shares for a face value of COP$100 each in TGI Regasificadora S.A.S.; according to its corporate object, the company may perform any licit, commercial or civil activity in Colombia and abroad.

The summarized financial information in respect to associates and subsidiaries of the Company is presented below:

December 31, 2021 –

	Total net assets of the investment	Profit or (loss) of the year	Participation of the Company in its investments		Participation of the Company in the net assets of the investments	Participation of the Company in the profit or (loss) of the year of the investments
Contugas S.A.C.	64.670	17.475	31.41927%	$	20.319	5.490
TGI International Ltd.	-	-	100%		-	-
TGI Regasificadora S.A.S.	-	-	100%		-	-
				$	20.319	5.490

December 31, 2020 –

	Total net assets of the investment	Profit or (loss) of the year	Participation of the Company in its investments		Participation of the Company in the net assets of the investments	Participation of the Company in the profit or (loss) of the year of the investments
Contugas S.A.C.	41,195	10,151	31.41927%	$	12,943	3,189
TGI International Ltd.	-	-	100%		-	-
TGI Regasificadora S.A.S.	-	-	100%		-	-
				$	12,943	3,189

18. Financial liabilities

The composition of this item as of December 31, 2021 and 2020 is as follows:

	Interest rate	Expiration date		2021	2020
Loans granted by:					
Bonds (1)	5.55% SA in A.	01/11/2028	$	750,000	750,000
Cost of issue				(2,670)	(3,647)
Leasing Operations– Renting (2)	DTF + 2.9% QA	29/09/2024		2,035	6,004
Interest Bonds Issued				6,938	6,938
Reserve Fund				4,577	4,311
Ariari Trust Commission				(11)	1,057
			$	760,869	764,663
Current (Note 15)				13,539	12,306
Noncurrent (Note 15)				747,330	752,357
			$	760,869	764,663

BLANK SPACE

						Changes not originated in cash		Other changes			Total
		January 1, 2020	Financing Cash Flows (ii)			Accrual of Financial Expenses (Interest Expense)	New Financing Leasing	Exchange Difference	Effect in Conversion	Amortized Cost	December 31, 2020
			Loans Received	Payment of Principal	Payment of Interest						
Financial Liabilities											
Bonds - TGI	$	752,930		-	(41,625)	41,625	-	-	-	361	753,291
Bank Credits - Leasing-Renting		8,576		(1,898)	(871)	871	-	(674)	-		6,004
	$	761,506		(1,898)	(42,496)	42,496	-	(674)	-	361	759,295

						Changes not originated in cash		Other changes			Total
		January 1, 2021	Financing Cash Flows (ii)			Accrual of Financial Expenses (Interest Expense)	New Financing Leasing	Exchange Difference	Effect in Conversion	Amortized Cost	December 31, 2021
			Loans Received	Payment of Principal	Payment of Interest						
Financial Liabilities											
Bonds - TGI	$	753,291	-	-	(41,625)	41,625	-	-	-	977	754.268
Bank Credits - Leasing-Renting		6,004		(3.475)	(216)	216	-	(478)	-	-	2,051
	$	759,295	-	(3,475)	(41,841)	41,841	-	(478)	-	977	756,319

(Continúa)

Summary of loan agreements

(1) Bonds

2007:

TGI made a bond issue in the international capital markets, according to rule 144 a / regulation of the SEC, in 2007, for a value of USD 750 million. Between March 20 and April 6, 2012, the aforementioned bonds were prepaid and TGI issued new bonds directly under the following conditions:

Amount:	USD$750 million
Interest rate	5,7% annual semester in arrears
Date of Issue:	March 20, 2012
Due date	March 20, 2022

2018:

TGI, in 2018, made a bond issue in the international capital markets, according to Rule 144 A / Reg S, for a value of USD 750 million, in order to refinance the bonds issued in 2012 and term up to 2022 that had a rate of 5.70%. The issue took place on November 1, 2018, the date on which the early redemption of the aforementioned bonds and the issuance of the new bonds were made. The bonds with expiration in 2028 have the following conditions:

Amount:	USD$750 million
Interest rate	5,55% annual, biannually in arrears
Date of Issue:	November 1, 2018
Due date	November 1, 2028

Covenants - The issuance of the 2028 Bonds was a significant improvement for TGI in terms of Covenants, as the new issue reflects the quality of the Investment Grade that the company has, eliminating several restrictive Covenants. The main Covenants included in the 2028 Bonds and found in the Indenture of the transaction are:

- Limitation on encumbrances
- Limitation on Sale and Lease-Back transactions
- Limitation in conducting business other than related parties in the ordinary course of business

The aforementioned issue has an investment grade rating by the following credit rating agencies:

- Fitch Ratings: BBB, Stable Perspective
- Moody's: Baa3, Stable Perspective

(Continúa)

(2) Lease agreements – On May 27, 2014 August 29 and November 13, 2013, the Company executed leasing agreements for the purchase of offices in Bogota, D.C., where TGI has its main domicile; these agreements were entered into with Leasing Banco de Occidente and Banco de Bogota. The conditions of these operations are as follows:

LEASING BANCO DE OCCIDENTE:

Contract number:	180-094099
Amount:	$3.161
Interest rate:	DTF + 2.9% QA. Monthly payments
Issue Date:	May 27, 2014
Expiration Date:	May 27, 2024

LEASING BANCO DE BOGOTÁ:

Contract number:	33531719310	33531719410
Amount:	$8.206	$1.778
Interest rate:	DTF + 2.9% QA. Monthly payments	DTF + 2.9% QA. Monthly payments
Issue Date:	September 29, 2014	May 27, 2014
Expiration Date:	September 29, 2024	May 27, 2024

For the year 2021, the Leasing contract 180-080010 that the Company had with Banco de Occidente was ended and the purchase option was executed.

19. Leasing liabilities

	Interest rate	Expiration date		2021	2020
Leasing Liabilities:					
Financial Liabilities IFRS 16	0.90% MV	31/12/2024	$	8,539	1,948
				8,539	1,948
Current				8,333	1,764
Noncurrent				206	184
			$	8,539	1,948

The Company does not face a significant liquidity risk in respect to its leasing liabilities. The leasing liabilities are controlled within the treasury function of the Company.

Obligations for financial leasing

	January 1, 2020	Financing cash flows: Loans received	Financing cash flows: Payment of principal	Financing cash flows: Payment of interest	Changes not originated in cash: Accrual of financial expenses (Interest expense)	Changes not originated in cash: New financial leasing	Total: December 31, 2020
Financial liabilities:							
Rights of use Assets IFRS 16	$ 5,756	-	(5,019)	(193)	193	1,211	1,948

	January 1 de 2021	Loans received	Financing cash flows: Payment of Principal	Financing cash flows: Payment of Interest	Changes nor originated in cash: Accrual of financial expenses (Interest expense)	Changes nor originated in cash: New financial leasing	Total: December 31 2021
Financial Liabilities: Rights of use Assets IFRS 16	$ 1,948		(4,688)	(353)	353	11,415	8,715

20. Accounts payable to suppliers and other accounts payable

The composition of this item as of December 31, 2021 and 2020 is the following:

		2021	2020
Accounts payable to suppliers (1)	$	8,165	9,237
Other accounts payable (2)		-	686
Development installment		1,590	1,235
Transportation tax (3)		2,989	903
	$	12,744	12,061

(1) TGI has implemented policies for managing the financial risk to make sure that all accounts payable pare paid in accordance with the pre-agreed credit terms. These values correspond to the current liability, are not maintained in accounts payable to suppliers and other long-term accounts payable.

(2) The other accounts payable are represented in advances and guarantee deposits made by customers (senders) as support to the natural gas transportation contracts executed with TGI. As of December 31, 2021, the largest guarantee corresponds mainly to Gases

de Occidente S.A. E.S.P. with 31.72% and Efigas Gas Natural S.A. E.S.P. with 11.33%. Additionally, it is made up by social security advances of TGI employees. For year 2021, the largest guarantee corresponds to Gas Natural S.A. ESP with 44.86%.

(3) The transportation taxis a tax which purpose is to compensate the effects caused by the passage of the gas pipeline through the different Colombian municipalities. It is assessed quarterly and it is billed to the senders calculated as a percentage, according to the origin of the gas on the total volume transported. It is responsibility of TGI as transporter to bill it, draw it to the municipalities once the assessment of same is made by the Ministry of Mines and Energy, prior report and information provided by TGI.

21. Provisions

The composition of this item as of December 31, 2021 and 2020 is as follows:

		2021	2020
Other current provisions	$	18,444	14,477
Judicial provisions (1)		4,263	6,109
Environmental and dismantling provisions		62,321	75,713
		85,028	96,299
Current		18,444	14,477
Noncurrent		66,584	81,822
	$	85,028	96,299

Following is the movement of the provisions:

		Other provisions	Judicial provisions	Environmental and dismantling provisions	Total
		Current	Noncurrent		
Balances as of December 31, 2019	$	12,374	6,335	29,786	48,495
Additions		3,209	1,172	49,721	54,102
Difference in Exchange		4,220	(1,398)	3,794	6,616
Financial cost		-	-	4,462	4,462
Uses		(5,326)	-	(12,050)	(17,376)
Balances as of December 31, 2020	$	14,477	6,109	75,713	96,299
Additions		12,435	184	-	12,619
Difference in Exchange		(5,772)	(782)	(8,735)	(15,289)
Financial cost		-	-	4,864	4,864
Uses		(2,696)	(1,248)	(9,521)	(13,465)
Balances as of December 31, 2021	$	18,444	4,263	62,321	85,028

As of December 31, 2021 and 2020 the balances correspond to provisions for environmental obligations and claims against TGI for civil, administrative and labor litigations, mainly.

1. *Judicial Provision* **-** TGI signed a contract with the CLI Consortium, formed by the companies Lavman Ingenieros Ltda., And Cosacol SA, for the construction of the Phase II Loops of the expansion project of the Cusiana - La Belleza gas pipeline, in section 5. According to the Consortium at the time of performance of the work, it was found that the information delivered in the pre-contractual phase presented inconsistencies, in addition to delays in the processing of some environmental licenses necessary for the execution of the project; thus, within the claims of the lawsuit are found, the declaration of nullity of official communication 04-08-11 whereby the Company unilaterally terminates the work contract number 750124 signed with the CLI Consortium, and sentences TGI SA E.S.P., to the payment of material damages in their modality of consequential damages and lost profits, assessed in the amount of $4,6 and other Civil judicial contingencies $1,4. Based on the evaluation of the probability of success in the defense of these cases, TGI has provisioned the sum mentioned as of December 31, 2021 to cover the probable loss due to this contingency.

TGI estimates that the results of the non-provisioned lawsuits will be favorable and will not cause significant liabilities that must be accounted for or that, if they arise, will not significantly affect the Company's financial position.

2. *Environmental provisions and dismantling* - The dismantling provision is due to the estimate of the obligation at the date of dismantling or abandoning the asset. Similarly, the environmental provision obeys the obligation that TGI contracts at the time of carrying out a project or incorporating some type of infrastructure in the national territory, in accordance with the ANLA regulation, environmental commitments and pertinent licenses.

22. Other liabilities

The composition of this item as of December 31, 2021 and 2020 is as follows:

		2021	2020
Income received in advance (1)	$	13,539	15,703

(1) The income received in advance corresponds to a contract with Ecopetrol for transportation services, by virtue of which the value of the fixed charge in billed in pesos and dollars up to year 2026.

23. Equity

		2021	2020
Capital stock	$	703,868	703,868
Premium on placement of shares		56,043	56,043
	$	759,911	759,911

The capital stock issued is made up by 145,402,814 common shares fully paid consisting of common shares with face value of $10,766.55 pesos.

24. Reserves

		2021	2020
Legal reserve (1)	$	133,789	118,710
Occasional reserve (2)		69,392	66,203
	$	203,181	184,913

(1) Legal reserve – According to Colombian law, TGI must transfer as minimum 10% of the profit of the period to a legal reserve that it will be minimum 50% of the subscribed capital. This reserve is not available for distribution, but may be used to absorb losses.

(2) Occasional reserve – In 2021 and 2020, the General Stockholders' Meeting, through the corresponding minutes, approved the creation of an occasional reserve to strengthen the capital of TGI.

25. Income

Following is the income of TGI for the period for continuing operations.

		2021	2020
Gas transportation services – fixed charges	$	325,446	422,629
Gas transportation services – variable charges		16,389	6,086
Complementary gas transportation services		42,898	27,054
	$	384,733	455,769

26. Cost of sales

		2021	2020
Depreciations	$	89,428	88,386
Intangible amortizations		757	717
Maintenance and repair orders and contracts		13,791	19,203
Cost of goods and services		12,698	20,385
Professional services		12,957	15,778
Insurance		9,995	9,604
Leasing		98	114
Fees		4,410	5,524
Taxes, rates and contributions		2,656	3,123
Public utilities		909	872
Transportation, freight and haulage		72	249
Relations with communities – direct operations		298	1,017
Studies and projects		43	658
Other		424	776
	$	148,536	166,406

27. Operating and administration expenses

		2021	2020
Personal services			
Integral salary	$	4,430	3,179
Personnel salaries		1,425	1,210
Subsidy benefit, loan rate and bonus		306	1,091
Contributions to pension funds		-	444
Vacations		313	254
Social wellbeing		-	254
Training		164	278
Other personal services		3,815	1,644
	$	10,453	8,354
Taxes			
Sales tax VAT not discountable	$	140	3
Tax on financial movements		992	1,253
Contributions to Superintendencies and CREG		997	3,501
Other taxes		51	153
	$	2,180	4,910
Depreciation, amortization and provision			
Amortization	$	4,142	4,200
Provision		2,466	3,890
Depreciation		1,980	1,008
	$	8,588	9,098

28. Financial costs

		2021	2020
Long term external public debt bonds	$	42,601	41,985
Interest on internal financing operations, long term – related parties		19,046	22,663
External financing interest, IELAH merger		-	-
Fixed assets – financial cost of dismantling		4,864	4,462
Interest on long term internal operations – leasing		217	871
Interest IFRS 16		353	193
Bank expenses		-	63
Investment Concentra Valuation		-	11
Other interest		34	8
	$	67,115	70,256

29. Financial income

		2021	2020
Interest (savings accounts, funds of securities)	$	20	2,002
Interest national and foreign currency CDs		430	1,073
Amortized cost (loans, deposits)		1,844	420
Interest on accounts receivable		60	93
Other interest		1,709	259
	$	4,063	3,847

30. Other expenses

		2021	2020
Fees	$	4,097	5,382
Fees GEB technical support		909	4,281
Other general expenses		7,618	3,809
Services		709	548
Publicity and advertising		-	48
	$	13,333	14,068

31. Other income

		2021	2020
For claims	$	4,743	547
Recovery of provisions		2,185	1,307
Recovery of costs and expenses		67	600
Other miscellaneous revenues		10	17
	$	7,005	2,471

32. Income tax related to continuing operations

32.1 Income tax recognized in results

The income tax expense includes current and deferred tax. It is recognized in income, except insofar as it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes and therefore accounted for them under IAS 37 Provisions, contingent liabilities and contingent assets.

		2021	2020
Current tax:			
Income tax current year	$	(54,284)	(69,150)
Adjustment previous periods		(137)	(7,848)
		(54,421)	(76,998)
Deferred tax		2,731	14,006
Total income tax recognized in the period	$	(51,690)	(62,992)

The reconciliation between the profit before taxes and the net taxable income for year 2021 and 2020 is as follows:

		2021	2020
Income tax:			
Profit before taxes	$	152,105	213,778
Tax expense calculated (2021-31%; 2022-353%)		47,152	68,409
Tax effect of reconciling entries:			
Effect of income that is tax exempt		(2,162)	(805)
Effect of expenses that are non-deductible when determining the taxable profit		3,086	87
Tax deductions		0,169	(1,012)
Temporary differences for expenses accrued in the accounting		6,039	2,471
Current income tax		54,284	69,150
Adjustments recognized in the current year in respect to tax accrued in previous years		137	7,848
Effect of deferred tax for temporary differences generated in accounting balances		(2,731)	(14,006)
Tax expense on profits recognized in profit and loss (related to continuing operations)	$	51,690	62,992

32.2 Assets and liabilities of the current year

Current tax assets – The detail of the account receivable for current taxes is as follows:

		2021	2020
Income and complementary tax advance	$	49,944	40,295
Industry and commerce tax advance		1	27
	$	49,945	40,322

Current tax liabilities – The detail for the account payable for taxes is as follows:

		2021	2020
Withholdings payable (Income and CREE)	$	1,960	3,340
Income tax payable		54,284	75,242
Taxes payable (other than income)		(3)	201
Industry and commerce tax payable		16	20
		56,257	78,803
Total Net	$	6,312	38,481

32.3 Balances of current deferred taxes

Following is the analysis of the assets/ liabilities of the deferred tax presented in the statement of financial position:

		2021	2020
Deferred tax asset	$	342,561	70,492
Deferred tax liability		(742,136)	(415,647)
Total	$	(399,575)	(345,155)

2021	Initial Balance	Recl. for presentation purposes Effect Result	Effect Result	Accumulated results	Other Comprehensive Income Closing Balance	Ending Balance
Trade accounts and other accounts receivable	(1,538)	0	(467)	17	221	1,095
Land	0	(639)	(33)	0	(106)	(778)
Property, plant and equipment	344,018	7,758	(73,691)	(63,135)	(48,053)	(473,729)
Accumulated depreciation	0	(18,907)	31,492	1,230	(3,145)	10,670
Intangible Assets and other assets	40,192	1,388	(2,990)	(6,248)	(5,534)	(48,037)
Liabilities - Debt in USD	0	24,057	44,129	9,667	4,002	81,855
Other passives	0	18,690	4,129	3,420	3,109	29,349
Other non-financial assets – current	(165)	(142)	0	0	0	0
Provisions	(1,084)	(934)	0	0	0	0
Employee benefits	(34,824)	(30,025)	0	0	0	0
Trade accounts and other non-current accounts receivable	(1,445)	(1,246)	0	0	0	0
Leases (IFRS 16)	0	0	0	0	0	0
	345,155	0	2,568	(55,049)	(49,507)	(399,575)

(Continúa)

2020		Beginning balance	Income statement	Ending balance
Trade accounts and other accounts receivable	$	(488)	2,191	1,703
Intangible assets		(39,267)	(925)	(40,192)
Trade accounts and other accounts receivable noncurrent		1,453	(9)	1,444
Properties, plant and equipment		(340,926)	(15,038)	(355,964)
Provisions		(257)	1,341	1,084
Employee benefits		20,330	26,440	46,770
Other non-financial assets – current		(5)	5	-
	$	(359,160)	14,005	(345,155)

32.4 Uncertainties in open tax positions

As of December 31, 2021 and December 31, 2020, the company does not have tax uncertainties, respectively. For this reason, no additional taxes are foreseen on the occasion of possible visits by the tax authorities or due to the existence of uncertainties related to tax positions applied by the Company. In the same way, it is confirmed that the declaration of validity 2019 is firm since it was presented with the benefit of audit, and the declaration of validity 2020 is still open to inspection by the tax authorities.

32.5 Economic Growth Law - (Tax Reform)

In December 2018, the tax law in Colombia was modified through Law 1943, gradually reducing the income tax rate and also reducing the rate for the liquidation of presumptive income until its elimination starting in 2021.

Considering that Law 1943 was declared unenforceable in Judgment of the Constitutional Court, C481 of 2019, it gave rise to the National Government presenting a tax reform initiative, which was approved by the Congress of the Republic and issued by Law 2010 of the December 27, 2019, or the Economic Growth Law, which included the provisions in favor contained in Law 1943 of 2018 and which were considered essential for economic growth and competitiveness in the country; It also introduced some modifications of which we highlight:

- For taxable year 2020, the applicable income tax rate is 32%. The tax rates determined in law 1943 of 2018 are maintained for the year 2021, a 31% rate and as of 2022, a 30% rate.
- The Economic Growth Law for the purposes of calculating income tax under the presumptive income system continues to gradually dismount the rate of 0.5% for the year 2020, and 0% as of the year 2021 and subsequent years.
- 100% of the taxes, fees and contributions actually paid in the taxable year, which are causally related to the generation of income (except income tax) remain deductible; 50% of the tax on financial transactions (GMF) will be deductible, regardless of whether or not it has a causal relationship with the income-generating activity.

- 50% of the industry and commerce tax may be treated as a tax discount on income tax in the taxable year in which it is actually paid and insofar as it is causally related to its economic activity. From the year 2022 it can be discounted at 100%.

- They continue as tax discounts (i) The VAT paid on the import, formation, construction or acquisition of real productive fixed assets including the services necessary for their construction and start-up (ii) The industry and trade tax in the terms indicated in the previous subsection.

- In relation to the tax on dividends, the following modifications were made:

  - The withholding tax at source was increased to 10% on untaxed dividends, decreed for the benefit of foreign companies and entities, non-resident individuals and permanent establishments.

  - The table applicable to non-taxed dividends decreed for the benefit of natural persons residing in the country and illiquid successions of taxpayers resident in the country was modified, providing a marginal rate of 10% for dividends that exceed 300 UVT.

  - It was established that the tax on taxed dividends will be determined: (i) applying the income rate corresponding to the year in which they are decreed (32% year 2020; 31% year 2021; and 30% year 2022 onwards) and (ii) on the remainder, the rate corresponding to the non-taxed dividend will be applied, depending on the beneficiary (if it is a resident natural person or an illiquid succession of resident deceased, the table will be applied and for other cases the rate of 7.5% will be applied).

  - The withholding regime at source on dividends decreed for the first time to national companies continues, which will be transferable to the final beneficiary, a resident natural person or resident investor abroad with the rate of 7.5%

  - Dividends decreed against profits for 2016 and prior years will retain the current treatment for that time; and those corresponding to profits for the years 2017 and 2018 and 2019 that are decreed as of 2020 will be governed by the rates provided in Law 2010

- With the Economic Growth Law it is specified that taxpayers may choose the mechanism of works for taxes, as a way to extinguish the tax obligation, provided for in article 238 of Law 1819 of 2016 or through the mechanism of the direct investment agreement established in article 800-1 of the Tax Statute.

- The Growth Law establishes that the final term for taxpayers' income tax returns that determine or offset tax losses or that are subject to the transfer pricing regime will be five (5) years from the date of the presentation of the income statement

- The correction term for taxpayers who present corrections that increase the tax or decrease the balance in favor, is modified as the term that the taxpayer had to voluntarily correct their tax returns was two (2) years, with the Law of Growth, this term is modified and unified with the general term of the firmness of the of the declarations, setting it at three (3) years.

The audit benefit is extended for the income tax returns corresponding to the taxable years 2020 and 2021, for which the increase in the net income tax with respect to the previous year is required so that the return is final in six months (30%) or in twelve months (20%), as provided by Law 1943 of 2018 for the taxable years 2019 and 2020 returns. It is specified that the provisions enshrined in Law 1943 of 2018, regarding the benefit of audit, will have the effects provided therein for taxpayers who have availed themselves of the audit benefit for the taxable year 2019.

33. Transactions with related parties

33.1 Commercial transactions

During the year, companies related to the Company performed the following transactions with related parties that are not members of the Company:

		2021	2020
Income:			
Gas Natural S.A. E.S.P.			
Transportation service (1)	$	49,395	122,302
O&M		29	108
Provision		11,271	11,887
Other		676	6,286
Total		61,371	140,583
Emgesa S.A. E.S.P.			
Transportation		306	837
Provision		-	-
Other		10	6
Total		316	843
Total income	$	61,687	141,426
Costs / Expenses			
Grupo Energía Bogotá S.A. E.S.P.			
Interest	$	19,046	22,663
Insurance payment reimbursement		-	-
Technical support (2)		908	4,281
Total		19,954	26,944
Emgesa S.A.			
Energy service		-	110
Fuel gas		1,757	5,552
Total		1,757	5,662
Codensa S.A. ESP.			
Christmas lightning and Energy District Service		86	200
Total		86	200
Gas Natural S.A. E.S.P.			
O&M gas pipeline of La Sabana		389	1,625
Lease gas pipeline of La Sabana		795	3,157
Gas supply compressor stations		881	2,694
Total		2,065	7,476
Total costs and expenses	$	23,862	40,282

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(1) TGI has entered into several transport contracts with the company Vanti S.A. ESP., whereby TGI agrees to make available the gas pipelines system and to transport natural gas to various destinations required by Vanti S.A. E.S.P., and this Company undertakes to pay the rates established in such contracts. As of the closing of December 31, 2021 Vanti S.A. ESP has 85 contracts in effect with expirations that range from 2021 to 2037.

(2) On January 05, 2009, a contract was signed with Grupo Energia de Bogotá S.A. E.S.P with a 20-year term. The purpose of the agreement to provide advice and technical, legal, administrative, and financial support in the performance of the activities required for the adequate performance of TGI's corporate object. On May 28, 2010, Addendum No. 1 to the contract was signed, whereby the annual percentages to which the charge for the service is subject are modified. The amount to pay for the year 2014 and subsequent years corresponds to 1.20% of TGI's previous year EBITDA plus VAT.

The following balances were outstanding at the end of the reporting period:

		2021	2020
Current asset:			
Accounts receivable			
Gas Natural S.A. E.S.P. (1)	$	20,374	22,089
Grupo Energía de Bogotá		-	-
Emgesa S.A.		-	-
Total assets	$	20,374	22,089
Financial obligations liabilities:			
Grupo Energía Bogotá S.A. E.S.P.) (2)	$	370,000	370,000
Accounts payable			
Grupo Energía Bogotá S.A. E.S.P.	$	2,962	2,927
Gas Natural S.A. E.S.P.		-	-
Codensa S.A.		71	109
Promigás S.A. E.S.P.		-	-
		3,033	3,036
Total liabilities	$	373,033	373,036
Current	$	3,033	3,036
Noncurrent		370,000	370,000
	$	373,033	373,036

The amounts outstanding are not guaranteed and will be settled in cash. No guarantees have been posted or received. No expense has been recognized in the current period, or in previous periods in respect to uncollectible accounts or doubtful accounts related to the amounts owed by related parties.

(1) As of December 31, 2021, it corresponds to the performance of the various natural gas transportation service contracts, entered into with the company Gas Natural S.A. E.S.P. from October 2008 to May 2017.

(2) As of December 31, 2021 the debt in foreign currency with Grupo de Energia de Bogota S.A. E.S.P. (GEB), major stockholder, amounts to USD 370 million. The conditions of that credit are the following:

Amount	USD 370 million
Interest rate	6.125% annual, semi-annually in arrears
Issue date	December 6, 2011
Expiration date	December 21, 2022

33.2 Compensation of key management personnel

The compensation of the directors and other key members of management during the year was the following:

		2021	2020
Short time benefits (1)	$	3,493	3,227

(1) The compensation of the directors and key executives is determined by the compensation committee based on the performance of the individuals and the market trends.

34. Contingent assets and liabilities

Contingencies – As of December 31, 2021 and December 31, 2020, the value of the claims against TGI for administrative, civil and labor litigations amount to $83,304 and $73,795, respectively. Based on the evaluation of the probability of success in the defense of these cases, TGI has provisioned $5.835 and $6,109, respectively, to cover the probable losses for these contingencies.

TGI's management with the consensus from the external counsel has concluded that the result of the processes corresponding to the party not provisioned will be favorable for the interest of TGI and will not cause liabilities of importance that should be accounted for or that, if they succeed, they will not affect significantly the financial position of TGI.

Processes classified as possible and remote that are not included in the provision:

Type of process	Quantity of processes		Total value
Possible			
Administrative	34	$	50,884
Civil	4		2,792
Arbitrals	-		-
Labor	15		1,422
	53		55,098

(1) Includes the first instance process in the Administrative Court of Quindio, associated with the contentious-administrative proceeding of Montinpetrol against TGI. The claim of the plaintiffs amounts to the sum of COP $ 5,599 for the year 2021, for breach of contract No. 750880 and that the corresponding damages generated by it be compensated. It includes the process in the Administrative Court of Boyaca of administrative contractual action of Bellelli Engineering SPA Sucursal Colombia against TGI. The claim of the plaintiffs amounts to the sum of USD $42,567 for year 2021, seeking that the illegality of the termination of contract No. 750759 be declared and that the corresponding damages generated by it will be indemnified. (Filing 2017-988).

35. Financial instruments

The Company monitors continuously the exposure to financial risks, where the net exposures and the extent thereof are analyzed, in order to process them in a timely manner. As part of the risk management system, the Company assesses different mitigation strategies, among which are both natural coverages as financial coverages. In the use of financial coverages, the Company seeks to minimize the effects of these risks by means of the use of derivative financial instrument to cover the exposure to risk, duly approved by the Board of Directors, the highest control body that approves the guidelines on which the financial risk management is ruled.

35.1 Capital risk management

The Company manages its capital to ensure that it will be capable of continuing as going concern while the return to its shareholders is maximized through the optimization of debt and capital balances.

The capital structure consists of the net debt (the loans offset by cash and bank balances) and the capital of the Company (made up by the capital stock, premium on issue of shares, reserves and accumulated results.

Indebtedness index – The indebtedness index for the reporting period is as follows:

		2021	2020
Debt (See Note 18)	$	760,885	764,663
Debt – Related parties (See Note 33.1)		373,033	373,036
Cash and banks (See Note 10)		140,742	136,628
Net debt	$	1,274,660	1,001,071
Equity (capital contributed + reserves)	$	828,257	917,512
Index of net debt to equity		83.39%	91.65%

35.2 Indebtedness risk management

The Company is exposed to the following risks related to the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This disclosure presents information regarding the Company's exposure to each of the aforementioned risks, the Company's objectives, policies and procedures for measuring and managing risk, and the Company's capital management.

(i) Risk management framework

The Company's Board of Directors is responsible for establishing and supervising the Company's risk management structure. The Board has created the Risk Management Committee, which is responsible for the development and monitoring of the Company's risk management policies. This Committee regularly reports to the Board about its activities.

The Company's risk management policies are established in order to identify and analyze the risks faced by the Company, set adequate risk limits and controls, and to monitor risks and compliance with limits. Risk management policies and systems are regularly reviewed to reflect changes in market conditions and in the Company's activities. The Company, through its management rules and procedures, intends to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee supervises the way in which management monitors compliance with the Group's risk management policies and procedures and reviews whether the risk management framework is appropriate with respect to the risks

(Continúa)

faced by the Group. This Committee is assisted by Internal Audit in its supervisory role. Internal Audit performs regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(ii) Credit risk

Credit risk is the risk of financial loss faced by the Company, if a client or counterparty in a financial instrument does not comply with its contractual obligations, and it originates, mainly, from accounts receivable from clients and investment instruments of the company.

Trade accounts receivable

The average credit period in the rendering of services is from 15 to 30 days. As of the first day of default in the payment, TGI generates a surcharge for default interest at the maximum rate permitted by the Financial Superintendency of Colombia during year 2021.

Before accepting any new customers, TGI uses an external credit rating system to evaluate the creditworthiness of the potential customer and defines the credit limits by customer. The limits and ratings attributed to the customers are reviewed at least once a year.

TGI makes an impairment analysis of its accounts receivable following the guidelines established in IFRS 9. This analysis involves the total accounts receivable, including those that are not yet due. The effect of the application of this standard is reflected below:

		Status 1	Status 2	Status 3	Total
Provision for impairment:					
Balance as of January 1, 2021	$	-	(3,888)	(1,362)	(5,250)
Movements chargeable to the income statement		-	(663)	-	(663)
Exchange difference		-	771	-	771
Balance as of December 31, 2021	$	-	(3,780)	(1,362)	(5,142)

Cash and cash equivalents

The Company had cash and cash equivalents for 140,742 thousands of U.S dollar as of December 31, 2021(2020 136,628), which represent its maximum exposure to credit risk for these assets. Cash and cash equivalents are held with banks and financial institutions, which have a long-term AAA rating, according to the rating agency Standard & Poor’s and Fitch Ratings.

(Continúa)

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

The Company uses an approach similar to that used for debt instruments to evaluate PCEs for cash and cash equivalents.

(iii) Liquidity risk

The Company manages its indebtedness to ensure that it will be able to continue as a going concern, guaranteeing resources for its expansion and optimizing debt and equity balances, which contributes to maximizing returns for its shareholders.

For the Company, it is of great relevance to continue with good ratings regarding issuer risk and investment grade of its corporate debt, by international rating agencies referring to the market, for which it is important to maintain the indicator of Financial Debt over EBITDA by below or equal to 4.0 times; It is possible that at specific times it may exceed this limit. but it will not be sustained and in the short term it will return to target levels, in order to maintain investment grade. The Company periodically reviews this indicator in its growth and debt decision-making process.

The Financial Vice Presidency of the Company periodically monitors through the short- and long-term cash flows analysis, the needs for resources, guaranteeing the payment of the commitments acquired placing the excesses in securities and first-level banks and with the credit risk ratings required by corporate policy. The Company’s Treasury coordinates together with GEB’s Treasury the access to investments in national and international financial markets, monitors and manages the financial risks related to the operations of the Company through the risk reports generated by the home office, which analyze the exposures depending on the degree and extent thereof.

Of the total indebtedness of TGI, 94.3% has long-term expiration, 5.7% short term (2019), whereby the refinancing risk is low. Nevertheless, the Financial Vice Presidency constantly analyzes refinancing alternatives and monitors the market to assess the viability of eventual debt management operations that permit to improve the average life of the liability portfolio. During 2012 TGI performed a debt management operation, whereby it not only improved the indebtedness average life by more than 5 years, but it reduced considerable its financial costs.

Tables of Interest and Liquidity Risk - The following tables detail the Entity's remaining contractual maturity for its non-derivative financial liabilities with the payment terms agreed. The tables have been designed based on the cash flows not discounted of the financial liabilities, based on the most recent date on which the Company has to make the payments. The tables include the cash flows of both, interest and principal. To the extent the interest is at a variable rate, the amount not discounted is derived from the interest rate curves at the end of the reporting period. The contract expiration is based on the minimum date when the Entity must make the payment.

December 31, 2021 – Accounts payable	Weighted average effective interest rate %	Less than 1 year			From 1 to 5 years			Over 5 years			Total		
		Principal	Interest	Installment	Principal	Interest	Installment	Principal	Interest	Installment	Principal	Interest	Installment
Financial leasing liability:													
Leasing Banco Occidente (180-080010)	DTF +2.9ptos	-	-	-	-	-	-	-	-	-	-	-	-
Leasing Banco Occidente (180-094099)	DTF +2.9ptos	47	29	76	506	203	709	-	-	-	553	232	785
Leasing Banco Bogotá (33531719410)	DTF +2.9ptos	26	14	40	284	98	382	-	-	-	310	112	422
Leasing Banco Bogotá (33531719310)	DTF +2.9ptos	124	71	195	2,175	567	2,742	-	-	-	2,299	638	2,937
Renting CEMTRAL	DTF+2%	-	-	-	-	-	-	-	-	-	-	-	-
Renting FIDELITY	DTF+2%	589	36	625	1,854	645	2,499	-	-	-	2,443	681	3,124
Financial liability IFRS 16		-	214	214	1,900	276	2,176	6,639	1,567	8,206	8,539	2,057	10,596
Liability to related parties and others:													
Accounts payable to related parties	5,02%	370,000	18,574	388,574	-	-	-	-	-	-	370,000	18,574	388,574
Instruments at fixed interest rate – Bonds and securities issued	5,5%	-	41,625	41,625	-	208,125	208,125	750,000	41,625	79,625	750,000	291,375	1,041,375

(Continúa)

December 31, 2020 – Accounts payable	Weighted average effective interest rate %	Less than 1 year			From 1 to 5 years			Over 5 years			Total		
		Principal	Interest	Installment	Principal	Interest	Installment	Principal	Interest	Installment	Principal	Interest	Installment
Financial leasing liability:													
Leasing Banco Occidente (180-080010)	DTF +2.9ptos	91	68	159	684	145	829	-	-	-	775	213	988
Leasing Banco Occidente (180-094099)	DTF +2.9ptos	46	54	100	613	269	882	-	-	-	659	323	982
Leasing Banco Bogotá (33531719410)	DTF +2.9ptos	26	30	56	344	150	494	-	-	-	370	180	550
Leasing Banco Bogotá (33531719310)	DTF +2.9ptos	117	144	261	1,662	583	2,245	-	-	-	1,779	727	2,506
Renting CEMTRAL	DTF+2%	1,211	532	1,743	-	-	-	-	-	-	1,211	532	1,743
Renting FIDELITY	DTF+2%	487	154	641	723	52	775	-	-	-	1,210	206	1,416
Financial liability IFRS 16		-	207	207	1,948	285	2,233	-	-	-	1,948	492	2,440
Liability to related parties and others:													
Accounts payable to related parties	6125%	-	23,386	23,386	-	116,928	116,928	370,000		370,000	370,000	140,314	510,314
Instruments at fixed interest rate – Bonds and securities issued	5.70%	-	47,862	47,862	-	239,310	239,310	746,353	47,862	794,215	746,353	335,034	1,081,387

(Continúa)

The amounts of the table above represent the accounts payable for the contracts, which are ordered by maturity within the cash flow, being these the maximums that the Entity could be forced to settle under the agreements of the total amount guaranteed, according to their maturity. This estimate is subject to change, depending on the probability that the cash flow and/or variation of the variables favor the advance termination in any of the contracts.

(iv) Market Risk

Market risk is the risk that changes in market prices, for example in exchange rates, interest rates or share prices, affect the Company's income or the value of the financial instruments it holds. The objective of market risk management is to manage and control exposures to this risk within reasonable parameters while optimizing profitability.

The Company uses derivatives to manage market risks. All these transactions are carried out within the guidelines established by the risk management committee. In general, the Company seeks to apply hedge accounting to manage volatility in results.

35.3 Interest rate risk management

The Company's foreign exchange risk exposure is low due to the fact that it has a natural hedge between its revenues and expenses, by reason of the regulatory framework of the natural gas transportation business in Colombia, which governs the Company, that divides revenues into two main components i) tariffs indexed to the U.S. dollar that includes fixed and variable charges that remunerate investments and ii) tariffs indexed to the Colombian peso that remunerate the operation and maintenance expenses that the Company incurs in order to operate and maintain the infrastructure in optimal conditions. This tariff structure generated by the end of 2020, that 69% of TGI’s revenues were denominated in U.S dollars and the remaining 31% in Colombian pesos, thus TGI benefits from a natural hedge since most of the operation and maintenance costs are denominated in Colombian pesos, which is the same currency as the revenue that remunerates these costs, and likewise the revenues in U.S dollars remunerate the investments, which are mainly in U.S dollars and also cover debt service since almost 100% of the Company's debt is denominated in U.S. dollars, therefore the share of the revenues reported in U.S. dollars is essential to ensure its hedge.

Furthermore, the fact of having defined the United States dollar as a functional currency substantially reduces the impact of exchange rate fluctuations on TGI's results.

TGI must keep cash and equivalents in Colombian pesos to meet its obligations in this currency. This generates volatility in financial income; however, TGI has been applying a policy of keeping part of its investments in cash and other financial assets in United States dollars. By the end of 2020, 20.4% of investments in cash and equivalents and other financial assets were denominated in U.S. dollars.

The following is the estimated effect that a variation of 1% and 5% in the exchange rate would have on income before tax, related to the exposure of financial assets and liabilities over one year:

Variation of exchange rate		Variation of income before taxes (USD millions)
(5) %	$	7,753
(1) %		1,551
1 %		(1,551)
5 %		(7,753)

35.4 Management of interest rate risk

99.4% of the Company's debt is denominated at a fixed rate and 0.6% at a variable rate, which is why variations in interest rates do not constitute a material risk for TGI. Likewise, investments in cash and equivalents and other financial assets are denominated at a fixed rate, avoiding uncertainty in financial income due to interest rate volatility.

35.5 Fair value of financial instruments

Some of the Entity's financial assets and liabilities are valued at their fair value at the closing of each period. The following table presents information on how the fair values of the financial assets and financial liabilities are determined (particularly, the valuation technique and the entry data used.

Financial assets / liabilities	Fair value		Hierarchy of fair value	Valuation technique(s) and main entry data
	12/31/21	12/31/20		
Financial Assets:				
1) Investment / Concentra	$ 54	$ 60	Level 2	The intrinsic value was used as source of the fair value because this financial instrument is not negotiated in an active market.

35.6 Fair value of instruments recorded at amortized cost

Except as detailed in the following table, Management considers that the carrying value of the financial liabilities recognized in the financial statements are approximated to their fair value:

		2021		2020	
		Carrying value	Fair value	Carrying value	Fair value
Financial liabilities					
Financial liabilities carried at amortized cost:					
Securities issued	$	750,000	888,743	750,000	888,743
Accounts payable to related parties		370,000	370,000	370,000	370,000

		Hierarchy of fair value as of December 31, 2021			
		Level 1	Level 2	Level 3	Total
Financial liabilities carried at amortized cost:					
Securities issued	$				
Accounts payable to related parties					

		Hierarchy of fair value as of December 31, 2020			
		Level 1	Level 2	Level 3	Total
Financial liabilities carried at amortized cost:					
Securities issued	$	888,743			888,743
Accounts payable to related parties				370,000	370,000

36. Events occurring subsequently to the reporting period

As of February 24, 2022, there were no relevant events after the closing of these financial statements that may affect significantly the financial position of the Company reflected in the financial statements as of December 31, 2021.