

**FINANCIAL
STATEMENTS**

2023



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CONSOLIDATED

FINANCIAL STATEMENTS

Interconexión Eléctrica S. A. E. S. P. and subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31, 2023 AND 2022 | Figures in COP million.

	Note	2023	2022
ASSETS			
Current assets			
Cash and cash equivalents	6	4,071,928	5,369,350
Concessions, debtors, and other accounts receivable	7	5,554,172	6,547,234
Other financial assets	8	1,570,725	876,858
Current taxes	21	648,591	384,069
Inventories	9	227,631	197,370
Non-financial assets	10	333,624	347,090
		12,406,671	13,721,971
Assets held for sale	11	789	-
Total current assets		12,407,460	13,721,971
Non-current assets			
Restricted cash	6	68,096	328,283
Non-current taxes	21	7,330	8,570
Investments in joint ventures and associates	12	4,617,325	5,281,171
Concessions, debtors, and other accounts receivable	7	29,134,682	31,591,345
Other financial assets	8	19,434	19,242
Inventories	9	163,789	103,325
Property, plant, and equipment	13	14,260,803	14,484,288
Intangibles	14	10,237,184	12,736,745
Non-financial assets	10	158,235	166,207
Deferred tax	21	142,836	292,707
Total non-current assets		58,809,714	65,011,883
Total assets		71,217,174	78,733,854

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	Note	2023	2022
LIABILITIES			
Current liabilities			
Financial liabilities	18	2,477,276	2,080,458
Accounts payable	19	1,681,937	1,704,252
Employee benefits	20	174,948	165,248
Current taxes	21	361,140	629,568
Provisions	22	225,888	206,613
Non-financial liabilities	23	386,112	573,918
Total current liabilities		5,307,301	5,360,057
Non-current liabilities			
Financial liabilities	18	28,516,340	32,089,642
Accounts payable	19	159,942	227,633
Non-current taxes	21	1,613,290	1,705,412
Employee benefits	20	732,308	479,839
Provisions	22	553,619	487,586
Non-financial liabilities	23	1,385,146	1,653,701
Deferred tax	21	6,582,835	7,179,613
Total non-current liabilities		39,543,480	43,823,426
Total liabilities		44,850,781	49,183,483
EQUITY			
Subscribed and paid-in capital	24	36,916	36,916
Premium for placement of shares		1,428,128	1,428,128
Reserves	24	7,952,815	7,690,798
Accumulated income		3,221,892	3,210,907
Income for the year		2,466,452	2,202,581
Other comprehensive income		1,178,848	3,866,489
Equity attributable to controlling interest		16,285,051	18,435,819
Non-controlling interest		10,081,342	11,114,552
Total shareholders' equity		26,366,393	29,550,371
Total shareholders' liabilities and equity		71,217,174	78,733,854


See accompanying notes to the consolidated financial statements.

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Gabriel Jaime Melguizo Posada
 Interim CEO
 (See attached certification)

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John Bayron Arango Vargas
 Certified Public Accountant
 P.C. No. 34420-T
 (See attached certification)


Andrés Morales
 Statutory Auditor
 P.C. No. 183027-T
 Appointed by Ernst & Young Audit S.A.S.
 (See my report of February 22, 2024)

Interconexión Eléctrica S. A. E. S. P. and subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEARS ENDED AS OF DECEMBER 31, 2023 AND 2022 | Amounts expressed in COP million, except for basic and diluted net income per share, expressed in COP.

	Note	2023	2022
Revenues from contracts with customers			
Energy transmission services		7,802,066	7,170,094
Construction services		3,150,284	3,031,684
Road concessions		1,960,867	2,000,875
Telecommunications and ICT		475,230	483,653
Connection charges		639,870	540,670
Other revenues		143,142	129,029
Total revenues from contracts with customers	25 and 26	14,171,459	13,356,005
Operating costs	27	(5,741,590)	(5,677,086)
Gross income		8,429,869	7,678,919
Administrative expenses	27	(1,116,791)	(863,167)
Effect of the periodic tariff review		(3,193)	1,501
Equity method of associates and joint ventures, net	28	529,537	515,746
Other expenses, net	28	(240,283)	(56,670)
Net income from operating activities		7,599,139	7,276,329
Financial result			
Financial revenues	29	864,377	491,397
Financial expenses	29	(2,423,492)	(2,148,169)
Net exchange difference	29	(607,925)	(938,385)
Income before taxes		5,432,099	4,681,172
Income tax	21	(1,129,172)	(1,005,464)
Income for the year		4,302,927	3,675,708
Non-controlling interest		(1,836,475)	(1,473,127)
Income attributable to controlling interest		2,466,452	2,202,581
Actuarial (loss) gain from defined benefit plans		(137,053)	203,028

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	Note	2023	2022
Items that will not be reclassified to income, net of taxes		(137,053)	203,028
Gain (loss) from cash hedging	24	201,443	(172,662)
(Loss) gain from exchange rate difference		(4,775,547)	3,439,111
(Loss) gain from participation in other comprehensive income from associates and joint ventures	12	(846,169)	1,101,434
Items that will not be reclassified to income, net of taxes		(5,420,273)	4,367,883
Other comprehensive income		(5,557,326)	4,570,911
Total comprehensive income attributable to			
Controlling interest		(221,189)	4,901,205
Non-controlling interest		(1,033,210)	3,345,414
Comprehensive income for the year		(1,254,399)	8,246,619
Income per basic and diluted share:			
Income attributable to controlling interest	24	2,227	1,988


See accompanying notes to the consolidated financial statements.

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Interconexión Eléctrica S. A. E. S. P. and subsidiaries

CONSOLIDATED CASH FLOW STATEMENT

YEARS ENDED AS OF DECEMBER 31, 2023 AND 2022 | Figures in COP million

	Note	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES			
Net income for the year attributable to ISA's shareholders	24	2,466,452	2,202,581
Adjustments to reconcile net income to net cash flows from operations			
Non-controlling interest		1,836,475	1,473,127
Expense from income tax	21	1,129,172	1,005,464
Depreciation and amortization	27	1,059,713	1,006,263
Foreign exchange loss	29	607,925	938,385
Financial cost recognized in income		2,356,161	2,081,244
Revenues from sale or derecognition of non-current assets		91,335	(1,727)
Impairment losses		269,773	130,800
Income from valuation of financial assets		(170,449)	(116,007)
Income from valuation of derivative hedges		(2,680)	-
Income from equity method of investments in companies	28	(529,537)	(515,746)
Provisions and contingencies		93,775	98,998
Net changes in operating assets and liabilities			
Concessions, debtors, and other accounts receivable		(3,608,096)	(3,830,235)
Inventories		(126,462)	(77,362)
Accounts payable		(91,894)	218,192
Current tax assets and liabilities		(122,818)	27,684
Provision liabilities		(153,306)	(25,299)
Other assets and liabilities		(597,085)	79,569
Labor liabilities		178,865	(24,064)
Cash flows from other operations			
Payments of taxes and contributions		(749,714)	(591,422)
Labor liabilities	20	(63,839)	(37,963)
Net cash flows from operating activities		3,873,766	4,042,482

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	Note	2023	2022
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Acquisition of property, plant, and equipment		(1,442,278)	(953,201)
Purchase of intangible assets	14	(609,140)	(879,683)
Investments in associates and joint ventures	12	(852)	(329,377)
(Loss) gain from sale of non-financial assets		(38,696)	8,099
Sale of other financial assets		(125,032)	109,745
Dividends received	12	303,576	351,217
Interest received		861,697	482,049
Net cash used in investment activities		(1,050,725)	(1,211,151)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net derivative payments	18	(64,109)	(18,953)
Loans received	18	3,329,350	2,019,515
Bond issuance	18	2,813,729	3,311,706
Disbursement of financial liabilities	18	(1,700,549)	(2,511,180)
Payment of bonds	18	(2,237,217)	(2,590,476)
Interest payments	18	(2,162,537)	(1,919,029)
Dividends paid	24.2	(2,498,822)	(998,796)
Lease payments (principal and interest)	17	(97,221)	(91,984)
Net cash used in financing activities		(2,617,376)	(2,799,197)
Effects of exchange rate variation on cash		(1,503,087)	650,754
Net increase in cash and cash equivalents		(1,297,422)	682,888
Cash and cash equivalents at the beginning of the year		5,369,350	4,686,462
Cash and cash equivalents at the end of the year	6	4,071,928	5,369,350

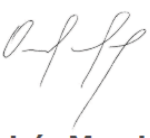
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Interconexión Eléctrica S. A. E. S. P. and subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

YEARS ENDED AS OF DECEMBER 31, 2023 AND 2022 | Figures expressed in COP million, except for dividends per share, expressed in COP.

	RESERVES										
	Subscribed and paid-in capital	Premium for placement of shares	Legal	By tax regulation	For equity strengthening	For rehabilitation and replacement of STN assets	Total reserves	Income for the year and accumulated income	Other comprehensive income	Non-controlling interest	Total
Balance as of December 31, 2021	36,916	1,428,128	18,458	898,802	5,906,797	37,434	6,861,491	4,869,457	1,167,865	7,769,138	22,132,995
Creation of reserves	-	-	-	-	829,307	-	829,307	(829,307)	-	-	-
Ordinary dividends at COP 749 per share, settled on 1,107,677,894 outstanding shares (see Note 24.2)	-	-	-	-	-	-	-	(829,651)	-	-	(829,651)
Foreign exchange difference	-	-	-	-	-	-	-	-	2,285,446	1,872,287	4,157,733
Other comprehensive income	-	-	-	-	-	-	-	-	413,178	-	413,178
Net income	-	-	-	-	-	-	-	2,202,581	-	1,473,127	3,675,708
Other changes	-	-	-	-	-	-	-	408	-	-	408
Balance as of December 31, 2022	36,916	1,428,128	18,458	898,802	6,736,104	37,434	7,690,798	5,413,488	3,866,489	11,114,552	29,550,371
Creation of reserves	-	-	-	-	262,017	-	262,017	(262,017)	-	-	-
Ordinary dividends at COP 1.742 per share, settled on 1,107,677,894 outstanding shares (see Note 24.2)	-	-	-	-	-	-	-	(1,929,575)	-	-	(1,929,575)
Foreign exchange difference	-	-	-	-	-	-	-	-	(2,779,454)	(2,869,685)	(5,649,139)
Other comprehensive income	-	-	-	-	-	-	-	-	91,813	-	91,813
Net income	-	-	-	-	-	-	-	2,466,452	-	1,836,475	4,302,927
Other changes	-	-	-	-	-	-	-	(4)	-	-	(4)
Balance as of December 31, 2023	36,916	1,428,128	18,458	898,802	6,998,121	37,434	7,952,815	5,688,344	1,178,848	10,081,342	26,366,393

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Interconexión Eléctrica S. A. E. S. P. and subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2023 and 2022 | Figures in COP million, excluding nominal value of the share and net income per share or when otherwise indicated.

1. OVERVIEW

Interconexión Eléctrica S. A. E. S. P. (hereinafter, ISA), affiliate of Ecopetrol S. A., with headquarters in Medellín, was incorporated as a joint stock company by public deed No. 3057, issued by the 8th Notary Office of the Bogotá Circuit on September 14, 1967.

On November 22, 1996, by public deed No. 746 issued by the Sole Notary Office of Sabaneta, ISA changed its legal nature to Mixed Utility Company, incorporated as a joint stock company of commercial and national nature, linked to the Ministry of Mines and Energy, with an indefinite term, and subject to the legal regime provided for by Law 142 of 1994.

According to the Constitutional Court, pursuant to ruling C-736 dated September 19, 2007, ISA has a special legal nature, being defined as a Public-Private Utility Company, decentralized by services, who is part of the executive branch of the public power, under a special private law regime.

ISA is listed on the Colombian Stock Exchange and is part of Grupo Empresarial Ecopetrol, whose parent company is Ecopetrol S. A., with its main domicile in Bogotá, Colombia.

ISA's headquarters are in Medellín, Calle 12, Sur #18-168.

The principal activities of ISA and its subsidiaries are:

- The provision of the electric power transmission pursuant to Laws 142 and 143 of 1994 and the rules supplementing, amending, or replacing them, as well as the provision of similar and complementary services related to such activities, according to the legal and regulatory framework in force.
- The development of information and telecommunication technology systems, activities, and services.
- The direct or indirect participation in activities and services related to the transport of other energies.
- The provision of technical and non-technical services in activities related to its purpose.
- The development of infrastructure projects and their commercial operation, as well as the execution of activities related to the exercise of engineering according to Law 842 of 2003 and the regulations that supplement, modify, or replace it.
- The investment in national or foreign companies whose purpose is the exploitation of any legal economic activity; the investment in movable and immovable assets, and the investment in shares, quotas or stakes, bonds, commer-

cial papers, or fixed or variable rate instruments registered on the stock exchange market, or any other modality provided by Law, allowing the investment of resources.

- Design, construction, operation and maintenance of road infrastructure.
- The management of the ISA's companies, through the definition of strategic, organizational, technical and financial guidelines, among others.

2. CONSOLIDATION PRINCIPLES

2.1 Statement of compliance

ISA prepares its financial statements according to the Accounting and Financial Reporting Standards accepted in Colombia (NCIF), pursuant to Law 1314 of 2009, which are amended, compiled, and updated by Decree 1611 of 2022, 938 of 2021, Decree 1432 of 2020, and previous decrees and other legal provisions in force, which are applicable to the entities supervised and/or controlled by the Financial Superintendency of Colombia and the General Accounting Office of the Nation, which may differ in some aspects from those established by other State control agencies. The Financial Reporting Standards accepted in Colombia are based on the International Financial Reporting Standards (IFRS), together with their interpretations, translated into Spanish, in force, and issued by the International Accounting Standards Board (IASB).

The consolidated financial statements were approved and authorized for publication by the Board of Directors on February 15, 2024.

2.2 Basis of measurement

The consolidated financial statements, which are presented in millions of Colombian pesos, have been prepared on a historical cost basis except for cash, derivative financial instruments, variable income investments, certain fixed-income investments, non-current assets held for sale, and assets acquired and liabilities assumed in business combinations on the acquisition date which are measured at fair value. ISA has prepared the consolidated financial statements on the basis that it will continue to operate as a going concern.

Accrual accounting basis

The company prepares its financial statements applying the accounting principle of accrual, except the statement of cash flows, which is prepared on a cash or realization basis.

2.3 Consolidation principles

The consolidated financial statements of ISA include the financial statements of ISA, the parent company, and all its subsidiaries, including structured entities controlled by ISA, joint ventures and associates as of December 31, 2023 and 2022. Subsidiaries are entities over which ISA exercises direct or indirect control, joint ventures over which joint control is exercised and associates over which significant influence is exercised.

Structured entities are established through contractual agreements with financial entities for the management of resources that do not have voting rights.

Subsidiaries

ISA controls an entity when it exercises control over the entity (through existing rights that give it the authority to direct the relevant activities of the entity); when it is exposed or entitled to variable returns from its participation in the entity and has the ability to affect those returns through its power over the entity. This occurs, in some cases, when ISA has less than a majority of the voting rights over an investee, but still has unilateral power over the investee to direct its relevant activities.

ISA considers all relevant facts and circumstances when assessing whether it controls an investee, including: (i) the percentage of voting rights and the participation and dispersion of percentages of voting rights held by others, (ii) potential voting rights held by ISA and others, (iii) rights arising from contractual arrangements and (iv) any additional facts or circumstances that indicate that ISA has, or does not have, the current ability to direct the relevant activities when decision-making is required, including voting patterns at previous General Shareholders' Meetings.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which ISA obtains control of the subsidiary until the date on which control ceases. On the date on which ISA obtains control of a subsidiary it applies the business combination policies.

All assets and liabilities, revenues, expenses, and cash flows related to transactions between ISA subsidiaries are eliminated in consolidation. Non-controlling interest represents the portion of income, other comprehensive income, and net assets in subsidiaries that are not attributable to ISA's shareholders.

Investments in subsidiaries are recorded based on the financial statements as of the reporting date, under the Financial Reporting Standards Accepted in Colombia (NCIF), and are translated into Colombian pesos in accordance with IAS 21, based on their functional currency. The results and financial position of subsidiaries that use a functional currency different from the presentation currency of the consolidated financial statements are translated to the presentation currency using the current exchange rates certified by Banco de la República in Colombia or by the official banks of the main countries in which ISA and its companies carry out transactions, as follows:

- Assets and liabilities are translated into Colombian pesos at the closing rate, which corresponds to the Representative Market Rate (TRM) on the balance sheet date.
- Revenue and expense items are translated into Colombian pesos at the average exchange rate in effect at the end of the period, unless the exchange rate fluctuates significantly, in which case the exchange rates at the date of the transactions are used.

- Equity is maintained at the historical exchange rate on the acquisition or contribution date, and at the average exchange rate on the date of generation, in the case of accumulated income.
- Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity, in gains (losses) for foreign exchange differences (attributed to non-controlling interests when appropriate).

Investments in associates and joint ventures

ISA and its companies classify as joint ventures those investments in which it exercises joint control with one or more venturers by virtue of a contractual arrangement, which gives it rights over the net assets of the business and which exists only when decisions about the relevant activities of the business require unanimity, and classifies as associates those investments, other than subsidiaries, in which ISA has the power to exercise significant influence over financial and operating policy decisions. They are accounted for by the equity method, after standardization of accounting policies. Under this method, the investment is initially recorded at cost and is subsequently adjusted for changes in the net assets of the associate and joint venture, in the proportion that corresponds to ISA and its companies, from the time they exercise significant influence and joint control until the date on which such influence or joint control ceases to exist, less any impairment in value. Goodwill related to the associate or joint venture is part of the carrying value of the investment and is not tested for impairment separately.

The consolidated income statement and the consolidated other comprehensive income include the participation of ISA and its companies in the after-tax results and the other comprehensive income of the associate and joint venture. In addition, when there has been a variation recognized in the equity of the associate or joint venture, ISA and its companies recognize their share in this variation, when applicable, in the consolidated statement of changes in equity. The participation of ISA and its companies in the unrealized gains and losses of transactions between them and the associate or joint venture is eliminated.

At each reporting date, ISA and its companies determine whether there is objective evidence of impairment in the value of its associates and joint ventures. If any, ISA and its companies, before recognizing impairment, test for impairment at the level of the investee's assets, in order to recognize impairment losses through the equity method. If not applicable, it calculates impairment as the difference between the recoverable amount of the associate or joint venture and its carrying amount, and recognizes any impairment loss in the "equity method" line of the consolidated income statement. If ISA and its companies' share of losses exceeds the carrying amount of an associate or joint venture, the carrying amount is reduced to zero and the recognition of additional losses is discontinued, except to the extent that ISA and its companies have incurred obligations with respect to the associate or joint venture.

ISA and its companies, in order to determine the recoverable value of its investments in associates and joint ventures, consider the entire entity as a whole as a CGU. The value in use of these investments is determined by discounting the expected cash flows at the weighted cost of debt and equity, reflecting the time value of money and the risk

associated with the business. The fair value is determined, when applicable, by using the valuation technique that is most appropriate and consistent with market conditions of the company.

ISA and its companies reverse any impairment loss previously recognized on these investments when the service potential of the asset increases, either through sale or use. The reversal is limited to the extent that its carrying amount does not exceed its recoverable amount nor the carrying amount that would have been determined had no impairment loss been recognized in prior periods. The reversal is recognized in the consolidated income statement.

In the event of loss of significant influence over the associate or joint control over the joint venture, ISA and its companies measure and recognize any retained investment at fair value. Any difference between the carrying amount of the associate or joint venture for loss of significant influence or joint control and the fair value of the retained investment and the value of the disposal is recognized in consolidated income.

Regarding transactions that do not imply a loss of control or significant influence over the associate or jointly controlled entity, the equity method continues to be applied and the portion of the gain or loss recognized in other comprehensive income relating to the reduction in the stake of the property is reclassified in income.

ISA's shareholding in its consolidated subsidiaries and the value of assets, liabilities, equity, and net income of its subsidiaries is shown below. These figures were obtained from the accounting records in the currency of consolidation (Colombian peso).

2023	Business	Country / Operational area	Functional currency	% cash	Assets	Liabilities	Equity, excluding income	Income (loss)
ISA	Energy	Colombia	COP	100	24,737,995	8,447,200	16,290,795	2,457,767
ISA CTEEP	Energy	Brazil	BRL	35.82	27,486,842	13,765,784	13,721,058	2,461,680
Consortio Transmantaro	Energy	Peru	USD	60	7,344,753	5,581,455	1,763,298	264,947
Ruta del Maipo	Roads	Chile	CLP	100	7,018,675	4,554,573	2,464,102	465,092
ISA Interchile	Energy	Chile	USD	100	5,545,359	4,251,713	1,293,646	121,276
ISA Capital do Brasil	Energy	Brazil	BRL	100	5,298,623	355,011	4,943,612	841,993
ISA Intervial Chile	Roads	Chile	CLP	100	4,256,274	620,580	3,635,694	533,512
ISA Inversiones Chile Vías SpA	Roads	Chile	CLP	100	3,638,805	634	3,638,171	534,045
Ruta Costera	Roads	Colombia	COP	100	2,588,885	2,415,873	173,012	(4,870)
ISA Transelca	Energy	Colombia	COP	100	1,936,548	1,025,967	910,581	199,452
ISA Inversiones Chile	Roads	Chile	CLP	100	1,924,873	252,519	1,672,354	157,503
ISA REP	Energy	Peru	USD	60	1,859,618	1,313,559	546,059	290,512
Ruta del LOA	Roads	Chile	CLP	100	1,365,485	1,054,541	310,944	70,097
ISA Investimentos e Participações	Energy	Brazil	BRL	100	995,918	202	995,716	140,918
ISA Perú	Energy	Peru	USD	99.98	898,335	707,216	191,119	43,063
Ruta de la Araucanía	Roads	Chile	CLP	100	681,825	357,954	323,871	60,950
Fundo de Investimento Xavantes Referenciado DI	Energy	Brazil	BRL	20.06	609,614	-	609,614	54,566
Interligação Elétrica Aguapeí	Energy	Brazil	BRL	35.82	556,177	49,953	506,224	51,352
Internexa	Telecom.	Colombia	COP	99.52	543,657	472,451	71,206	(143,493)
Interligação Elétrica Itaquerê	Energy	Brazil	BRL	35.82	523,334	48,894	474,440	60,763
Interligação Elétrica Itaúnes	Energy	Brazil	BRL	35.82	480,882	60,603	420,279	25,801
ISA Intercolombia	Energy	Colombia	COP	100	455,003	321,892	133,111	52,374
Interligação Elétrica de Minas Gerais	Energy	Brazil	BRL	35.82	452,785	36,657	416,128	783
Interligação Elétrica Norte e Nordeste	Energy	Brazil	BRL	35.82	448,973	129,859	319,114	57,351
XM	Energy	Colombia	COP	99.73	445,241	387,254	57,987	18,309
Interligação Elétrica Biguaçu	Energy	Brazil	BRL	35.82	424,904	62,939	361,965	59,638
Interligação Elétrica JAGUAR 9	Energy	Brazil	BRL	35.82	417,572	49,551	368,021	72,511
Interligação Elétrica Serra do Japi	Energy	Brazil	BRL	35.82	378,842	36,487	342,355	46,124
Interligação Elétrica Evrecy	Energy	Brazil	BRL	35.82	338,371	37,254	301,117	(16,122)

2023	Business	Country / Operational area	Functional currency	% cash	Assets	Liabilities	Equity, excluding income	Income (loss)
Internexa Perú	Telecom.	Peru	USD	99.65	305,747	261,297	44,450	(26,531)
Ruta de los Ríos	Roads	Chile	CLP	75	301,540	222,281	79,259	35,696
Fundo de Investimento Assis	Energy	Brazil	BRL	35.82	297,081	-	297,081	11,015
Fundo de Investimento Referenciado DI Bandeirantes	Energy	Brazil	BRL	28.76	290,651	-	290,651	30,977
Interligação Elétrica Tibagi	Energy	Brazil	BRL	35.82	233,319	24,445	208,874	26,181
Interligação Elétrica Sul	Energy	Brazil	BRL	35.82	210,184	30,016	180,168	7,516
Interligação Elétrica JAGUAR 6	Energy	Brazil	BRL	35.82	190,819	12,840	177,979	9,872
Interligação Elétrica Riacho Grande	Energy	Brazil	BRL	35.82	158,804	32,554	126,250	11,066
Interligação Elétrica Itapura	Energy	Brazil	BRL	35.82	157,437	17,589	139,848	18,699
ISA Bolivia	Energy	Bolivia	USD	100	121,427	10,865	110,562	10,284
Interligação Elétrica JAGUAR 8	Energy	Brazil	BRL	35.82	117,534	13,177	104,357	9,713
Linear Systems RE	Energy	Bermuda	USD	100	93,547	57,915	35,632	7,232
ISA Inversiones Costera Chile	Roads	Chile	CLP	100	70,173	184,224	(114,051)	(71,698)
Interligação Elétrica Pinheiros	Energy	Brazil	BRL	35.82	62,153	8,171	53,982	11,823
Internexa Chile	Telecom.	Chile	CLP	98.53	56,509	40,960	15,549	(13,073)
Interconexiones del Norte S. A.	Energy	Chile	USD	100	30,121	29,969	152	167
Sistemas Inteligentes en Red	Energy	Colombia	COP	99.77	25,252	11,509	13,743	4,543
Proyectos de Infraestructura del Perú	Energy	Peru	USD	100	21,204	2,185	19,019	7,773
Consorcio Eléctrico YAPAY S. A	Energy	Chile	CLP	60	19,109	5,498	13,611	(6,221)
Internexa Argentina	Telecom.	Argentina	USD	99.52	16,905	10,996	5,909	(12,330)
Fundo de Investimento Barra Bonita Renda	Energy	Brazil	BRL	35.82	14,829	-	14,829	1,112
Ruta del Bosque	Roads	Chile	CLP	100	12,595	1,523	11,072	(28,950)
Internexa Participações	Energy	Brazil	BRL	99.52	1,051	66	985	(91,887)
Internexa Brasil Operadora de Telecomunicações ⁽¹⁾	Energy	Brazil	BRL	99.56	789	-	789	(134,535)
ISA Intervial Colombia	Roads	Colombia	COP	100	638	-	638	51
Interconexiones Viales	Roads	Chile	CLP	65	38	1	37	(4,145)
ISA Inversiones Tolten	Roads	Chile	CLP	100	28	1	27	(5)
Ruta del Maule	Roads	Chile	CLP	100	25	1	24	2,264

⁽¹⁾ In 2023, ISA considered that the indirect investment in the subsidiary met the criteria to be classified as held for sale at the end of the year 2023 (see Note 11).

2022	Business	Country / Operational area	Functional currency	% cash	Assets	Liabilities	Equity, excluding income	Income (loss)
ISA	Energy	Colombia	COP		25,492,439	7,042,195	16,258,652	2,191,592
ISA CTEEP	Energy	Brazil	BRL	35.82	28,831,572	13,917,571	13,052,701	1,861,300
Consortio Transmantaro	Energy	Peru	USD	60	9,085,357	6,812,410	1,965,248	307,699
Ruta del Maipo	Roads	Chile	CLP	100	8,869,327	6,038,135	2,475,906	355,286
ISA Interchile	Energy	Chile	USD	100	8,323,556	6,830,352	1,513,170	(19,966)
ISA Capital do Brasil	Energy	Brazil	BRL	100	5,606,854	233,161	4,722,972	650,721
ISA Intervial Chile	Roads	Chile	CLP	100	4,985,244	960,980	3,585,785	438,479
ISA Inversiones Chile Vías SpA	Roads	Chile	CLP	100	4,025,954	-	3,587,942	438,012
Ruta Costera	Roads	Colombia	COP	100	2,859,724	2,681,842	189,286	(11,404)
ISA REP	Energy	Peru	USD	60	2,311,363	1,639,061	398,519	273,783
ISA Inversiones Chile	Roads	Chile	CLP	100	1,954,212	4,986	1,958,611	(9,385)
ISA Transelca	Energy	Colombia	COP	100	1,788,873	785,995	779,933	222,945
ISA Perú	Energy	Peru	USD	99.98	1,159,668	919,415	205,735	34,518
ISA Investimentos e Participações	Energy	Brazil	BRL	100	1,152,949	116	989,308	163,525
Ruta del LOA	Roads	Chile	CLP	100	1,121,725	797,220	273,999	50,506
Ruta de la Araucanía	Roads	Chile	CLP	100	905,688	473,296	356,060	76,332
Interligação Elétrica Aguapeí	Energy	Brazil	BRL	35.82	654,581	72,443	493,536	88,602
ISA Inversiones Costera Chile	Roads	Chile	CLP	100	612,824	824,231	(135,044)	(76,363)
Internexa	Telecom.	Colombia	COP	99.42	607,744	481,810	218,528	(92,594)
Interligação Elétrica Itaquerê	Energy	Brazil	BRL	35.82	592,065	81,639	450,496	59,930
Fundo de Investimento Xavantes Referenciado DI	Energy	Brazil	BRL	17.54	538,537	-	483,273	55,264
Interligação Elétrica Itaúnes	Energy	Brazil	BRL	35.82	499,955	37,528	439,002	23,425
Interligação Elétrica Norte e Nordeste	Energy	Brazil	BRL	35.82	485,124	147,022	299,417	38,685
Interligação Elétrica Biguaçu	Energy	Brazil	BRL	35.82	476,172	76,585	364,534	35,053
Interligação Elétrica Serra do Japi	Energy	Brazil	BRL	35.82	439,668	54,802	322,033	62,833
Interligação Elétrica JAGUAR 9	Energy	Brazil	BRL	35.82	432,420	43,596	380,894	7,930
Interligação Elétrica de Minas Gerais	Energy	Brazil	BRL	35.82	410,106	37,631	400,111	(27,636)
Internexa Perú	Telecom.	Peru	USD	99.42	387,372	335,107	56,572	(4,307)
ISA Intercolombia	Energy	Colombia	COP	100	357,192	226,566	83,145	47,481

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2022	Business	Country / Operational area	Functional currency	% cash	Assets	Liabilities	Equity, excluding income	Income (loss)
Ruta de los Ríos	Roads	Chile	CLP	75	339,054	216,626	72,502	49,926
XM	Energy	Colombia	COP	99.73	317,585	272,249	34,463	10,873
Internexa Brasil Operadora de Telecomunicações	Energy	Brazil	BRL	99.42	271,411	243,216	142,763	(114,568)
Interligação Elétrica Evrecy	Energy	Brazil	BRL	35.82	267,247	24,222	291,881	(48,856)
Interligação Elétrica Tibagi	Energy	Brazil	BRL	35.82	257,165	34,493	203,207	19,465
Fundo de Investimento Referenciado DI Bandeirantes	Energy	Brazil	BRL	27.68	250,436	-	220,995	29,441
Interligação Elétrica JAGUAR 6	Energy	Brazil	BRL	35.82	237,516	13,271	222,470	1,775
Interligação Elétrica Sul	Energy	Brazil	BRL	35.82	232,392	27,954	192,245	12,193
Interligação Elétrica Itapura	Energy	Brazil	BRL	35.82	176,625	12,816	137,821	25,988
ISA Bolivia	Energy	Bolivia	USD	100	155,384	14,970	129,438	10,976
Ruta del Bosque	Roads	Chile	CLP	100	150,803	44,281	129,883	(23,361)
Linear Systems RE	Energy	Bermuda	USD	100	141,027	104,521	31,704	4,802
Proyectos de Infraestructura del Perú	Energy	Peru	USD	100	114,879	99,590	13,035	2,254
Interligação Elétrica JAGUAR 8	Energy	Brazil	BRL	35.82	103,999	6,979	95,187	1,833
Internexa Chile	Telecom.	Chile	CLP	98.43	100,853	66,521	27,234	7,098
Interligação Elétrica Riacho Grande	Energy	Brazil	BRL	35.82	98,770	11,062	88,429	(721)
Interligação Elétrica Pinheiros	Energy	Brazil	BRL	35.82	70,338	13,718	(6,067)	62,687
Internexa Argentina	Telecom.	Argentina	USD	99.42	45,400	24,248	24,430	(3,278)
Fundo de Investimento Assis	Energy	Brazil	BRL	35.81	37,107	-	29,545	7,562
Internexa Participações	Energy	Brazil	BRL	99.42	24,430	1,209	122,865	(99,644)
Sistemas Inteligentes en Red	Energy	Colombia	COP	99.77	21,509	11,038	7,603	2,868
Fundo de Investimento Barra Bonita Renda	Energy	Brazil	BRL	35.73	13,197	-	9,546	3,651
Ruta del Maule	Roads	Chile	CLP	100	9,693	3,645	10,609	(4,561)
Interconexiones Viales	Roads	Chile	CLP	65	3,901	521	6,315	(2,935)
ISA Intervial Colombia	Roads	Colombia	COP	100	587	-	567	20
ISA Inversiones Tolten	Roads	Chile	CLP	100	39	-	48	(9)

3. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

3.1. New standards issued by the IASB and adopted in Colombia as of January 1, 2023

The IASB issued amendments to the following standards, which were included in Decree 938 of August 19, 2021, effective as of January 1, 2023:

3.1.1. Amendment to IAS 16 - Property, plant, and equipment, Proceeds before Intended Use

In May 2020, the IASB issued the amendment to IAS 16 - Property, plant and equipment: proceeds before intended use, which prohibits deducting from the cost of an item of property, plant, and equipment any revenue received from the sale of items produced while bringing that asset to the location and condition necessary for its intended use. Instead, a company will recognize such sales proceeds and related cost in P&L.

In full IFRS, the amendment is effective for annual periods beginning on January 1, 2022, and in Colombia it is effective from January 1, 2023. This modification had no financial impact on ISA and its companies.

3.1.2. Amendment to IAS 37 - Provisions, Contingent Liabilities and Contingent Assets. Onerous Contracts: Costs of fulfilling a contract

In May 2020, the IASB issued an amendment to IAS 37 - Onerous contracts: cost of fulfilling a contract, to specify which costs an entity should include when assessing whether a contract is onerous. According to the amendments, a "directly related cost approach" shall be applied. The direct cost of fulfilling a contract to provide goods or services includes (1) the incremental costs of fulfilling the contract, and (2) an allocation of other costs that relate directly to the fulfillment of the contract. General and administrative costs are not directly related to the contract and shall be excluded, unless those costs are explicitly chargeable to the counterparty under the contract.

In full IFRS, the amendment is effective for annual periods beginning on January 1, 2022, and in Colombia it is effective from January 1, 2023. This modification had no financial impact on ISA and its companies.

3.1.3. Annual amendments to IFRS standards 2018-2020

In May 2020, the IASB issued Annual Improvements to IFRS Standards 2018–2020. These include the modification of four standards. In full IFRS, the amendment is effective for annual periods beginning on January 1, 2022, and in Colombia it is effective from January 1, 2023. This modification had no financial impact on ISA and its companies.

- **Amendment to IFRS 1 - First-time adoption of IFRS**

The amendment allows subsidiaries that elect to apply paragraph D16 (a) of IFRS 1 to measure cumulative translation differences (CTD) using the amounts reported by the controlling entity, based on the date of transition to IFRS of such entity. This amendment also applies to associates or joint ventures that choose to apply paragraph D16(a) of IFRS 1.

- **Amendment to IFRS 9 - Financial instruments. '10 per cent' Test for Derecognition of Financial liabilities**

The proposed amendment would clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability (10 per cent test for derecognition of financial liabilities). The fees permitted to be included in this test are only those paid to, or received from, the lender (including fees paid or received by either the borrower or the lender on behalf of the other). Fees paid to third parties should not be included.

- **Amendment to IFRS 4 – Insurance contracts**

The amendment considers 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 beginning before January 1, 2023 (due to a new international requirement contained in IFRS 17 as of that date).

- **Amendment to IAS 41 - Agriculture**

The amendment to IAS 41 removed paragraph 22 requirement to exclude cash flows from taxation when measuring the fair value of assets within the scope of IAS 41.

3.1.4. Amendment to IFRS 3 - Business combinations. Reference to conceptual framework

In May 2020, the IASB issued the amendment to IFRS 3 - Business Combinations. Reference to conceptual framework. The amendment aims to replace the reference to the "Framework for the Preparation and Presentation of Financial Statements" issued in 1989, with the reference to the "Conceptual Framework for Financial Reporting" issued in September 2018, without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential "day 2" gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21, if incurred separately.

Simultaneously, the Board decided to clarify the existing IFRS 3 guidelines with respect to contingent assets that would not be affected by the replacement of the reference to the "Framework for the Preparation and Presentation of Financial Statements."

In full IFRS, the amendment is effective for annual periods beginning on January 1, 2022, and in Colombia it is effective from January 1, 2023. This modification had no financial impact on ISA and its companies.

3.1.5. Amendments to IFRS 9, IAS 39, and IFRS 7 - Interest Rate Benchmark Reform

The amendments provide several exemptions that apply to all hedging relationships that are directly affected by the Interest Rate Benchmark Reform. A hedging relationship is affected if the reform would cause uncertainty about the time and/or amount of cash flows based on benchmark rates of the hedged item or hedging instrument.

This amendment had no financial impact on ISA and its companies.

3.1.6. Amendment to IAS 1 - Presentation of financial statements. Classification of liabilities as current or non-current

In January and July 2020, the IASB issued the amendment to IAS 1, whereby liabilities are classified as current or non-current based on the rights that exist at the end of the reporting period and the classification should not be affected by management's expectations or events after the reporting date. It also determines the concept of "settlement" of a financial liability.

In full IFRS and in Colombia, the amendment is effective for annual periods beginning on January 1, 2023. However, in October 2022, the IASB issued the amendment to IAS 1 - Non-current liabilities with covenants, which defers the effective date of the amendments to IAS 1 - Classification of liabilities as current or non-current for one year to annual periods beginning on January 1, 2024. In Colombia, this new amendment has not yet been applied. ISA and its companies do not foresee any financial impact from its application.

3.2. New standards issued by the IASB and adopted in Colombia as of January 1, 2024

By Decree 1611 of August 5, 2022, the amendments issued by the IASB in 2021 become effective. In full IFRS, these amendments are effective for the annual periods beginning January 1, 2023; in Colombia, the modifications are effective as of January 1, 2024 and are permitted to be applied early. These amendments have no financial impact on ISA and its companies, as they only imply non-substantial changes in the information to be disclosed in the consolidated financial statements.

3.2.1. Amendments to IAS 1 and IFRS Practice Document No. 2

These amendments change the accounting policy disclosure requirements, as follows: (1) companies are required to only disclose material accounting policies, and (2) they provide a definition of materiality to assess what information must be disclosed: accounting policy information is material when it is considered that, together with other information included in the entity's financial statements, it may influence the decision making of the primary users of general purpose financial statements.

Additionally, it stresses that accounting policy disclosures should focus on how the entity has applied the requirements of IFRS to its own circumstances and provide specific information, as this is more useful to users of the financial statements than standardized data or data that merely duplicates or summarizes the requirements of IFRS.

3.2.2. Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. Definition of accounting estimates

In February 2021, the IASB issued amendments to IAS 8 - Definition of Accounting Estimates. These amendments contain a new definition of accounting estimates (monetary amounts in the financial statements that are subject to uncertainty during measurement) and clarifies how companies should differentiate changes in accounting policies from changes in accounting estimates. The amendments clarify the following:

- An accounting estimate is revised if there are changes in the circumstances on which the estimate is based, or as a result of new information obtained, new developments or more experience.
- By its very nature, a change in an accounting estimate is not related to prior periods nor is it a correction of an error.
- The effects on an accounting estimate of a change in an input or measurement technique are changes in accounting estimates, unless they result from the correction of prior period errors.

3.2.3. Amendments to IAS 12 - Deferred Taxes Related to Assets and Liabilities Recognized in a Single Transaction

In May 2021, the IASB issued amendments to IAS 12 - Deferred Taxes Related to Assets and Liabilities Arising from a Single Transaction, to address inconsistencies in the presentation of deferred taxes on leases and de-commissioning obligations in the financial statements. The amendments require recognizing the deferred tax on transactions that, on initial recognition, result in equal amounts of taxable and deductible temporary differences. Also, the exemption from initial recognition of deferred taxes in IAS 12 does not apply to transactions in which an asset and a liability are recognized at the same time and result in equal amounts of taxable and deductible temporary differences. Therefore, deferred tax assets and liabilities are required to be recognized for these types of transactions, the former being subject to an assessment of recoverability.

3.3. IFRS issued by the IASB and not implemented by decree in Colombia

Standards and interpretations that have been issued by the International Accounting Standards Board (IASB), but have not yet been implemented by decree in Colombia are disclosed below. ISA and its companies will adopt these standards on the date they become effective, according to the decrees issued by the local authorities. The company anticipates that the adoption of these IASB standards and interpretations, not yet effective in Colombia, will not have a material impact on the financial statements.

3.3.1. IFRS 17 - Insurance contracts

In May 2017, the IASB issued IFRS 17, which is a new comprehensive accounting standard for insurance contracts that includes measurement, recognition, presentation, and disclosure. Once effective, IFRS 17 will replace IFRS 4 - Insurance Contracts, issued in 2005. IFRS 17 applies to all kinds of insurance contracts regardless of the type of issuing entity, as well as certain guarantees and financial instruments with discretionary participation features. Its main objective is to provide an accounting model for insurance contracts that is more useful and reliable for insurers. Unlike IFRS 4 requirements, which mainly seek to protect previous local accounting policies, IFRS 17 provides a comprehensive model for these contracts, including all relevant issues.

The essence of this standard is a general model, supplemented by:

- a specific adaptation for contracts with direct participation features (Variable Fee Approach),
- a simplified approach (the Premium Allocation Approach), especially for short-term contracts.

IFRS 17 is effective for reporting periods beginning on or after January 1, 2023, and comparative figures are required. Earlier application is permitted, provided that the entity also applies IFRS 9 and IFRS 15 on or before the date on which it first applies IFRS 17. This standard, although applicable to the subsidiary Linear Systems RE, will have no material financial impact on the consolidated financial statements.

3.3.2. Amendments to IAS 12 - Income tax. Organization for Economic Cooperation and Development (OECD) International Tax Reform

This amendment, which amends IAS 12 - Income Taxes, applies to income taxes arising from tax laws enacted to implement the Pillar II model rules published by the Organization for Economic Co-operation and Development (OECD). The rules of this model make it possible to ensure that large multinational companies are subject to a minimum tax rate of 15%. The minimum tax is calculated based on financial accounting standards and is based on two main components: profits and taxes paid. The amendment grants companies temporary relief from accounting for deferred taxes arising from the OECD international tax reform.

The amendment is effective for annual periods beginning on or after January 1, 2023 and no material impacts are expected within the business group; however, to determine possible impacts, it will be reviewed in each jurisdiction if the internal regulations have already included it.

3.3.3. Amendments to IFRS 16 - Leasing liabilities on a sale and leaseback

In September 2022, the IASB issued amendments to IFRS 16 - Lease liabilities on a sale and leaseback. According to these amendments, in a sale and leaseback transaction, the lessee-seller (the one who sells an asset and then leases it) must subsequently measure the lease liability, specifically, calculate the lease payments in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The above does not prevent a seller-lessee from recognizing in profit or loss any gain or loss relating to the partial or full termination of a lease. However, these amendments do not establish specific measurement requirements for these lease liabilities. Therefore, the company shall develop and apply an accounting policy for these transactions, resulting in information that is relevant and reliable under IAS 8. The amendments do not change the accounting for leases not related to sale and leaseback transactions.

The amendments are effective for annual periods beginning on January 1, 2024 and early adoption is permitted. To date, these amendments have no financial impact on ISA and its companies.

3.3.4. Amendment to IAS 1 - Non-current liabilities with covenants

In October 2022, the IASB issued the Amendment to IAS 1 - Non-current liabilities with covenants. This amendment clarifies how to account for financial liabilities that are subject to covenants on a date subsequent to the reporting period. The amendment specifies that only covenants to be fulfilled by an entity in the reporting period or earlier should affect the classification of liabilities as current or non-current, and requires disclosures in the

notes to allow users of financial statements to understand the risk that non-current liabilities with covenants may become repayable within twelve months. In addition, this amendment defers the effective date of the amendment to IAS 1 - Classification of Liabilities as Current or Non-current, published in 2020 for one year, applied to annual periods beginning on January 1, 2024.

The amendment must be adopted retroactively, is effective for annual periods beginning on January 1, 2024, and early adoption is permitted. To date, this modification is not expected to have a financial impact on ISA and its companies.

3.3.5. Amendments to IAS 7 and IFRS 7 - Supplier Finance Agreements

In May 2023, the IASB issued the amendment on disclosure requirements to improve the transparency of supplier finance agreements and their effects on a company's liabilities, cash flows, and exposure to liquidity risk. The term applies to annual periods beginning on or after January 1, 2024. To date, this modification is not expected to have a financial impact on ISA and its companies.

3.3.6. Amendments to IAS 21 - Effects of Changes in Foreign Exchange Rates. Lack of exchangeability

The amendment establishes criteria to assess whether a currency is exchangeable and when it is not, in order to determine the exchange rate to use and the disclosures to make. The term applies for annual periods beginning on or after January 1, 2025 and no financial impact is expected on ISA and its companies.

3.4. IFRS issued by the IASB and not implemented by decree in Colombia

The International Sustainability Standards Board (ISSB) issued the first international sustainability and climate standards in June 2023: IFRS S1 - General requirements for sustainability disclosures related to financial reporting and IFRS S2 - Climate-related disclosures. These standards aim for entities to disclose information about their sustainability and climate-related risks and opportunities that are useful to primary users of financial information for decision making. Entities will apply these standards for annual period reports beginning on or after January 1, 2024. ISA and its companies are validating the methodology for its implementation. Likewise, ISA and its companies are attentive to the guidelines that the country generates against said regulations through the Technical Council of the Public Accounting Department. ISA and its companies are constantly monitoring changes in local accounting standards in order to evaluate the possible impacts of new standards issued by the international organization on their adoption in Colombia.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES, AND ASSUMPTIONS

The preparation of consolidated financial statements based on IFRS requires management to use judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosures in the notes to the financial statements, which include contingent liabilities. Uncertainty about these judgments and estimates could result in material adjustments to the carrying amounts of assets or liabilities in future periods. Management expects that variations, if any, would have no significant effect on the consolidated financial statements.

Whether the information is material is a matter of judgment and depends on the factors involved and the circumstances of ISA and its companies. These estimates are based on the best experience of the management, the best expectations regarding present and future events, and the best use of the information available on the date of issuance of these consolidated financial statements. Actual results may differ from these estimates, but are adjusted once they are known.

In the process of applying the accounting policies of ISA and its companies, management has made the following judgments, which have the most significant effects on the amounts recognized in the financial statements:

Identification of cash generating units (CGUs)

The CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from the sale or provision of services, arising from other assets or groups of assets. The identification of CGUs involves significant judgment, mainly about how the company must allocate its assets.

Disbursements incurred for concessions recognized as intangible, as financial asset, or as contract asset under guidelines of IFRIC 12 - Service Concession Arrangements

The management of each of the companies that has entered into concession agreements determines the classification as intangible assets or financial assets of the disbursements capitalized, based on the rights over cash flows receivable and based on requirements and conditions specified in concession agreements entered into with the respective governments, which contemplate the infrastructure and other assets that should be part of the concession granted, and which will be delivered to the grantor at the end of the respective terms.

The assets acquired by each of these companies for the purpose of supporting the operations of the concessions granted, but which do not comprise part of their assets, are recorded and classified as property, plant, and equipment or supplies, depending on their nature.

Impairment of non-financial assets

An asset is impaired when its carrying amount exceeds its recoverable amount, which is the highest between its fair value less disposal costs and its value in use. The calculation of fair value less costs to sell is based on available data from binding arm's length sales transactions for similar assets or observable market prices, less incremental costs to sell the asset. The value in use calculation is based on a discounted cash flow (DCF) model and projections of expected future cash flows, which do not include restructuring activities to which ISA and its companies have not yet committed or significant future investments that will improve the performance of the assets being tested. The recoverable amount is sensitive to the discount rate used for the DCF model, as well as the expected future cash inflows and the growth rate used. These estimates are more relevant for the evaluation of the impairment of goodwill and other intangibles with indefinite useful life recognized by ISA and its companies.

Useful life and residual values of property, plant and equipment

The calculation of useful life and residual values of the property, plant, and equipment components involves judgments and assumptions that could be affected if circumstances change. ISA and its companies review these assumptions annually and adjust them prospectively if any adjustments are identified.

Useful lives of intangible assets (concessions) and their extensions

The useful life of concession intangible assets, mainly extensions, is estimated and recorded based on the closing date of the concession contract, i.e. the remaining useful life of each extension.

Provision for legal and administrative proceedings

ISA and its companies are subject to claims related to regulatory and arbitration proceedings, tax assessments and other claims arising in the normal course of business. Management evaluates these claims based on their nature, the likelihood that they will materialize, and the amounts involved, in order to decide on the amounts recognized or disclosed in the financial statements.

This analysis, which may require considerable judgment, includes the evaluation of ongoing legal proceedings against ISA and its companies and claims not yet initiated. A provision is recognized when ISA and its companies have a present obligation arising from a past event, it is probable that an outflow of resources or economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Recovery of deferred tax assets

Professional judgment is required to determine whether deferred tax assets should be recognized in the statement of financial position. The recognition of deferred tax assets requires management to assess the likelihood that the enterprise will generate taxable revenues in future periods. Estimates of future taxable income are based on financial projections and the application of tax laws. Depending on how significantly they differ from estimates, future cash flows and taxable income, there could be an impact on the ability of ISA and its companies to realize the deferred tax assets recognized in the statement of financial position.

In addition, future changes in tax laws could limit the ability of ISA and its companies to obtain tax deductions in future periods. Any difference between estimates and subsequent actual disbursements is recorded in the year in which it occurs.

Provision for major maintenance and replacement

ISA and its companies have contractual obligations under their concession contracts in Peru to provide for major replacement and maintenance activities required under the contracts. The amounts of the provision are based on qualitative and quantitative analyses performed by the Maintenance department of ISA and its companies and an

estimate of disbursements for major maintenance and replacements that considers the current market prices of the components replaced at the time the provision is recognized. Provisions are recognized at the present value of estimated future cash outflows, based on a risk-free discount rate.

Provision for biotic and similar environmental offsets

ISA and its companies have legal obligations that require them to incur environmental costs for compensations for biodiversity loss arising from the construction of the transmission line projects resulting from the granting of the environmental license, to offset the residual impact generated by the forestry exploitation of the projects. These obligations are formalized with the environmental entity ANLA (National Environmental Licensing Authority) and are executed during the project or after the start of operation of the transmission lines.

ISA and its companies estimate these obligations considering the number of hectares to be intervened, conservation initiatives, future costs expected to be incurred for the execution of these activities (which include biotic offset services, management and control activities) and an estimate of future inflation rates. The value of the provision will correspond to the present value of future cash flows discounted at the zero-coupon TES rate, according to the term in which each provision is expected to be executed.

Road concessions – IFRIC 12

Relevant assumptions are regularly reviewed by Management. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period affected; the main factors used for the relevant variables of the concession are:

- Construction and operating margins for the determination of revenues;
- Traffic studies to estimate future vehicular flows and associated revenues that allow estimating the term of the concession through the revenue sharing method (RSM); these are carried out by an independent entity based on GDP projections and local variables according to the concession.

Variable Consideration Estimate - Traffic Projections for Concessions

The remuneration to be received by ISA and its companies for the services provided under the concession contracts of the Chilean (Ruta del Maipo, Ruta del Maule, Ruta del Bosque, Ruta de la Araucanía, Ruta de los Ríos, and Ruta del Loa) and Colombian (Ruta Costera) concessions accounted for under the IFRIC 12 financial asset model is determined through the Present Value of Revenue (PVR), an estimate based on traffic studies carried out by an independent entity based on GDP projections and other variables according to the concession.

Unbilled revenues

At each financial statement presentation date, revenue estimates are made based on available information. Generally, these estimates do not show significant variations with respect to subsequent actual measurements.

Employee benefits

The present value of defined benefit pension plans and other postemployment and long-term medical benefits is based on actuarial valuations. These valuations include formulating several hypotheses which could differ from future real events, such as the calculation of the discount rate, future salary increases, future pension increases, and mortality rates. Due to the complexity of the valuation, its long-term nature and the underlying hypotheses, the calculation of the defined benefit obligation is highly sensitive to changes in these hypotheses. ISA and its companies update these estimates annually, at each closing date. The mortality rate is based on the country's public mortality rates. Future salary and pension increases are based on expected inflation rates.

Time of recognition and valuation of the contractual asset

All concessions of the Brazilian companies are classified within the contractual asset model, in accordance with IFRS 15. Management evaluates the time of recognition of concession assets based on the economic characteristics of each concession contract. The contract asset arises to the extent that the concessionaire fulfills the obligation to construct and implement the transmission infrastructure, recognizing revenues over the life of the project with the receipt of the cash flow conditioned to the satisfaction of the operation and maintenance performance obligation.

Monthly, as infrastructure is operated and maintained, the portion of the contract asset that is equivalent to the consideration of that month to meet the construction obligation becomes a financial asset, that will be collected over time. Contractual assets are recorded as an offsetting entry to infrastructure revenues, which are recognized in proportion to the expenses incurred. The indemnifiable portion of the contractual asset, existing in some contract modalities, is identified when the implementation of the infrastructure is completed.

The value of the contractual assets consists of the present value of future cash flows. The future cash flows are estimated at the beginning of the concession, or at its extension, and measurement assumptions are revalued in the Periodic Tariff Review (Revisión Tarifaria Periódica -RTP-).

Cash flows are defined based on the Allowed Annual Revenue (RAP), which is the consideration received by concessionaires for providing the public transmission service to users. These payments amortize the infrastructure transmission investments and investments that are not amortized (reversed assets) that generate the right to compensation by the grantor at the end of the agreement, according to the type of concession. Cash flows are: (i) remunerated at the implicit rate representing the financial component of the business established at the beginning of each project, which varies between 6.13% and 9.92% annually, and (ii) updated by IPCA (Broad Consumer Price Index)/IGPM (General Market Price Index).

Hedge accounting

The process of identifying the hedging relationships between hedged items and derivative and non-derivative hedging instruments (such as foreign currency long-term debt) and their corresponding effectiveness requires

management judgments. ISA and its companies periodically assess the alignment between the identified hedges and their risk management policy.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies have been applied consistently by all subsidiaries, joint ventures and associates of ISA and its companies for all periods presented in the consolidated financial statements.

5.1 Foreign currency transactions and balances

The consolidated financial statements are presented in Colombian pesos, which is the functional currency of the parent company. For each entity, its functional currency is determined based on the primary economic environment in which it operates.

The income statements and cash flows of subsidiaries with functional currencies different from ISA's functional currency are translated at the average exchange rate. Assets and liabilities are translated at the closing exchange rate and other equity items are translated at the exchange rates prevailing at the time of the transaction. All resulting exchange differences are recognized in other comprehensive income. Upon disposal of all or a significant portion of a foreign operation, the cumulative translation adjustment related to the foreign operation is reclassified to profit or loss.

Transactions in foreign currencies are initially recorded at the spot exchange rates at the transaction dates. Monetary items denominated in foreign currencies are translated at the exchange rates in effect at the reporting date. Exchange differences arising on the settlement or translation of monetary items are recognized in profit or loss, in net financial results, except for those arising from cash flow hedges, which are recognized in other comprehensive income in equity. When the hedged item affects financial results, the exchange differences accumulated in equity are reclassified to profit or loss as part of financial results.

Non-monetary foreign currency items measured at fair value are translated using the exchange rates in effect at the date the fair value is determined. The gain or loss arising from the translation of non-monetary items measured at fair value is accounted for in the same manner as the gain or loss from the change in the fair value of the item.

5.2 Classification of balances into current and non-current

ISA and its companies present their current and non-current assets and current and non-current liabilities as separate categories in their consolidated statement of financial position.

ISA and its companies classify an asset as current when:

- it expects to realize the asset, or intends to sell or consume it in its normal operating cycle;
- the asset is held primarily for trading purposes;

- it expects to realize the asset within twelve months after the reporting period, or
- the asset is cash or a cash equivalent (as defined in IAS 7), unless the asset is restricted and cannot be exchanged or used to settle a liability for at least twelve months after the reporting period.

ISA and its companies classify a liability as current when:

- it expects to settle the liability in its normal operating cycle;
- the liability is held primarily for trading purposes;
- the liability must be settled within twelve months after the date of the reporting period; or
- does not have an unconditional right to defer settlement of the liability for at least twelve months following the date of the reporting period.

ISA and its companies classify all other assets and liabilities as non-current.

5.3 Goodwill

Goodwill is recognized as an asset and is initially measured at cost, as the difference between (i) the fair value of the consideration transferred, the value of the non-controlling interest and in a business combination achieved in stages, the fair value on the acquisition date of the previous interest held by ISA and its companies in the acquiree and (ii) the net value on the acquisition date of the identifiable assets acquired and liabilities incurred. After initial recognition, goodwill is measured at cost less any accumulated impairment loss that cannot be reversed in subsequent periods, according to IAS 36. Goodwill is not amortized, but is tested for impairment annually, or when there are indications of impairment. Impairment losses are recorded in the consolidated income statement, in "administrative expenses."

In the event that the net value of the identifiable assets acquired and liabilities assumed exceeds the sum of the fair value of the consideration transferred, the value of the non-controlling interest and the fair value of the previous interest held by ISA and its companies in the acquiree, a gain on acquisition is recorded directly in the consolidated income statement.

When the initial accounting for a business combination is determined on a provisional basis, any adjustments to the provisional values assigned to the identifiable assets and liabilities are made within the measurement period, which may not exceed one year from the acquisition date, and affect the value of goodwill.

When a business combination agreement includes an adjustment to the value of the combination that is contingent on future events, the fair value of the contingent consideration is included in the consideration transferred on the acquisition date.

Subsequent changes, outside the measurement period, in the fair value of the contingent consideration are recognized in the consolidated income statement, unless such consideration is classified as equity, in which case it is not remeasured and the settlement is accounted for in equity.

5.4 Inventories

Consumable inventories (spare parts and supplies) are recognized as inventory and then charged to expense, maintenance or project as these items are consumed.

The cost of other inventories is determined based on the weighted average cost method, which includes acquisition costs, which in turn include import costs and non-recoverable taxes (net of trade discounts, rebates and other similar items), transformation and other costs incurred to bring the inventory to its present location and condition, such as transportation costs. Inventories are recorded annually at the lower of cost and net realizable value.

5.5 Property, plant, and equipment

Property, plant, and equipment is recognized by significant components and measured at acquisition or construction cost, less depreciation and accumulated impairment loss, if applicable. The cost also includes:

- import duties and non-recoverable indirect taxes associated with the acquisition, after deducting any discounts or rebates;
- all costs directly related to placing the asset in the place and under the conditions necessary for it to operate in the manner intended by management;
- borrowing costs attributable to the construction of a qualifying asset, which is an asset that requires a substantial period of time before it is ready for use or sale and from which future benefits are expected to be obtained, and
- the initial estimate of the costs of dismantling, removal or rehabilitation of the areas affected by the construction of the assets of ISA and its companies.

Disbursements for maintenance, upkeep and repair of these assets are recorded in profit or loss as a cost for the period in which they are incurred.

Additions and costs of expansion, modernization or improvements are capitalized as an increase in the value of the asset, provided that they increase its useful life, expand its productive capacity and operating efficiency, improve the quality of services or allow for a significant reduction in costs.

Depreciation of property, plant and equipment is calculated using the straight-line method over the estimated useful life of the assets. Land is not depreciated as it has an indefinite useful life. Every year, ISA and its companies review the residual value, the depreciation method and remaining useful life of assets, and account for any changes prospectively. The useful life in years by class of property, plant and equipment is as follows:

Type of asset	Useful life
Transmission lines	63 years
Buildings	100 years
Fiber optics	25 years
Machinery and equipment	15 years
Telecommunications equipment	15 years
Office furniture and equipment	10 years
Communications equipment	10 years
Transportation, traction, and lifting equipment	10 years
Supervision and Maneuvers Center Equipment	6 years
Computer equipment and accessories	5 years

An item of property, plant, and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal value and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

Property, plant, and equipment also includes assets acquired for environmental and safety purposes, major spare parts and permanent maintenance equipment that ISA and its companies expect to use for more than one year and property, plant and equipment under construction and assembly for administration, production, supply, or undefined purposes; such assets are classified in the appropriate categories of property, plant, and equipment when they are ready for their intended use, and depreciation begins when they are in the location and condition necessary to operate as intended.

Interest costs directly related to the acquisition or construction of property, plant, and equipment that require a substantial period to get ready for their intended use are capitalized as part of the cost of such asset when it is probable that future economic benefits associated with the item will flow to ISA and its companies and the costs can be measured reliably. Other interest costs are recognized in financial results as financial expenses. Projects that have been suspended, but which ISA and its companies intend to continue to develop in the future, are not considered qualifying assets for interest cost capitalization purposes.

ISA and its companies measure interest costs depending on whether they arise from specific loans (those taken for the exclusive purpose of building a qualifying asset) or from generic loans. This interest on earmarked loans is capitalized directly to the cost of the asset less any return earned on the temporary investment of the funds, provided that activities to prepare the asset for use have commenced. Interest on generic loans is determined based on a weighted average capitalization rate of generic loans outstanding during the period, excluding specific loans.

ISA and its companies include right-of-use assets arising from lease contracts when they act as lessees, in accordance with IFRS 16 in the property, plant and equipment line.

Asset components

A fixed asset component is an item that can be seen as part of another asset but due to its own characteristics, the role it plays, and the type of strategies or activities followed during its technical or service life, it may be classified as a separate asset. Each significant property, plant, and equipment component shall be identified and separated from the other assets in order to depreciate them during their useful life and make their treatment and accounting control easier. Important spare parts and permanent maintenance equipment that ISA and its companies expect to use for more than one period normally comply with specifications to be classified as property, plant, and equipment. Similarly, if spare parts and assisting equipment of a fixed asset could only be used for such asset, they will be classified as part of the property, plant, and equipment.

5.6 Other non-financial assets

They include advances paid to third party service providers for the purchase of information technology services, which are amortized over the periods in which ISA and its companies receive the services. Prepaid expenses mainly include insurance premiums, which are recognized in income on a straight-line basis over the contractual term.

5.7 Intangible assets other than service concession arrangements

ISA and its companies recognize an intangible asset when it is identifiable and separable, the item generates future economic benefits and the companies have the ability to control these benefits. Intangible assets are recognized at acquisition or development cost, less amortization and accumulated impairment losses, if applicable. An intangible asset is derecognized upon disposal or when no future economic benefits are expected to arise from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal value and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

Amortization of intangible assets is calculated using the straight-line method over the useful life of the asset. Easements have an indefinite useful life and are not amortized. Every year, ISA and its companies review the residual value, the depreciation method and remaining useful life of assets, and account for any changes prospectively.

The useful life by intangible asset class is:

	Useful life
Rights and concessions ⁽¹⁾	30 years
Brands	5 years
Software	3 years
Licenses	3 years
Customer-related intangibles	5 years

⁽¹⁾ Determined individually according to the time of award of concession contracts, the country, and specific conditions of the operation; see Note 26.2.

Rights

Rights include irrevocable contracts for the use of capacity and connectivity of the technological infrastructure used in the operation and intangible assets recognized through business combinations.

Easements

Easements are rights obtained for the use of a strip of land for the installation of a transmission line. This involves restrictions on the use of the land by the landowner and authorizations to ISA and its companies to construct, operate or maintain the transmission lines. These intangible assets are permanent rights with an indefinite term of use; although the transmission lines to which these easements relate have a limited useful life, the rights do not expire and ISA and its companies may replace the transmission lines at the end of their useful life or make use of these rights for any other service related to electric power transmission and telecommunications. Easements have an indefinite useful life; therefore, they are not amortized and are reviewed for impairment annually.

Software and licenses

Software is amortized by the straight-line method over a maximum period of three years. Licenses are amortized by the same method over the periods in which benefits are expected to be received, based on recovery feasibility studies.

Research and development disbursements

Disbursements for project studies and research are recorded as expenses when incurred. ISA and its companies recognize internally generated intangibles in its development phase, when they meet the following criteria: (i) it is technically feasible to complete the development of the asset so that it can be available for use or sale, (ii) ISA and its companies have the intention to complete the asset and the ability to use or sell it, (iii) it is considered probable that the asset will generate future economic benefits, (iv) ISA and its companies have the technical, financial or other resources to complete its development and (v) the cost of the asset can be measured reliably. ISA and its companies measure these assets at cost, which is the aggregate of expenditures incurred from the time the asset meets the above conditions until it is available for use, less accumulated depreciation and impairment losses. Development expenditures incurred prior to the fulfillment of the conditions are recognized in retained earnings in the period in which they are incurred.

5.8 Concessions

ISA and its companies operate electric power transmission concessions in Colombia, Peru, Chile, Bolivia and Brazil and road concessions in Colombia and Chile under public service concession agreements, in which the grantor controls or regulates the services provided by the concessionaire, to whom they are provided and at what price.

Concessions that meet the above criteria and where ISA and its companies have an obligation to return the assets to the grantor or the grantor retains any residual interest in the infrastructure at the end of the concession term are accounted for in accordance with IFRIC 12 - Service Concession Arrangements. These include energy

concessions in Peru (except Orazul), Bolivia and road concessions in Colombia and Chile. In addition, it includes operation and maintenance (O&M) services for electric power transmission in Brazil. Assets of ISA and its companies that were built to operate concessions where the grantor has no residual interest in the infrastructure and ISA and its companies have no obligation to return the assets are accounted for under IAS 16. These include electric power concessions in Colombia and the Orazul concession in Peru. In these companies, it is understood that the construction of the infrastructure is a service provided to the grantor, different from the operation and maintenance service. Revenues from services are measured and recorded in accordance with IFRS 15 and IFRS 9, depending on the asset model.

ISA and its companies periodically perform impairment tests of the assets related to the concession, at the CGU level, which is the concession contract with its corresponding extensions, if any, or when events or circumstances occur that indicate that the book value exceeds the recoverable value of the assets. Any impairment is recognized in the consolidated income statement.

IFRIC 12 - Service Concession Arrangements

Financial asset model:

Concessions where ISA and its companies have a contractual right to receive cash or another financial asset from the grantor in exchange for services provided under the concession contracts and the grantor has little or no power to avoid payment are accounted for under the financial asset model. The financial asset recognized is classified in the accounts receivable category, according to IFRS 9, and presented in the statement of financial position under current and non-current clients and concessions. This asset bears interest using the effective interest rate method.

Intangible asset model:

Concessions in which ISA and its companies do not have a contractual right to receive money or other financial assets from the grantor, but have the right to charge users in exchange for services rendered, are accounted for under the intangible asset model. Costs incurred by ISA and its companies for the construction of the concession infrastructure are recognized as intangible assets that are amortized on a straight-line basis over the term of the concession, with a charge to consolidated results. Revenues from construction or improvement services are recognized based on the stage of completion of construction, based on the costs actually incurred, including the construction margin.

Operation and maintenance costs related to the concession are recognized in income once the concession infrastructure is ready for its intended use and ISA and its companies receive from the grantor the right to charge a fee for the services. Revenues are recognized based on the services rendered and the tariff established in the concession contracts.

The concessions in Peru include a contractual obligation to perform replacements and major maintenance based on the conditions established by the grantor, which are accounted for as a provision for significant replacements and maintenance. Expansions to the infrastructure increase the cost of the intangible asset when they are expected to generate future economic benefits. The costs of renewals, improvements and additions are capitalized, while routine maintenance and repairs that do not extend the useful life of the assets are recognized in income.

Mixed model:

This occurs when the contract simultaneously includes remuneration commitments guaranteed by the grantor and remuneration commitments dependent on the level of use of the concession infrastructure.

IFRS 15 - Revenues from ordinary activities from contracts with customers**Contractual asset model**

Energy concession contracts in Brazil, associated with the obligation to build and implement the transmission infrastructure, are classified under the contractual asset model according to IFRS 15. Contractual assets arise as ISA and its companies satisfy the obligation to build and implement the infrastructure, and revenues are recognized over the life of the project.

The value of the contractual assets of ISA and its companies is measured by the present value of future cash flows including the current allowed remuneration. The future cash flow is estimated at the beginning of the concession or its extension, and the measurement assumptions are adjusted in the Periodic Tariff Review (RTP). Cash flows are defined based on the remuneration scheme established in the contract, which is the consideration that ISA and its companies receive for the provision of the public transmission service to users. These collections amortize the investments in infrastructure and any unamortized investments (reversible assets) that generate the grantor's right to indemnification at the end of the contract, depending on the type of concession.

In this methodology, the concession yield is recognized by the straight-line method based on the implicit discount rate applied to the value of the construction investments, which considers the specifications of each project. The rate seeks to define the financial component of the contractual asset, determined on the initial date of each concession contract, and remains fixed for the term of the concession.

In general, in ISA companies that hold concessions for the provision of utilities, it is understood that the construction of the infrastructure carried out by the operator constitutes a service provided to the grantor, different from the operation and maintenance service, and as such is remunerated by the grantor.

In concession contracts, service revenues are measured and recorded in accordance with IFRS 15, IFRS 9 and IFRIC 12. The results for the year include the revenues associated with the remuneration for construction, as well as the costs and expenses incurred and contracted with suppliers for construction; the difference between

income and cost corresponds to the margin on such construction which, for some of the concessions of ISA and its companies, was negotiated only on the basis of the operation.

5.9 Impairment of non-financial assets

ISA and its companies assess, on each reporting date, whether there is any indication that an asset may be impaired. If any indication exists or when a mandatory annual impairment test is required, the companies estimate the recoverable amount of such asset. The recoverable amount is the highest of its fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those of other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss is recognized in consolidated income.

When an impairment loss is recorded, future amortization expense is calculated on the adjusted carrying value of the asset or CGU. Impairment losses may be recovered only if the reversal is related to a change in estimates used after the impairment loss was recognized in prior periods. These recoveries do not exceed the carrying value of the assets, net of depreciation or amortization that would have been determined had such impairment not been recognized.

Goodwill is tested annually for impairment in the last quarter of the reporting period and when circumstances indicate that its carrying value may be impaired. Goodwill is allocated to each CGU based on the expected synergies from the business combination. Goodwill impairment is determined by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses related to goodwill cannot be reversed in future periods.

ISA and its companies will establish as a time horizon the period in which there is certainty of the effective cash inflows and outflows for each CGU. For example, companies whose CGUs comprise assets subject to a concession will estimate their projections for the term of the concession contract.

If it is determined that a CGU has cash flows for an indefinite period, the flows will be discounted based on a relevant period and another in perpetuity.

For companies with revenue predictability or that have not had representative changes that could alter cash flow projections for subsequent periods, the relevant horizon will generally be at least ten years. If the above premises are not met, the time horizon will be five years.

For companies whose businesses do not have a finite life, the value of their CGUs will include, in addition to the cash flows for the relevant period, a perpetuity value, based on a value of cash flow growth through long-term inflation, gross domestic product, revenue growth, or another value that the company determines to be sustainable.

5.10 Leases

At the beginning of a contract, ISA and its companies assess whether a contract is or contains a lease. A lease arises if the contract transfers the right to control the use of an identified asset for a period in exchange for payment. To assess whether a contract conveys the right to control an identified asset, ISA and its companies apply IFRS 16.

ISA and its companies as lessees

At the lease inception date, ISA and its companies recognize lease liabilities that represent their obligation to make lease payments, and right-of-use assets that represent the right to use the underlying asset during the lease term. The lease term is the non-cancelable period of the lease plus any period covered by extension options, provided that ISA and its companies are certain to exercise them. ISA and its companies elected to use the recognition exemptions for leases that, at the inception date, have a lease term of twelve months or less and do not contain a purchase option (short-term leases) and leases for which the underlying asset is of low value (low-value assets). ISA and its companies recognize these leases of low-value, short-term assets as a lease expense on a straight-line basis over the term of the agreement.

ISA and its companies recognize right-of-use assets on the lease commencement date (i.e. the date on which the underlying asset is available for use) as part of property, plant and equipment. Right-of-use assets are initially measured at cost, which includes the initial measurement of the lease liability, lease payments made on or before the commencement date, less lease incentives received, initial direct costs incurred and, where applicable, an estimate of the costs to be incurred to dismantle and remove the asset or restore the site on which the asset is located to the condition required by the terms of the lease. Subsequently, right-of-use assets are measured at cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are amortized on a straight-line basis over the lease term and are subject to impairment assessments.

At the lease inception date, ISA and its companies recognize lease liabilities at the present value of the lease payments to be made during the lease term, which include fixed payments less any incentive receivable, variable payments that depend on an index or rate and amounts expected to be paid under residual value guarantees. Variable payments that do not depend on an index or rate are recognized as expenses in the period in which an event or condition indicates that the payment will occur.

To calculate the present value of the lease payments, ISA and its companies use the incremental borrowing rate on the lease commencement date.

After this date, the value of lease liabilities is increased to reflect the accrual of interest, reduced by lease payments made and remeasured when events occur such as: a) changes in the lease term, b) changes in lease payments, and c) a change in the valuation of an option to purchase the underlying asset. The value of the remeasurement of the obligation is recognized as an adjustment to the right-of-use asset.

Interest expense on the lease liability and depreciation expense on the right-of-use asset, which is determined by the straight-line method over the term of the lease, are recognized separately in the consolidated income statement.

ISA and its companies as lessors

Leases in which ISA and its companies do not transfer substantially all the risks and benefits inherent to ownership of an asset are classified as operating leases. Lease income is recognized in the income statement on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are included in the carrying amount of the leased asset and are recorded in profit or loss on a straight-line basis over the lease term.

Leases in which ISA and its companies transfer substantially all the risks and benefits inherent to ownership of an asset are classified as finance leases. ISA and its companies recognize in their financial statements lease payments as a receivable, at a value equal to the net investment in the lease. The net investment is the sum of the payments to be received and any non-guaranteed residual value corresponding to ISA and its companies, discounted at the implicit interest rate of the lease. Initial direct costs are included in the initial measurement of the net investment in the lease and reduce the value of revenue recognized over the term of the lease.

Subsequently, ISA and its companies recognize financial revenues over the term of the contract, applying a rate that reflects a constant rate of return on the net financial investment, and reduces the lease payments from the gross investment. The account receivable is subject to impairment assessment in accordance with IFRS 9.

5.11 Financial assets and liabilities

Financial assets

The classification of financial assets at initial recognition depends on the contractual characteristics of the cash flows of the financial assets and the business model used by ISA and its companies to manage them. ISA and its companies initially measure a financial asset at fair value plus transaction costs, except for trade receivables that do not contain a significant financing component or for which ISA and its companies have applied the practical expedient, which are measured at the transaction price determined in accordance with IFRS 15.

ISA and its companies classify their financial assets in the following categories:

a) Financial assets measured at fair value through profit or loss: financial assets are held in accordance with the business model or are designated at the time of initial recognition at fair value through profit or loss. Financial assets are classified in this category if the contractual cash flows are liquid and convertible into cash. These instruments are measured at fair value and changes in fair value are recognized in consolidated income.

b) Financial assets at amortized cost: include trade accounts receivable, other accounts receivable, loans to associates, and loans to employees.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed in an active market. Loans and receivables, including trade and other receivables, are measured initially at fair value and then at amortized cost using the effective interest rate method, less impairment.

ISA and its companies measure financial assets at amortized cost if the following two conditions are met:

- The asset is managed within a business model that has the objective of holding financial assets to collect contractual cash flows, and
- the contractual terms of the asset give rise, at specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment testing. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

ISA and its companies derecognize a financial asset only when the contractual rights to the cash flows from the asset expire or when it has transferred its rights to receive those cash flows or has assumed an obligation to pay the cash flows received in full to a third party and (a) has transferred substantially all the risks and benefits of ownership of the financial asset or (b) has neither transferred nor retained substantially all the risks and rewards of ownership of the asset, but has transferred control of the asset. When ISA and its companies do not transfer or retain all the risks and benefits or transfer control, it continues to recognize the transferred asset, to the extent of its continuing involvement, and also recognizes the associated liability.

c) Financial assets at fair value through other comprehensive income: include investments in variable income that are not held for trading purposes and that ISA and its companies irrevocably designate to be measured at fair value through other comprehensive income upon initial recognition. Gains and losses arising from changes in fair value are recognized in other comprehensive income until the investment is derecognized.

Impairment of financial assets

ISA and its companies measure expected credit losses on their trade receivables on a collective basis by applying the simplified IFRS 9 model, which establishes that an allowance for expected credit losses is recognized for possible events of default during the life of the financial instrument. ISA and its companies update the value of losses on each balance sheet date to reflect changes in credit risk since initial recognition, and in the calculation considers variables such as the historical payment behavior of the obligations, the geographical location of the debtor and the guarantees that the counterparty has presented to cover any default on its obligations. Generally, the expected loss can be expressed as follows:

$$\begin{array}{ccccccc}
 & & \% & & \$ & & \% \\
 \text{Expected} & = & \text{Probability of} & \times & \text{Exposed} & \times & \text{Loss given} \\
 \text{loss} & & \text{default} & & \text{balance} & & \text{default}
 \end{array}$$

Where:

- Probability of default: is the probability that in a twelve (12) month period the debtors of a given obligation or portfolio will default.
- Exposed balance: is the current balance of principal, interest and other accounts receivable.
- Loss given default (LGD): economic impairment that ISA and its companies would incur in the event that any of the default situations materializes. LGD for debtors within the default category will increase gradually according to the number of days passed after being classified in said category.

ISA and its companies consider an event of default to have occurred when the debtor is in breach of financial covenants or when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including ISA and its companies, in full.

Derecognition of financial assets

ISA and its companies derecognize a financial asset only when the contractual rights to the cash flows from the asset expire or when they transfer the financial asset and substantially all the risks and benefits of ownership of the asset to another entity. If ISA and its companies do not transfer or retain substantially all the risks and benefits of ownership and continue to control the transferred asset, the retained interest in the asset and an associated liability is recognized for the amounts payable. If ISA and its companies retain substantially all the risks and benefits of ownership of a transferred financial asset, it continues to recognize the financial asset and also recognizes a loan secured by the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the carrying value of the asset and the sum of the consideration received and receivable is recognized in profit or loss. In addition, upon derecognition of an investment in a debt instrument classified at fair value through other comprehensive income, the cumulative gain or loss in other comprehensive income is reclassified to profit or loss. In contrast, on derecognition of an investment in an equity instrument designated at fair value through other comprehensive income, the cumulative gain or loss in other comprehensive income is not reclassified to profit or loss, but transferred to retained earnings.

Cash and cash equivalents

Cash and cash equivalents include cash and bank balances and temporary investments with original maturities of less than 90 days, provided they are subject to a significant risk of changes in value. Bank overdrafts that are payable on demand and are an integral part of the cash management of ISA and its companies are presented as part of cash and cash equivalents in the cash flow statement and as financial liabilities in the consolidated statement of financial position.

ISA and its companies present separately the cash that is restricted to specific and previously determined purposes, such as payment of debt, acquisition of capital assets or to be used in case of an emergency or unforeseen losses and, therefore, has certain limitations to its availability, whether legal or contractual, and which cannot be freely used to cover financial commitments resulting from the normal activities of ISA and its companies.

Financial liabilities

Financial liabilities include financing obtained by ISA and its companies through bank credit lines and bonds and accounts payable to suppliers.

ISA and its companies initially recognize bonds and financial liabilities at fair value (amount of cash received), net of directly attributable transaction costs. After initial recognition, interest-bearing financial liabilities and bonds are measured at amortized cost using the effective interest rate method. Amortized cost is calculated taking into account any discount or premium on the issue and attributable direct costs. Interest, calculated by the effective interest method, is recognized as a financial expense in consolidated profit or loss. Accounts payable to suppliers are short-term financial liabilities recorded at nominal value, since they do not differ significantly from their fair value.

ISA and its companies derecognize a financial liability when the obligation specified in the contract is settled, cancelled or matures. When an existing financial liability has been replaced by another from the same lender, under substantially different terms, or the terms of an existing liability are substantially modified, such modification is accounted for by derecognizing the original liability and recognizing the new liability. The difference between the corresponding values is recognized in the income statement.

ISA and its companies do not have financial liabilities at fair value through profit or loss, except for financial derivatives

Derivative financial instruments and accounting hedging transactions

ISA and its companies initially recognize financial derivatives at fair value on the date on which a derivative contract is entered into and then remeasure them at fair value. Changes in the fair value of derivatives, which do not qualify or are not designated as accounting hedges, are recorded in consolidated income. Changes in the fair value of derivatives under hedge accounting are recognized as gains or losses in the consolidated income statement, except for the effective portion of cash flow hedges, which is recognized in other comprehensive income and then reclassified to income when the hedged item affects the gain or loss, and the fair value of derivatives used as hedging instruments of a net foreign investment which is recognized in other comprehensive income and then reclassified to income upon disposal of the foreign operation.

Derivatives embedded in the host contract are accounted for as separate derivatives at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not

held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in income.

At the inception of the hedge, ISA and its companies document the hedging relationship, the objective and strategy of its hedge risk management, including how the effectiveness of the hedging instrument will be measured, to offset the exposure to changes in the fair value of the hedged item or changes in cash flows attributable to the hedged risk. Hedge accounting is discontinued when: the hedging relationship is revoked, the hedging instrument expires or is sold, is finalized or exercised, or when the criteria for hedge accounting are no longer met. For hedge accounting purposes, hedges are classified as follows:

- **Fair value hedges:** hedges of the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment, or a component of any such item, that is attributable to a particular risk and could affect profit or loss.

ISA and its companies recognize changes in the fair value of derivatives under this type of hedge in the consolidated income statement, in the same line of the income statement where changes in the fair value of the hedged asset or liability attributable to the hedged risk are recognized.

- **Cash flow hedges:** hedges of the exposure to variability in cash flows attributable to a particular risk associated with all or a component of a recognized asset or liability or a highly probable forecast transaction that could affect consolidated results.

ISA and its companies recognize the effective portion of the changes in the fair value of the derivative in the consolidated other comprehensive income and any ineffective portion immediately in the consolidated income statement, in the line "other gains and losses". Amounts accumulated in other comprehensive income are reclassified to profit or loss when the hedged transaction affects profit or loss; however, if the hedged transaction results in the recognition of a non-financial item, the value accumulated in equity is reclassified as part of the carrying value of the hedged asset or liability.

If the hedging instrument expires or is sold, cancelled or exercised without replacement or refinancing, or if its designation as a hedge is revoked or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss recognized in other comprehensive income remains in equity until the forecast transaction occurs, at which time it is reclassified to profit or loss. When the forecast transaction initially hedged is no longer expected to occur, the amounts of other comprehensive income are reclassified immediately to consolidated results.

- **Hedges of net investments in foreign businesses:** these hedges, including that of a monetary item that is accounted for as part of the net investment, are accounted for similarly to cash flow hedges.

Gains or losses on the hedging instrument related to the effective portion of the hedging instrument are recognized in other comprehensive income, while gains or losses on the ineffective portion are recognized in consolidated income. On disposal of a foreign operation, the cumulative value of such gains or losses recorded in equity is transferred to the income statement.

Offsetting financial assets and liabilities

ISA and its companies offset their financial assets and liabilities in the consolidated statement of financial position only if the following two criteria are met: (i) there is, at the current time, a legally enforceable right to offset the recognized amounts, and (ii) there is an intention to settle the amounts on a net basis, or to realize the asset and settle the liability simultaneously.

5.12 Fair value measurement

The fair value of an asset or liability is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement assumes that the transaction to sell an asset or transfer a liability takes place in the primary market, i.e., the market with the highest volume and level of activity for the asset or liability. In the absence of a primary market, it is assumed that the transaction is carried out in the most advantageous market to which ISA and its companies have access, that is, the one that maximizes the amount that would be received to sell the asset or minimizes the amount that would be paid to transfer the liability.

In determining fair value, ISA and its companies use valuation techniques that are appropriate in the circumstances and for which there is sufficient data to make the measurement, maximizing the use of relevant observable inputs and minimizing the use of unobservable input data. Taking into account the hierarchy of the input data used in the valuation techniques, assets and liabilities measured at fair value are classified into the following levels:

- Level I: quoting prices (unadjusted) in active markets for identical assets or liabilities.
- Level II: valuation techniques for which the data and variables that have a significant effect on the determination of the fair value recorded are observable, either directly or indirectly.
For derivative contracts that do not have a quoted market price, fair value estimates are generally determined using models and other valuation methods based on present value techniques, whose key inputs include future prices, volatility estimates, price correlation, counterparty credit risk, and market liquidity, as appropriate.
- Level III: internal valuation techniques, using variables estimated by ISA, not observable for the asset or liability (there is no market information observable).

ISA and its companies, when measuring fair value, take into account the characteristics of the asset or liability, in particular:

- For non-financial assets, a fair value measurement takes into account the market participant's ability to generate economic benefits by using the asset for its highest and best use or by selling it to another market participant that would use it for its highest and best use.
- For liabilities and own equity instruments, the fair value entails that the liability will not be settled, and the equity instrument will not be canceled or extinguished in any other way on the measurement date. The fair value of the liability reflects the effect of the default risk, i.e. the risk that a company does not meet an obligation, which includes but is not limited to the company's own credit risk.
- In the case of financial assets and liabilities with offset positions at market risk or counterparty credit risk, the fair value is measured on a net basis that is consistent with the way market participants would price the net exposure to risk on the measurement date.

For assets and liabilities recorded at fair value in the financial statements, ISA and its companies determine whether there have been transfers between hierarchy levels by reviewing their categories at the end of each period; in the event of changes in valuation techniques for measuring fair value, ISA will maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

5.13 Non-current assets held for sale and disposal groups

ISA and its companies measure non-current assets (and disposal groups) classified as held for sale at the lower of carrying value and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying value will be recovered through sale rather than through continuing use. This condition is considered met only when the sale is highly probable and the asset (or group of assets) is available for immediate sale in its present condition and management is committed to the sale, which must be completed no later than one year from the date of classification of the asset as held for sale.

When ISA and its companies are committed to a sale plan that involves the loss of control in a subsidiary, all assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether a non-controlling interest in the subsidiary will be retained after the sale.

Property, plant, and equipment and intangible assets are not depreciated or amortized once classified as held for sale; and discontinued operations are excluded from the results of continuing operations and are presented in a single after-tax amount for continuing operations as long as they are considered significant to the understanding of the results and evolution of the financial statements.

When ISA and its companies are committed to a sale plan that involves the disposal of an investment (or a portion of an investment) in an associate or joint venture, the use of the equity method is discontinued for the investment

or the portion of the investment that is classified as held for sale. Any retained interest of an investment in an associate or a joint venture that has not been classified as held for sale continues to be recognized through the equity method.

Impairment occurs when the carrying amount of non-current assets reclassified as held-for-sale assets is greater than fair value less disposal costs.

5.14 Provisions

ISA and its companies recognize provisions when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. ISA and its companies measure their provisions at the best estimate of the disbursement required to settle the present obligation at the end of the reporting period, taking into account the related risks and uncertainties. When a provision is measured using the cash flows estimated to settle said obligation, its carrying amount reflects the present value of that cash flow (when the effect of the value of money over time is material).

ISA and its companies recognize as a provision the present obligations arising from an onerous contract when the unavoidable costs of meeting the obligations of the contract exceed the economic benefits expected to be received under it. As of the date of the statement of financial position, ISA and its companies have no provisions for onerous contracts.

Certain contingent conditions that may result in a loss for ISA and its companies and will only be resolved in the future, when one or more events occur or may occur, may exist at the date of issuance of the financial statements. ISA and its companies, together with their legal advisors, estimate the value of these contingencies. This estimate is a key management judgment.

ISA and its companies recognize in the consolidated statement of financial position the contingencies whose material loss is probable and whose value can be reliably estimated. When the assessment indicates that a potential loss is not probable and its value is known or it is probable but the value of the loss cannot be estimated, the contingency is disclosed in the notes to the financial statements. Loss contingencies estimated as remote are not disclosed.

5.15 Income tax

The income tax expense for the period is composed of current income tax and deferred tax. Tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities, and the income tax expense is recognized in profit or loss, except when they relate to the initial recognition of a business combination and items recognized directly in equity or other comprehensive income, in which case they are recognized in equity or other comprehensive income.

The tax rates and tax laws used to calculate taxable values are those enacted at the reporting date in the countries where ISA and its companies operate and that generate taxable income.

Current income tax is determined on taxable income for the period. Taxable income differs from income before income tax in the income statement due to permanent differences related to items of revenues or expenses that are not taxable or deductible and temporary differences related to items of revenues or expenses that are taxable or deductible in future periods. Current tax liabilities are calculated using tax rates in effect at the end of the period.

ISA and its companies offset current tax assets and liabilities when they are reported to the same tax authority; and they periodically evaluate stances on tax returns with respect to situations where tax laws are subject to interpretation and, where appropriate, recognize provisions for amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on temporary differences between the values of assets and liabilities included in the statement of financial position and the corresponding tax bases used to determine taxable income. Deferred tax assets are recognized for all deductible temporary differences, including tax loss carryforwards, to the extent that it is probable that there are taxable profits against which they can be offset.

ISA and its companies apply the exception of paragraphs 39 and 44 of IAS 12 “Income tax” for the recognition of deferred tax for related temporary differences on investments in subsidiaries, associates, and joint ventures.

ISA and its companies offset deferred tax assets and liabilities because they are subject to taxation before the same tax authority. In addition, they review the carrying amount of deferred tax assets at each reporting date and reduce their carrying amount when it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

5.16 Employee benefits

These benefits comprise all compensation to employees and former employees related to the provision of services to ISA and its companies and are classified into short-term benefits, long-term benefits, post-employment benefits and termination benefits.

ISA and its companies recognize short-term employee benefits when they have a legal or implicit obligation to pay as a result of past service rendered by the employee and when the obligation can be reliably estimated. The obligation is measured at the amount expected to be paid within one year from the measurement date and is recognized as an expense as the employee renders the service. At the end of each accounting period, the value of the liability is adjusted based on the legal provisions and labor agreements in force.

ISA and its companies grant their employees long-term benefits associated with their time of service, such as seniority premiums and five-year bonuses. Long-term employee benefits are measured annually using the projected unit credit method, with independent actuarial valuations. Any actuarial gain or loss is recognized in consolidated income. When applicable, the fair value of plan assets is deducted from the present value of the long-term benefit obligation.

ISA and its companies classify post-employment benefits into defined contribution plans and defined benefit plans. The defined contribution plan is a post-employment benefit in which the company pays fixed contributions to a pension fund, and by which it has no legal obligation to pay additional amounts. Obligations for the payment of contributions to defined benefit pension plans are recognized as an employee benefit expense in consolidated income in the periods in which the services are rendered by employees.

Annually, ISA and its companies measure the defined benefit plans, the obligation and the cost of such benefits by the projected unit credit method, with independent actuarial valuations. Liabilities for defined benefit plans are measured at the present value of the obligation at the date of the consolidated statement of financial position less the fair value of plan assets. The present value of the obligation is determined by discounting the estimated cash flows with interest rates calculated from the yield curve of Colombian Government bonds (TES B curve), denominated in Real Value Units (UVR), which have terms that approximate those of the pension obligation until maturity.

Actuarial gains and losses arising from experience-based adjustments and changes in actuarial assumptions are recorded in other comprehensive income in the period in which they arise. Past service costs are recognized immediately in income unless the changes in the pension plan are conditional upon the employee's continued service for a specified period. In this case, the past service costs are amortized by the straight-line method during the period that grants the right.

ISA and its companies measure plan assets at fair value. Plan assets are the assets allocated in accordance with the legal provisions in force or by own initiative, exclusively to meet pension obligations or other post-employment benefits. In some subsidiaries the minimum value of plan assets must correspond to the actuarial calculation of the pension liability.

Annually, ISA and its companies measure employee termination benefits, which are essentially post-employment benefits, using the projected unit credit method, with actuarial valuations performed. The remeasurement, which includes actuarial gains and losses, is recognized in other comprehensive income in the period in which it occurs. The remaining termination benefits are recognized as an expense in the period in which they are incurred.

5.17 Recognition of revenues, costs, and expenses

ISA and its companies record their revenues, costs and expenses on an accrual basis.

ISA and its companies recognize revenue from ordinary activities for the transfer of goods or services to customers in exchange for a value that reflects the consideration it expects to receive for those goods or services. ISA and its companies recognize revenue only when all of the following criteria are met:

- Step 1: identify the contract with the customer.
- Step 2: identify the performance obligations in the contract
- Step 3: determine the price of the transaction.
- Step 4: allocate the price of the transaction to the performance obligations in the contract.
- Step 5: recognize ordinary revenues when (or as) the entity satisfies a performance obligation.

ISA and its companies apply the following criteria to recognize their income and measure compliance with their performance obligations:

Revenues from contracts with customers for electric power transmission services and other associated services

ISA and its companies record revenues for electric power transmission services when performance obligations are met based on the terms of contracts that include the requirements established by the electricity market regulators in the countries in which it operates. This is generally achieved when the performance obligations agreed with the regulators are met, considering the execution period and the quality of service established in the contracts. The parent company ISA and its subsidiaries ISA Intercolombia, ISA Transelca and XM are providers of electric power transmission and other related services, and are regulated by the Energy and Gas Regulatory Commission (CREG).

Revenues from service concession arrangements

ISA and its companies measure income from concession agreements accounted for under IFRIC 12 applicable to the electric power transmission subsidiaries in Brazil, Bolivia and Peru and railways in Chile and Colombia at the fair value of the consideration received or receivable, taking into account the contractually defined payment conditions. The following specific criteria must be met to recognize revenue in accordance with IFRIC 12; see Note 5.8.

- ISA and its companies recognize revenues and costs for project construction services in consolidated income, according to the percentage of completion method of the projects at the reporting date, which includes an estimated profit margin determined based on the macroeconomic characteristics and conditions of the project, and the weighting of the estimated collection cash flows in relation to the estimated cash flows from the construction of the infrastructure.

- ISA and its companies recognize revenues and costs for operation and maintenance services of third-party facilities in consolidated income, as the service is rendered, based on the performance obligations established in the contracts.
- ISA and its companies recognize the financial returns from concession agreements classified as financial assets or contractual assets in consolidated results.

Revenues from telecommunications and ICT services

ISA and its companies measure revenues based on the conditions of compliance with performance obligations established in the contracts applicable to its telecommunications subsidiaries in Colombia, Peru, Brazil, Chile, and Argentina according to the following criteria:

- Connectivity, cloud, datacenter, and security (access protection) is recognized by the time of availability and use, taking into account the contractually defined billing conditions.
- Revenues from operation and maintenance services to third-party facilities are recognized as the service is delivered.

Deferred revenues

ISA and its companies recognize deferred revenues when payment is made or when payment is due (whichever occurs first) before the goods or services are transferred as performance obligations are met and satisfied, amortization of the liability is made, and the revenues are recognized in the consolidated profit or loss.

Revenues from dividends and interest

ISA and its companies recognize dividend income from investments in financial instruments when they obtain the right to receive payment, provided that it is probable that the payment will be received and the income can be reliably measured, in consolidated income, in the line item financial income, net.

ISA and its companies recognize interest income when it is probable that they will receive the economic benefits associated with the transaction. Interest income is recognized on an accrual basis, by reference to the principal outstanding and the applicable effective interest rate, which is the discount rate that exactly matches the estimated cash flows receivable over the expected life of the financial instrument to the net carrying amount of the financial asset on initial recognition.

Costs and expenses are recorded at historical cost and recognized as incurred, regardless of the date on which payment is made and in the period in which they become known.

5.18 Earnings per basic and diluted share

ISA and its companies calculate basic earnings per share by dividing the profit attributable to ISA's controlling shareholders by the weighted average number of common shares outstanding during the year, which excludes common shares acquired and those held in treasury.

Diluted earnings per share is calculated by adjusting the average number of common shares outstanding to simulate the conversion of all dilutable potential common shares. ISA and its companies do not own any potentially dilutable common shares.

5.19 Capital stock, premium for placement of shares, and distribution of dividends

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new shares or options are presented in equity as a deduction from the value received, net of taxes. The premium on placement of shares corresponds to the overpricing in the placement of shares originated in capital increase transactions.

The repurchase of ISA shares is recognized directly in equity at acquisition cost, and the difference between this value and the nominal value of the shares is recognized as premium for placement of shares. Rights are suspended for own shares reacquired and, therefore, they do not take part in the distribution of dividends.

The distribution of dividends to shareholders is recognized as a liability in the consolidated statement of financial position in the period in which the General Shareholders' Meeting approves such dividends or when the corresponding obligation is established in accordance with the applicable legal provisions or policies defined by the General Shareholders' Meeting.

5.20 Related-party information

ISA and its companies consider as related parties those natural or legal persons in which it exercises control, joint control or significant influence, is a member of the key management personnel of ISA or its controlling company (or a close relative of the member), or is an entity controlled or jointly controlled by a member of the key management personnel; i.e. investments in subsidiaries, associates (and their subsidiaries) and joint ventures (and their subsidiaries) of ISA and its companies, and key management personnel of ISA and the controlling shareholder of ISA.

Key management personnel are considered to be those persons who have the authority and responsibility for planning, directing and controlling the activities of ISA and its companies, directly or indirectly, including any director or administrator (whether executive or non-executive). It includes the members of ISA's Board of Directors, the members of ISA's senior management, which is comprised of ISA's CEO and the first level management employees who report directly to the CEO, and the directors with the power to make decisions with high financial impact.

Commercial transactions¹ between ISA and its companies and the members of the Board of Directors, Senior Management and other administrators and/or their relatives and spouses or permanent partners and the legal entities in which they have an interest or hold management positions, as defined by law, are subject to the legal regime of

¹ Related-party transactions are those that involve: (i) the rendering of services, (ii) the transfer of assets or resources or (iii) the generation of obligations. The following are not considered related-party transactions: (a) management, monitoring, and control activities; (b) capitalizations, distribution of dividends, capital reductions, and other equity transactions typical of the dynamics of any company; (c) those that must be carried out by legal or regulatory mandate; (d) the remuneration and labor benefits of employees who are members of Senior Management, which are subject to the special guidelines defined for labor compensation; and (e) the remuneration of the members of the Board of Directors of ISA, which is subject to the Board of Directors Remuneration Policy approved by the General Shareholders' Meeting. Notwithstanding the above, said transactions except for (a) will be disclosed in the financial statements pursuant to the applicable international accounting standards.

disqualifications and incompatibilities applicable to the contracting of ISA and its companies as a mixed utility company, which prohibit them from contracting with the company. The corporate website includes the informative list of such disqualifications and incompatibilities provided by Colombian legislation.

5.21 Operating segment information

Information related to business segments is presented in the consolidated financial statements in accordance with IFRS 8. An operating segment is a component of ISA and its companies that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the highest decision-making authority in operating matters to decide on the resources to be allocated to the segment, evaluate its performance and for which discrete financial information is available.

The operations of ISA and its companies are conducted through three business units:

1) Electric Power, 2) Roads, and 3) Telecommunications and ICT. Segments are determined based on management's objectives and corporate strategic plans, considering that these businesses: (a) are engaged in different commercial activities, which generate sales revenues and incur costs and expenses; (b) operating results are periodically reviewed by Management, which makes operating decisions to allocate resources to the different segments and evaluate their performance; and (c) discrete financial information is available. Internal transfers represent sales between segments and are recorded and presented at market prices.

5.22 Other liabilities

ISA and its companies recognize other liabilities for securities payable in accordance with the underlying commitments, including the effect of amortized cost when the payment obligations are long-term. Deferred revenue is recognized based on the amounts received, reflecting the assumed obligation to provide services in the future, and is recognized in consolidated income as performance obligations are fulfilled.

5.23 Offsetting of balances and transactions

ISA and its companies, as a general rule in the consolidated financial statements, do not offset assets and liabilities, nor income and expenses, except in those cases in which offsetting is required or permitted by any standard and this presentation reflects the essence of the transaction.

Revenues and expenses arising from transactions that, contractually or by law, provide for the possibility of offsetting and it is intended and feasible to settle on a net basis or to realize the asset and settle the liability simultaneously are presented net in the consolidated income statement.

5.24 Reclassifications

For presentation purposes, ISA reclassified balances between the items of the other consolidated comprehensive income in the comparative figures as of December 31, 2022 which mainly correspond to:

- Opening of the (loss) gain from interest in other comprehensive income of associates and joint ventures.
- Reclassification to gains of fair value hedges of net investments abroad.
- Reclassification to hedge gains of deferred tax related to the fair value of net investments abroad.

Below is the breakdown of the reclassifications:

	Balance reported 2022	OCI in associates and joint ventures	Net investment abroad	Deferred tax	Balance adjusted as of 2022
Actuarial gain	300,131	-	-	(97,103)	203,028
Gain from hedges	113,047	-	(382,812)	97,103	(172,662)
Gain (loss) from exchange rate differences	4,157,733	(1,101,434)	382,812	-	3,439,111
Participation in OCI of associates and joint ventures	-	1,101,434	-	-	1,101,434
Items that will not be reclassified to income, net of taxes	4,570,911	-	-	-	4,570,911

The movements had no net impact on the items in the consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows.

SPECIFIC NOTES

6. CASH AND CASH EQUIVALENTS

	2023	2022
Cash and bank balances, including restricted balances	2,303,025	1,404,514
Total cash	2,303,025	1,404,514
Fixed income investments ⁽¹⁾	1,488,935	3,253,248
Variable income investments ⁽²⁾	279,968	711,588
Total cash equivalent	1,768,903	3,964,836
Total cash and cash equivalents⁽³⁾	4,071,928	5,369,350

⁽¹⁾ Includes term deposits (CDT) with maturity of less than 90 days from the date of investment.

⁽²⁾ Includes highly liquid marketable securities readily convertible into cash.

⁽³⁾ Decrease, mainly due to exchange rate effect, use of resources for debt service, payments to creditors, and covering short-term liquidity needs; in addition, constitution of CDT greater than 90 days in Ruta del Maipo for COP 357,420 for debt payment.

The fair value of cash and cash equivalents approximates their book value due to their short-term nature (less than three months) and high liquidity. Cash equivalents are convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

6.1 Restricted cash and cash equivalents

	2023	2022
Current, included in cash and cash equivalent balances ⁽¹⁾	1,580,106	1,987,409
Non-current ⁽²⁾	68,096	328,283
Total restricted cash and cash equivalents	1,648,202	2,315,692

⁽¹⁾ Includes restrictions on the use of cash and cash equivalents available to meet the short-term needs of the subsidiaries of the Roads business unit in Chile and Colombia. In Chile, this value is determined based on the financing contracts and is maintained mainly to guarantee the debt service, continuity and operating capacity of the subsidiaries in the current period. These restrictions do not affect the availability of cash and cash equivalents, provided they comply with the conditions indicated in the credit agreements. In Colombia, it corresponds to the resources deposited in the accounts of the autonomous equity with restricted use, because they are not of free use of the concession, or with specific destination, for exclusive use in the specific activities of the concession operation.

⁽²⁾ Long-term restricted cash includes, mainly, securities held by Isa Interchile, for COP 26,666 (2022: COP 289,964), for obligations acquired in the issuance of the 144a Reg/s Bond, that establish certain restrictions and limitations on the use of the resources, with the purpose of guaranteeing the payment of interest and principal; by Interligação Elétrica Norte e Nordeste for COP 12,743 (2022: COP 16,227), related to a guarantee granted to Banco de Nordeste do Brasil (BNB) until settling the debt with the bank; and ISA for COP 11,547 (2022: COP 8,714) for management trusts and payments constituted for the projects of the Unidad de Planeación Minero Energética (UPME), resources withheld due to judicial liens, and resources to develop the Conexión Jaguar program.

There are no additional restrictions or limitations to those listed above.

6.2 Cash and cash equivalents managed by XM

XM, as administrator of the electricity market trading system (ASIC) in the Wholesale Energy Market (MEM) and of the charges for use of the National Interconnected System (SIN), as controller entity representing the agents participating in the Colombian electricity market, receives from the paying agents the corresponding monies for distribution to the beneficiary agents. Since these monies are only administered by XM and are not owned by it, they are not included in the statement of financial position. The balances of assets and liabilities of third parties are as follows:

	2023	2022
Cash and cash equivalents ⁽¹⁾	1,961,098	938,338
Accounts receivable administration of renewable energy contracts ⁽¹⁾	79,049	2,989
Total assets⁽³⁾	2,040,147	941,327
Collections in favor of agents ⁽¹⁾	(2,040,093)	(941,317)
GMIF reserve ⁽²⁾	(54)	(10)
Total liabilities⁽³⁾	(2,040,147)	(941,327)

⁽¹⁾ Corresponds to balances in bank accounts whose use is restricted to stock exchange transactions, guarantees provided by agents of the Wholesale Energy Market (MEM) and collections in favor of third parties; its use is in accordance with current regulations of the CREG and the Ministry of Mines and Energy.

⁽²⁾ Account payable to XM to cover possible bank charges and the tax on financial movements (GMF) in the first days of the following month.

⁽³⁾ The variation is due to an increase in third-party collections in compliance with the CREG Resolutions and larger transactions by market agents (IET and custodial accounts).

7. CONCESSIONS, DEBTORS, AND OTHER ACCOUNTS RECEIVABLE

The balance of concessions, debtors, and other accounts receivable (financial assets) on December 31, 2023 and 2022 comprises:

	2023	2022
Contract assets (Note 26)	20,434,933	21,746,542
Financial asset concessions ⁽¹⁾	9,942,921	12,095,757
Accounts receivable from the State of São Paulo ⁽²⁾	2,279,637	2,481,530
Debtors	897,611	979,136
Accounts receivable from leases (Note 17)	585,340	704,175
Other debtors	420,431	523,357
VAT accounts receivable (MOP) ⁽³⁾	329,807	65,610
Loans and receivables from related parties (Note 30)	144,659	557
Dividends receivable (Note 30)	109,469	89,505
Loans to employees ⁽⁴⁾	73,626	59,457
Total accounts receivable	35,218,434	38,745,626
Less provision for expected credit losses	(529,580)	(607,047)
Total accounts receivable, net⁽⁵⁾	34,688,854	38,138,579
Current	5,554,172	6,547,234
Non-current	29,134,682	31,591,345

⁽¹⁾ Financial asset concessions decreases, mainly due to the exchange rate effect, the recognition of prepayments from the Ministry of Public Works of Chile (MOP), and advance payment of the future term 2022 in Ruta Costera (Colombia).

⁽²⁾ Accounts receivable of ISA CTEEP to the Government of the State of São Paulo for labor benefits regulated by Law 4819 of 1958. This retirement supplementation plan governed by State Law 4819/58 provides for the creation of a State Social Assistance Fund for employees admitted until May 1974. The company reiterates the understanding of its legal department and its external legal advisors that the expenses derived from State Law 4819/58 and its respective regulations are the full responsibility of SEFAZ-SP (São Paulo State Treasury Department). Management monitors progress and developments related to the legal aspect of the matter and continually evaluates the potential impact on its financial statements. The gross value of these accounts receivable is COP 2,279,637 (2022: COP 2,481,530) and provision of COP 407,567 (2022: COP 475,936), for a net book value of COP 1,872,070 (2022: COP 2,005,594).

In September 2013, a reserve was created for expected losses in relation to the values of accounts receivable associated with the company's right with the Sefaz for COP 407,567 (2022: COP 475,936), due to a change in the expected time horizon for the realization of the asset. The review of this loss reserve is conducted at least annually.

The company will continue to pay monthly dues in accordance with the law. In addition, it will continue with the process of collecting these amounts from the Government of the State of São Paulo.

⁽³⁾ Account receivable from the Ministry of Public Works of Chile (MOP), corresponding to VAT paid by the concession companies to their suppliers of operation and maintenance services, as well as construction services invoiced to the MOP. Concessionaires are entitled to recover such tax by invoicing the MOP for construction and/or exploitation services.

⁽⁴⁾ Include loans for the purchase of housing and vehicles and educational loans.

⁽⁵⁾ The carrying amount of concessions, debtors, and other accounts receivable measured at amortized cost and fair value is presented in Note 33.

ISA and its companies charge interest on overdue accounts to its customers at the maximum rate authorized by law in each country.

The movement in Brazil's contractual and financial assets are as follows:

	2023	2022
Brazil contract asset initial balance ⁽¹⁾	21,746,542	15,239,958
Brazil financial asset initial balance	249,949	93,823
Initial balance	21,996,491	15,333,781
Infrastructure revenues	2,231,128	1,604,672
Efficiency gain from infrastructure implementation	40,516	19,762
Remuneration of concession assets in favor	2,621,116	2,331,928
Operating and maintenance revenues	1,155,125	1,178,600
Revenues from Periodic Tariff Review (RTP)	(3,314)	998
Billing and other items	(4,244,634)	(3,189,158)
Exchange rate effect	(3,232,709)	4,715,908
Final balance	20,563,719	21,996,491
Contract asset final balance ⁽¹⁾	20,434,933	21,746,542
Brazil financial asset final balance	128,786	249,949
Total	20,563,719	21,996,491

⁽¹⁾ Concession contracts were analyzed and classified in accordance with IFRS 15 - Revenue from Contracts with Customers, within the contract asset model as of January 1, 2018. The value of the contract asset of electric power transmission concessionaires is determined by the present value of their future cash flows, which are determined at the beginning of the concession or at its extension, and are revalued in the Periodic Fee Review (Revisión Tarifaria Periódica – RTP -).

The movement in the provision for expected credit losses is as follows:

	2023	2022
Initial balance	(607,047)	(465,463)
Expected credit loss expense	(67,684)	(50,938)
Portfolio write-off ⁽¹⁾	38,542	21,869
Recovery of expected credit losses	9,360	8,052
Exchange rate effect	79,303	(119,108)
Other changes	17,946	(1,459)
Final balance	(529,580)	(607,047)

⁽¹⁾ Write-offs are made after analysis and conclusion of their non-recoverability.

There are no significant restrictions on accounts receivable.

As of December 31, 2023 and 2022, the non-overdue and overdue portion of allowances, debtors, and other receivables is as follows:

	2023	2022
Non-overdue	32,001,207	34,846,744
Overdue between 1 and 90 days	100,057	227,418
Overdue between 91 and 180 days	54,214	123,038
Overdue between 181 and 360 days	76,083	112,973
Overdue between 1 and 3 years	316,185	683,468
Overdue between 3 and 5 years	527,155	571,998
Overdue over 5 years	2,143,533	2,179,987
Total overdue ⁽¹⁾	3,217,227	3,898,882
Total accounts receivable	35,218,434	38,745,626

⁽¹⁾ It includes unimpaired past due portfolio, mainly from accounts receivable from the Government of Brazil for labor benefits regulated by Law 4819 of 1958.

8. OTHER FINANCIAL ASSETS

	2023	2022
Rights in trusts and mutual funds ⁽¹⁾	1,206,929	854,669
CDT over 90 days and other fixed-income securities ⁽²⁾	365,030	23,424
Equity investments with changes in other comprehensive income	18,200	18,007
Total other financial assets	1,590,159	896,100
Current	1,570,725	876,858
Non-current	19,434	19,242

⁽¹⁾ The increase is mainly due to higher resources available in the Xavantes COP 609,614 (2022: COP 538,537) and Assis COP 297,081 (2022: COP 37,107) investment funds in Brazil.

⁽²⁾ The increase corresponds mainly to CDT in Ruta del Maipo (Roads business unit company in Chile) for COP 359,160 (2022: COP 1,740), specifically for debt repayment.

8.1 Brazil funds

The rights in trusts included in other financial assets include resources held in exclusive investment funds in Brazil that are used by ISA CTEEP, its subsidiaries, and jointly controlled companies in its operation, and represent interests in investment funds with high liquidity, easily convertible into cash; balances on December 31 consist of:

	2023	2022
ISA CTEEP	807,063	486,308
Associates	75,364	21,264
Joint control	324,491	331,705
Total funds	1,206,918	839,277

9. INVENTORIES

The balance of inventories comprises the following:

	2023	2022
Materials for the provision of services ⁽¹⁾	396,702	304,718
Less provision	(5,282)	(4,023)
Total inventories, net	391,420	300,695
Current	227,631	197,370
Non-current	163,789	103,325

⁽¹⁾ Inventories for the provision of energy services and project construction services to ensure continuity and enable compliance with system availability indicators.

The following is the movement of the provision for inventories:

	2023	2022
Initial balance	(4,023)	(5,168)
Inventory provision expense	(3,885)	(1,038)
Inventories write-off	1,708	2,359
Exchange rate effect	808	(1,027)
Recovery of provisions	37	667
Other changes	73	184
Final balance	(5,282)	(4,023)

As of December 31, 2023 and 2022, there are no pledges on inventories.

10. NON-FINANCIAL ASSETS

Balances as of December 31 comprise the following:

	2023	2022
Prepaid expenses ⁽¹⁾	244,041	194,317
Prepayment for purchase of goods and services ⁽²⁾	143,144	191,923
Deposits delivered ⁽³⁾	34,494	40,846
Other non-financial assets ⁽⁴⁾	70,180	86,211
Total non-financial assets	491,859	513,297
Current	333,624	347,090
Non-current	158,235	166,207

⁽¹⁾ Prepaid expenses related to insurance, fees, travel expenses, among others.

⁽²⁾ Advances granted to suppliers for the purchase of supplies and equipment to be used in projects of ISA and its companies.

⁽³⁾ Includes mainly legal deposits related to labor, tax and regulatory contingencies.

⁽⁴⁾ Includes Linear Systems RE's reserve for unearned premiums for its reinsurance activities of COP 8,879 (2022: COP 23,422), and expenses pending reimbursement, mainly from CTEEP.

11. NON-CURRENT ASSETS HELD FOR SALE

Internexa (subsidiary of ISA) considered that its investment in Internexa Brasil Operadora (telecommunications business) met the criteria to be classified as held for sale at the end of the year, for the following reasons:

- On December 3, 2023, ISA announced the signing of an agreement to transfer 100% of its indirect stake in Internexa Brazil (the stake is held through Internexa Participações and Internexa Peru).
- The actions necessary to complete the sale have already begun and are expected to be completed within not more than one year from the date of its initial classification as held for sale.
- A potential buyer (Megatelecom Telecomunicações) has been identified and negotiations, at the closing date, are at an advanced stage; the actual ownership transfer is expected to take place during the first four months of 2024.

As of December 31, 2023, the assets classified as held for sale correspond to the equity interest held by the following companies:

Company	Interest	Cost	Impairment	Exchange rate effect	Fair value
Internexa Participações	68.07%	66,340	(65,751)	(52)	537
Internexa Perú	31.93%	31,119	(30,842)	(25)	252
Total		97,459	(96,593)	(77)	789

The main asset and liability classes of Internexa Brazil that were transferred are:

Concept	Balance	Comment
Intangibles	39,849	See Note 14
Property, plant, and equipment	38,542	See Note 13
Assets by right of use	33,965	See Note 17
Lease liabilities	(38,478)	See Note 19
Deferred tax liabilities	(6,070)	See Note 21
Provisions and contingencies	(3,998)	See Note 22
Other assets and liabilities	33,649	
Total	97,459	

12. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Below is the balance and movements of investments during 2023:

	Main activity	Place and creation of transactions	Shareholding		Balances as of December 2022	Capitalizations	Dividends declared	Equity method	Other comprehensive income	Balances as of December 2023
Investments with joint control			2023	2022						
Interligação Elétrica do Madeira S. A. ⁽¹⁾	Electric power transmission	Brazil	51.00%	51.00%	1,753,883	-	(55,747)	181,906	(268,025)	1,612,017
Transmissora Aliança de Energia Elétrica S. A.	Electric power transmission	Brazil	14.88%	14.88%	1,137,210	-	(141,664)	145,246	(178,166)	962,626
Interligação Elétrica Garanhuns S. A.	Electric power transmission	Brazil	51.00%	51.00%	502,752	-	(31,470)	51,956	(76,837)	446,401
Interligação Elétrica Paraguaçu S. A. ⁽¹⁾	Electric power transmission	Brazil	50.00%	50.00%	508,248	-	(50,774)	63,341	(78,638)	442,177
Interligação Elétrica Ivaí S. A.	Electric power transmission	Brazil	50.00%	50.00%	397,853	-	(18,316)	84,531	(64,663)	399,405
Interligação Elétrica Aimorés S. A.	Electric power transmission	Brazil	50.00%	50.00%	335,593	-	(50,095)	42,139	(51,952)	275,685
Kimal Lo Aguirre S. A. Connection ⁽²⁾	Electric power transmission	Chile	33.33%	33.00%	169,231	-	-	291	(50,453)	119,069
Interconexión Eléctrica Colombia Panamá S. A.	Electric power transmission	Panama	50.00%	50.00%	19,066	-	-	(15,902)	(2,070)	1,094
Derivex S. A.	Derivative instruments	Colombia	39.88%	40.35%	344	852	-	(340)	171	1,027
Parques de Río	Roads	Colombia	33.00%	33.00%	34	-	-	(11)	-	23
Interconexión Eléctrica Colombia Panamá S.A.S. E. S. P.	Electric power transmission	Colombia	1.17%	1.17%	3	-	-	-	-	3
Transnexa S. A. E.M.A. ⁽³⁾	Telecommunications Transmission	Ecuador	50.00%	50.00%	-	-	-	-	-	-
Total investments with joint control					4,824,217	852	(348,066)	553,157	(770,633)	4,259,527
Investments in associates										
ATP TOWER HOLDINGS	Telecommunications Transmission	United States	24.70 %	24.70 %	456,954	-	-	(23,620)	(75,536)	357,798
Total investments in associates					456,954	-	-	(23,620)	(75,536)	357,798
Total investments in associates and joint ventures					5,281,171	852	(348,066)	529,537	(846,169)	4,617,325
Dividends received from investees					351,217					303,576

⁽¹⁾ Investments held under joint control contracts entered into by CTEEP.

⁽²⁾ ISA Inversiones Chile incorporated the company Conexión Kimal Lo Aguirre, together with the shareholders Transelec and China Southern Power Grid International (CSG). This company will build and operate the Kimal Lo Aguirre project in Chile.

⁽³⁾ TRANSNEXA is in the process of liquidation. The investment is 100% impaired.

Below is the balance and movements of investments during 2022:

	Main activity	Place and creation of transactions	Shareholding		Balances as of December 2021	Capitalizations	Dividends declared	Equity method	Other comprehensive income	Balances as of December 2022
Investments with joint control			2022	2021						
Interligação Elétrica do Madeira S. A.	Electric power transmission	Brazil	51.00 %	51.00%	1,277,434	-	(118,597)	197,782	397,264	1,753,883
Transmissora Aliança de Energia Elétrica S. A.	Electric power transmission	Brazil	14.88 %	14.88%	922,255	-	(233,958)	165,922	282,991	1,137,210
Interligação Elétrica Paraguaçu S. A.	Electric power transmission	Brazil	50.00 %	50.00%	324,908	30,423	(18,054)	67,842	103,129	508,248
Interligação Elétrica Garanhuns S. A.	Electric power transmission	Brazil	51.00 %	51.00%	306,741	-	84	82,551	113,376	502,752
Interligação Elétrica Aimorés S. A.	Electric power transmission	Brazil	50.00 %	50.00%	215,588	9,680	(14,738)	55,384	69,679	335,593
Interligação Elétrica Ivaí S. A.	Electric power transmission	Brazil	50.00 %	50.00%	229,194	82,971	-	16,694	68,994	397,853
Conexión Kimal Lo Aguirre S. A.	Electric power transmission	Chile	33.00 %	33.00%	-	179,226	-	259	(10,254)	169,231
Interconexión Eléctrica Colombia Panamá S. A.	Electric power transmission	Panama	50.00 %	50.00%	7,287	26,733	-	(15,998)	1,044	19,066
Derivex S. A.	Derivative financial instruments	Colombia	40.35 %	40.35%	353	344	-	(353)	-	344
Parques de Río	Roads	Colombia	33.00 %	33.00%	44	-	-	(10)	-	34
Interconexión Eléctrica Colombia Panamá S.A.S. E. S. P.	Electric power transmission	Colombia	1.17 %	1.17%	3	-	-	-	-	3
Transnexa S. A. E.M.A.	Telecommunications Transmission	Ecuador	50.00 %	50.00%	-	-	-	-	-	-
Total investments with joint control					3,283,807	329,377	(385,263)	570,073	1,026,223	4,824,217
Investments in associates										
ATP TOWER HOLDINGS	Telecommunications Transmission	United States	24.70 %	24.70 %	436,070	-	-	(54,327)	75,211	456,954
Total investments in associates					436,070	-	-	(54,327)	75,211	456,954
Total investments in associates and joint ventures					3,719,877	329,377	(385,263)	515,746	1,101,434	5,281,171
Dividends received from investees					224,694					351,217

12.1 Financial information of investments in associates and joint ventures

Statement of financial position	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Cash and cash equivalents
2023					
Transmissora Aliança de Energia Elétrica	2,167,294	11,709,871	1,276,744	7,327,321	624
Interligação Elétrica do Madeira	675,192	5,064,524	290,292	2,288,606	193,009
ATP Tower Holding	231,141	3,750,038	301,586	2,230,731	15,967
Interligação Elétrica Ivaí	378,209	3,225,649	320,363	2,484,685	72,908
Interligação Elétrica Paraguaçu	149,220	1,182,041	66,790	380,116	21,497
Interligação Elétrica Garanhuns	113,008	1,115,059	53,098	299,674	1,631
Kimal Lo Aguirre Connection	146,767	786,590	172,007	404,144	75,912
Interligação Elétrica Aimorés	99,794	750,626	43,268	255,782	12,855
Total significant investees	3,960,625	27,584,398	2,524,148	15,671,059	394,403
Non-significant investees	7,580	825	3,384	-	7,545
Total investees	3,968,205	27,585,223	2,527,532	15,671,059	401,948
2022					
Transmissora Aliança de Energia Elétrica	1,967,310	12,351,913	753,445	7,474,497	700,373
Interligação Elétrica do Madeira	689,613	5,890,932	376,203	2,765,355	200,091
Interligação Elétrica Ivaí	431,090	3,275,893	254,160	2,657,117	42,685
ATP Tower Holding	217,176	4,333,942	380,390	2,320,343	23,312
Kimal Lo Aguirre Connection	200,086	431,306	33,463	90,239	194,406
Interligação Elétrica Paraguaçu	193,424	1,337,391	103,972	410,347	34,561
Interligação Elétrica Aimorés	167,276	847,150	72,580	270,660	60,890
Interligação Elétrica Garanhuns	159,365	1,210,239	40,106	343,709	3,134
Total significant investees	4,025,340	29,678,766	2,014,319	16,332,267	1,259,452
Non-significant investees	40,948	3,238	2,483	2,456	40,709
Total investees	4,066,288	29,682,004	2,016,802	16,334,723	1,300,161

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Comprehensive income statement	Ordinary revenues	Comprehensive income (loss)	Depreciation and amortization expense	Interest expense	Tax expense
2023					
Transmissora Aliança de Energia Elétrica	1,165,129	1,121,332	30,875	810,762	(46,465)
Interligação Elétrica do Madeira	613,807	356,863	804	125,247	97,899
ATP Tower Holding	544,351	(95,648)	263,536	49,842	20,150
Interligação Elétrica Ivaí	740,116	169,061	180	113,173	86,034
Interligação Elétrica Paraguaçu	163,844	126,683	71	391	34,062
Interligação Elétrica Garanhuns	196,622	101,875	545	8,379	18,197
Kimal Lo Aguirre Connection	-	873	1,250	17,871	(8,241)
Interligação Elétrica Aimorés	107,742	84,280	41	372	23,330
Total significant investees	3,531,611	1,865,319	297,302	1,126,037	224,966
Non-significant investees	-	(32,658)	-	12	0
Total investees	3,531,611	1,832,661	297,302	1,126,049	224,966

2022					
Transmissora Aliança de Energia Elétrica	2,340,058	1,252,974	20,551	606,837	129,531
Interligação Elétrica do Madeira	603,362	387,981	881	88,991	106,292
Interligação Elétrica Ivaí	457,993	33,388	123	90,085	17,597
ATP Tower Holding	463,395	(219,990)	227,252	151,257	16,011
Conexión Kimal-Lo Aguirre	-	776	311	9	(309)
Interligação Elétrica Paraguaçu	308,502	135,684	107	(1,850)	69,983
Interligação Elétrica Aimorés	211,637	110,769	98	(3,787)	57,035
Interligação Elétrica Garanhuns	150,940	161,864	478	4,516	24,271
Total significant investees	4,535,887	1,863,446	249,801	936,058	420,411
Non-significant investees	118	(32,871)	19	(284)	-
Total investees	4,536,005	1,830,575	249,820	935,774	420,411

13. PROPERTY, PLANT, AND EQUIPMENT

The net balance of property, plant, and equipment as of December 31, 2023 and 2022 comprises:

	2023	2022
Property, plant, and equipment in operation		
Grids, lines, and cables	15,143,838	15,609,628
Plants and ducts	7,227,578	7,341,200
Buildings	646,312	691,186
Machinery and equipment	636,449	827,819
Land	350,065	265,481
Communication and computing equipment	307,070	332,080
Transportation, traction, and lifting equipment	100,794	105,396
Furniture, chattels, and office equipment	51,037	61,632
	24,463,143	25,234,422
Less accumulated depreciation and impairment	(12,080,551)	(12,097,573)
Total property, plant and equipment in operation	12,382,592	13,136,849
Ongoing construction and plant and equipment being assembled	1,878,211	1,347,439
Total property, plant and equipment, net	14,260,803	14,484,288
Property, plant, and equipment	14,060,617	14,223,596
Right-of-use assets ⁽¹⁾ (Note 17)	200,186	260,692

⁽¹⁾ Corresponds to property, plant, and equipment, recognized in application of IFRS 16 - Leases.

13.1 Reconciliation of initial and final balances of property, plant, and equipment

The movement of property, plant, and equipment for the period ended December 31, with the corresponding depreciation and impairment, was as follows:

	Initial balance	Additions ⁽¹⁾	Transfers ⁽²⁾	Impairment of value (Note 15) ⁽³⁾	Sales and derecognitions	Depreciation	Exchange rate effect	Final balance
2023								
Grids, lines, and cables	8,019,606	318,748	108,266	(615)	(17,919)	(239,899)	(704,821)	7,483,366
Plants and ducts	3,962,425	150,498	238,672	-	(1,919)	(201,129)	(327,063)	3,821,484
Buildings	488,137	61,222	(14,382)	-	(12,364)	(40,515)	(17,656)	464,442
Land	265,481	371	98,245	(85,168)	(180)	-	(3,959)	274,790
Machinery and equipment	214,183	26,230	2,740	(8,852)	(310)	(38,819)	(18,319)	176,853
Communication and computing equipment	146,104	48,181	2,581	(23)	(5,492)	(45,173)	(19,892)	126,286
Transportation, traction, and lifting equipment	21,995	15,898	940	-	(504)	(14,454)	(3,013)	20,862
Furniture, chattels, and office equipment	18,918	501	(344)	(13)	(110)	(3,175)	(1,268)	14,509
Construction in progress ⁽⁴⁾	1,347,439	995,778	(428,358)	(3,090)	(12,778)	-	(20,780)	1,878,211
Total	14,484,288	1,617,427	8,360	(97,761)	(51,576)	(583,164)	(1,116,771)	14,260,803

	Initial balance	Additions	Transfers	Impairment of value (Note 15)	Sales and derecognitions	Depreciation	Exchange rate effect	Final balance
2022								
Grids, lines, and cables	6,843,349	270,757	543,588	(7,656)	(5,084)	(226,949)	601,601	8,019,606
Plants and ducts	3,662,419	57,795	149,438	-	(3,994)	(185,552)	282,319	3,962,425
Buildings	459,406	35,860	7,682	(384)	(2,144)	(36,952)	24,669	488,137
Land	256,603	-	6,716	-	-	-	2,162	265,481
Machinery and equipment	176,387	34,107	50,871	(29,840)	(18)	(40,939)	23,615	214,183
Communication and computing equipment	110,104	53,986	9,513	(309)	(4,375)	(41,008)	18,193	146,104
Transportation, traction, and lifting equipment	25,758	5,892	251	-	(31)	(14,026)	4,151	21,995
Furniture, chattels, and office equipment	19,303	1,779	903	(632)	(142)	(4,273)	1,980	18,918
Construction in progress	1,420,064	706,618	(792,239)	-	(476)	-	13,472	1,347,439
Total	12,973,393	1,166,794	(23,277)	(38,821)	(16,264)	(549,699)	972,162	14,484,288

⁽¹⁾ Additions include the capitalization of environmental obligations, biotic offsets, and obligations for technical project commitments.

⁽²⁾ Includes, mainly, additions and transfers in ISA transmission lines due to the entry into operation of projects and reclassification of assets of the subsidiary Internexa Brasil for COP 38,542, since at the end of 2023 the investment in its direct parent companies met the criteria to be classified as non-current assets held for sale. See Note 15.

⁽³⁾ Corresponds to the impairment of Consorcio Transmantaro's land and Internexa Argentina's assets. See Note 15.

⁽⁴⁾ Includes, mainly, the ISA and Transelca projects.

The balance of construction in progress mainly includes:

- UPME 09-2016 Copey–Cuestecitas, 500 kV, and Copey–Fundación, 220 kV, for COP 607,487 (2022: COP 374,737). Includes design, acquisition of supplies, construction, testing, commissioning, operation and maintenance of the works linked to the Copey-Cuestecitas 500 kV and Copey-Fundación 220 kV transmission lines project. Expected entry into service: July 2024.
- UPME 04-2019 La Loma - Sogamoso 500 kV Transmission Line for COP 360,661 (2022: COP 190,839). It includes the design, supply procurement, construction, testing, and commissioning of a 500 kV single circuit transmission line from La Loma 500 kV Substation to Sogamoso 500 kV Substation line bay in both Substations and two-line reactive compensation modules 141 MVar each. Expected entry into service: June 2025.
- Connection of Alpha and Beta wind farms to the Nueva Cuestecitas Substation, for COP 126,710 (2022: COP 81,427) It includes the commissioning and later operation and maintenance of the assets and connection equipment necessary to transfer the electric power of the Alpha and Beta wind farms and future wind farms or EDPR renewable plants connected to the Alpha 500 kV substation to the Nueva Cuestecitas 500 kV Substation. Expected entry into service: July 2025.
- The Asset Optimization Plan, for COP 120,573 (2022: COP 122,521), includes asset upgrade activities, protection works, transmission line bypasses and other activities aimed at preserving and/or improving the quality and reliability of the electric power transmission system. Whereas the aforementioned actions involve multiple assets along the entire electric power transmission system, according to the continuous monitoring of the assets, these projects are permanent and include design, supply, assembly, testing, and commissioning.
- Copey-Cuestecitas 500kV Second Circuit Project, for COP 82,913 (2022: COP 61,396). Includes the supply procurement, construction, testing, and commissioning of the works, and will be installed in the double circuit structure of the Cuestecitas-Copey transmission line being built under the UPME 09-2016 call for bids. Expected entry into service: November 2024.

During 2023, capitalized borrowing costs attributable to the acquisition and construction of eligible assets amounted to COP 234,956 (2022: COP 48,618). The average rate used to determine the amount of borrowing costs was 0.72% (2022: 0.65%) per month, which corresponds to the average effective interest rate on loans.

ISA and its companies currently hold insurance policies for combined material damages, terrorism, and consequential losses, intended to ensure the loss and damage of its fixed assets, except transmission lines and towers.

There are no restrictions, pledges, or guarantee deliveries regarding obligations.

14. INTANGIBLES

	2023	2022
Concessions ⁽¹⁾	12,404,301	15,211,279
Goodwill ⁽²⁾	1,349,286	1,550,294
Rights ⁽³⁾	944,214	1,268,800
Easements ⁽⁴⁾	688,238	769,184
Software	357,047	306,491
Licenses	140,071	136,684
Others	-	64,325
Brands	58	58
	15,883,215	19,307,115
Less accumulated amortization and impairment	(5,646,031)	(6,570,370)
Total intangibles	10,237,184	12,736,745
Intangibles	10,236,812	12,736,260
Right-of-use assets (Note 17) ⁽⁵⁾	372	485

⁽¹⁾ Corresponds to service concessions classified as intangible assets under IFRIC 12 in Peru, Bolivia and Colombia. See Note 26.

⁽²⁾ Includes goodwill from business acquisitions made by ISA CTEEP for COP 615,994 (2022: COP 721,725), ISA Capital do Brasil for COP 355,547 (2022: COP 415,190), ISA Perú for COP 107,385 (2022: COP 135,149), ISA for COP 243,197, for both periods, and Intervial Chile S. A. for COP 27,163 (2022: COP 35,033). The cumulative amortization of goodwill recognized as of December 31, 2023 amounts to COP 999,366 (2022: 1,146,784).

⁽³⁾ Includes mainly rights of use of infrastructure and intangible assets recognized through business combinations in Brazil and Peru.

⁽⁴⁾ Easements are rights acquired for the passage of its operating assets, mainly electric power transmission lines. These assets are acquired in perpetuity; therefore, they do not have a specific term or contractual limit and the right is maintained over time.

⁽⁵⁾ Corresponds to intangible assets recognized under IFRS 16 Leases.

14.1 Reconciliation of initial and final balances of intangible assets

The movement of intangibles for the period ended December 31, with their corresponding amortizations, was as follows:

	Initial balance	Additions ⁽¹⁾	Transfers ⁽²⁾	Impairment (Note 15) ⁽³⁾	Sales and derecognitions	Amortization	Exchange rate effect	Final balance
2023								
Rights and concessions	11,369,405	508,651	(131,122)	(13,215)	(56)	(425,801)	(2,333,801)	8,974,061
Easements	769,184	14,771	14,138	-	(750)	-	(109,105)	688,238
Goodwill and brands ⁽⁴⁾	403,510	-	-	-	-	(9,123)	(44,467)	349,920
Software	152,186	69,083	1,686	-	(523)	(22,613)	(5,186)	194,633
Licenses	33,457	16,635	928	(33)	-	(16,897)	(3,760)	30,330
Customer-related intangibles	9,003	-	(6,345)	-	-	(2,115)	(541)	2
Total	12,736,745	609,140	(120,715)	(13,248)	(1,329)	(476,549)	(2,496,860)	10,237,184

	Initial balance	Additions	Transfers	Impairment (Note 15)	Sales and derecognitions	Amortization	Exchange rate effect	Final balance
2022								
Rights and concessions	9,053,833	803,256	2,122	(34,022)	-	(400,962)	1,945,178	11,369,405
Easements	653,669	7,897	17,006	-	-	-	90,612	769,184
Goodwill and brands ⁽⁴⁾	374,219	-	-	(6,108)	-	(9,260)	44,659	403,510
Software	117,812	58,408	426	(23)	(542)	(28,514)	4,619	152,186
Licenses	32,033	10,122	1,426	(551)	(323)	(13,815)	4,565	33,457
Customer-related intangibles	15,247	-	2,297	(8,019)	-	(4,013)	3,491	9,003
Total	10,246,813	879,683	23,277	(48,723)	(865)	(456,564)	2,093,124	12,736,745

⁽¹⁾ Acquisitions, mainly in Consorcio Transmantaro, for COP 502,864 (2022: COP 758,659), associated with the acquisitions of goods and services of the Coya, Yana, Chinchá, Nazca, Reinforcement 1 and 2 projects of Centro 1, Beta, Pico, and Saya.

⁽²⁾ Mainly includes transfers of assets of the subsidiary Internexa Brasil for COP 39,849, since, at the end of 2023, the investment in its direct holding companies met the criteria to be classified as a non-current asset held for sale. See Note 15.

⁽³⁾ Corresponds to impairment of rights in Internexa Colombia and assets in Internexa Argentina due to revenue erosion. See Note 15.

⁽⁴⁾ Includes goodwill with an indefinite useful life of COP 265,011 (2022: COP 300,646).

There are no restrictions, pledges, or guarantee deliveries regarding obligations.

15. IMPAIRMENT OF ASSETS

As of December 31, 2023 and 2022, ISA and its companies consider that there are no operational or economic indications that the net book value of its non-financial assets may not be recoverable, except for the events that occurred during the period, which were recognized and valued based on the applicable accounting standards.

Impairment expense is presented in other revenues and expenses, net, in the consolidated statement of income. The impairment loss was allocated to non-current assets held for sale, and in 2022, to goodwill (until exhausted) and subsequently to property, plant and equipment and intangible assets based on their carrying amounts.

In the consolidated financial statements, an impairment loss of COP 207,602 (2022: COP 87,544) was recorded.

	2023	2022 ⁽⁴⁾
Property, plant and equipment (Note 13) ⁽¹⁾	(97,761)	(38,821)
Non-current assets held for sale (Note 11) ⁽²⁾	(96,593)	-
Intangible assets (Note 14) ⁽³⁾	(13,248)	(48,723)
Total	(207,602)	(87,544)

The following events occurred during the period:

⁽¹⁾ Consorcio Transmantaro carried out the appraisal of the Yaros land, of the Nueva Yanango project, and adjusted its carrying value to the recoverable amount, reducing it by COP 85,168 (USD 19.7 M), and in Internexa Argentina it was impaired by COP 12,593, derived, mainly, from the impact on revenue erosion in the projection of flows.

⁽²⁾ The interest in the net assets of Internexa Participações and Internexa Peru in Internexa Brazil, which was impaired when comparing the carrying amount with the fair value at the time of its classification as non-current assets held for sale.

⁽³⁾ In Internexa Colombia there is impairment in submarine capacity rights due to the erosion of market prices as a result of the substantial increase in supply for COP 11,248; additionally, there is impairment in Internexa Argentina for COP 2,000.

⁽⁴⁾ Includes: COP 85,568 from Internexa Brazil due to the update of the business plan reflecting erosion in revenues and operating margins, and COP 1,975 from Internexa Argentina due to an increase in the cost of capital.

The key assumptions used in the determination of fair value less costs of disposal for Internexa Argentina are as follows:

Key assumptions	Description
Cash flow projections	The estimate of the recoverable amount was based on the generation of annual operating cash flow, through the projection of revenues, operating costs (opex), capital expenditures (capex) and operating taxes.
Perpetual growth rate	Perpetuity corresponds to the value of the company at the end of the explicit period. The growth rate is defined taking into account not to exceed the growth expectations of the country of operation and the business segment, and the average growth of the last years of the explicit period's cash flows.
Fair value hierarchy	The data is classified as level 3 in the fair value hierarchy.

The values of the discount rate (before tax) and the perpetual growth rate in determining the recoverable value of the companies are presented below:

	Discount rate before taxes		Perpetual growth rate	
	2023	2022	2023	2022
Country				
Argentina	24.32 % (USD)	19.75% (USD)	8.60 %	5.27 %
Brazil	-	13.40% (BRL)	-	4.03 %

15.1 Testing of impairment of goodwill and intangibles with indefinite useful life

For impairment testing purposes, goodwill acquired through business combinations and licenses with indefinite useful lives are allocated to cash-generating units (CGUs).

2023	Energy CGU	Roads CGU	Telecom. CGU	Total CGU
Easements	686,877	-	1,361	688,238
Goodwill	237,849	27,162	-	265,011
Total assets	23,712,941	240,243	544,804	24,497,988

2022	Energy CGU	Roads CGU	Telecom. CGU	Total CGU
Easements	768,354	-	830	769,184
Goodwill	265,612	35,034	-	300,646
Total assets	26,172,676	316,197	732,161	27,221,034

Basis of estimate	Value in use
Approach	Estimated budgets
Time horizon	5 years
Discount rate before tax	WACC

As of December 2023, there is no evidence of impairment on intangible assets with an indefinite useful life. The entity has carried out an evaluation and has found no evidence suggesting that the value in use of these assets may be compromised.

Energy CGU: includes energy transmission in Colombia, Chile, Peru and Bolivia; remuneration is determined according to the methodology established by the oversight and control entities within the framework of the regulations applicable to each jurisdiction.

Telecommunications CGU: CGU comprises all telecommunications network assets.

Roads CGU: made up of assets that generate revenues through the management and operation of road infrastructures. These assets include roads and bridges; Its main source of revenue comes from toll collections from users. The duration of the concessions, regulated by the Government, establishes the period during which it has the right to operate and receive revenues.

Key assumptions used in calculating value in use and sensitivity to changes in assumptions used

The calculation of the value in use, for each CGU, is mostly sensitive to the following assumptions:

- gross margins
- discount rates
- price inflation
- market share

16. COMMITTED INVESTMENTS

ISA and its companies have committed investments, pending execution (backlog+) in the period 2024-2030, for COP 31.1 trillion. These investment commitments are based on the best estimate of the balance to invest in contracts awarded, estimated needs for reinforcements and expansions of existing infrastructure, asset replacement, investments required to maintain the useful life and proper operation of the network, capital contributions to companies with joint control, technological developments, and maintenance of the operating headquarters of ISA and its companies. These investments represent a strategic commitment to expand and upgrade infrastructure, improve operating efficiency, and encourage the adoption of sustainable technologies, increasing cash flow generation and shareholder value for ISA.

The backlog+ includes the outstanding investment balances to be executed from projects awarded in previous years and 2023: energy transmission projects in Peru, Brazil, and Colombia (Lots 1, 7, and 9 in ISA CTEEP, Group 1 in Transmantaro, capital contributions to TOCE CEPI and connections in Peru and Colombia), as well as new concessions in the Roads business in Chile and Panama (Orbital Sur and Panamericana).

The backlog+ to 2030 is distributed as follows:

- Projects awarded for COP 20.2 trillion in the energy transmission business (71%), road construction and improvement (24%) and telecommunications business development (5%).
- Reinforcement and improvements for the existing network of ISA CTEEP and subsidiaries for COP 3.3 trillion, approved by the National Electric Energy Agency (ANEEL). In addition, it is estimated that COP 3.9 trillion will be executed in reinforcements and improvements pending approval by the regulator.
- Capital contributions to the Kimal Lo Aguirre Connection in Chile and the TOCE CEPI transmission project in Peru, totaling COP 1.6 trillion.
- Projected investments in maintenance and optimization of existing assets for COP 1.2 trillion and investments in technological developments and maintenance of sites for COP 0.9 trillion.

The investment commitment to be executed in the 2024-2030 period is concentrated in 81% in Energy, 15% in Roads, and the remaining 4% in Telecommunications.

The value of committed investments pending execution may vary, among other factors, due to adjustments in the scope of the projects; prices of equipment, services and materials; and variations in macroeconomic esti-

mates, such as exchange rates and price indexes; therefore, the amounts of investment commitments reported herein are estimates made in good faith, based on information available to date, and in no way constitute an express or implied promise, representation, or guarantee by ISA.

17. RIGHT-OF-USE ASSETS, ACCOUNTS RECEIVABLE, AND LEASE LIABILITIES

17.1 ISA and its companies as lessees

ISA and its companies have leases of real estate, networks and lines, land, vehicles, substation components and computer and communications equipment used in their operations. Property and land leases have an average lease term of six to ten years; substation components, eight years; networks and lines, four years; vehicles, five years; and computer equipment, three years.

In general, leases are adjusted for inflation. ISA and its companies apply the exceptions for the recognition of leases of underlying assets of low value and lease term equal to or less than twelve months.

The carrying amount of right-of-use assets for the period was COP 200,425 (2022: COP 261,177) and movements during the period are included in Notes 12 "Property, plant and equipment" and 13 "Intangible assets."

	2023	2022
Right-of-use assets, property, plant, and equipment (Note 13)	200,186	260,692
Right-of-use assets, intangibles (Note 14)	372	485
Total right-of-use assets	200,558	261,177

The carrying amounts and movements of lease liabilities and the amounts recognized in the consolidated income statement for leases are detailed below:

	2023	2022
Initial balance	283,711	219,605
Additions	115,864	110,988
Withdrawals	(34,287)	(10,757)
Interest	11,268	13,365
Conversion	(28,491)	38,171
Lease payments	(97,221)	(91,984)
Other changes ⁽¹⁾	(42,537)	4,323
Final balance	208,307	283,711
Present value of minimum lease payments		
Less than one year	60,771	81,021
Between one and five years	119,125	155,513
More than five years	28,411	47,177
Total	208,307	283,711

⁽¹⁾ Mainly includes obligations for COP 38,478 of the subsidiary Internexa Brazil, since, at the end of 2023, the investment in its direct holding companies met the criteria to be classified as a non-current asset held for sale. See Note 11.

The net value recognized in the consolidated income statement is detailed below:

	2023	2022
Depreciation expenses of leased assets	(88,791)	(80,641)
Interest expense of lease liabilities	(11,268)	(13,365)
Short-term, low value lease expense and variable lease payments	(12,295)	(12,816)
Total net value recognized in consolidated income	(112,354)	(106,822)
Cash flows from lease payments	88,791	91,984

17.2 ISA and its companies as lessors

ISA and its companies have operating leases for electrical infrastructure, dark fiber, buildings, machinery, telecommunications equipment and land. Generally, lease payments are updated according to market indices. Assets under operating leases are insured and have no repurchase agreements or residual value guarantees. Lease revenues recognized in the year amount to COP 19,193 (2022: COP 16,194).

The minimum future operating lease receivables are as follows:

	2023	2022
Less than one year	7,804	6,788
Between one and five years	4,440	4,815
Total	12,244	11,603

ISA and its companies have electrical infrastructure leasing contracts with an average term of twelve years. Generally, lease payments are updated according to market indices. Assets under finance leases are insured and have no repurchase agreements or residual value guarantees.

Future minimum lease receivables and movements are as follows:

	2023	2022
Initial balance (Note 7)	704,175	568,496
Interest	81,301	75,176
Lease payments received	(52,085)	(59,905)
Exchange difference	(148,051)	120,408
Final balance (Note 7)	585,340	704,175
Minimum lease payments		
Less than one year	171,176	86,493
Between one and five years	256,764	255,348
More than five years	1,019,460	1,061,055
Total minimum lease payments	1,447,400	1,402,896
Less non-cumulative financial income	(862,060)	(698,721)
Current value of minimum lease payments	585,340	704,175

18. FINANCIAL LIABILITIES

The balance of financial liabilities as of December 31, 2023 and 2022 comprises:

	2023	2022
Financial liabilities at amortized cost		
Outstanding bonds (18.1)	25,011,531	28,993,448
Financial liabilities (18.2)	5,937,951	5,051,228
Total financial liabilities at amortized cost	30,949,482	34,044,676
Financial liabilities at fair value		
Derivative financial instruments (18.3)	44,134	125,424
Total financial liabilities	30,993,616	34,170,100
Current	2,477,276	2,080,458
Non-current	28,516,340	32,089,642

The carrying amounts and movements of financial liabilities are detailed below:

	2023	2022
Financial liabilities initial balance	34,170,100	27,940,442
Bonds issuance	2,813,729	3,311,706
Bond payment	(2,237,217)	(2,590,476)
Obtaining loans	3,329,350	2,019,515
Loans reimbursement	(1,700,549)	(2,511,180)
Interest paid	(2,162,537)	(1,919,029)
Net payments of financial derivatives	(64,109)	(18,953)
Total variations in cash flows from financing activities	(21,333)	(1,708,417)
Currency conversion	(5,803,445)	4,566,668
Interest accrual	2,397,493	1,994,333
Financial restatement by index	583,309	890,251
Changes in the valuation of financial derivatives	(317,453)	447,137
Other changes	(15,055)	39,686
Total changes that do not affect cash flows from financing activities	(3,155,151)	7,938,075
Financial liabilities final balance	30,993,616	34,170,100
Current	2,477,276	2,080,458
Non-current	28,516,340	32,089,642

In the periods reported on, the payment of principal and interest on the obligations of ISA and its companies has been complied with.

18.1 Outstanding bonds

Financing source	Original currency	Date issuance	Maturity date	Term year	Interest rate	2023		2022			
						Nominal value	Amortized cost value	Nominal value	Amortized cost value		
Colombia											
Tranche 7 Series A Program ⁽¹⁾	COP	12/01/2011	12/01/2023	12	CPI	+	4.47%	-	-	180,000	180,199
Tranche 7 Series B Program	COP	12/01/2011	12/01/2041	30	CPI	+	4.84%	120,000	119,915	120,000	119,395
Tranche 8 Series C15 Program	COP	05/22/2013	05/22/2028	15	CPI	+	3.25%	100,000	102,125	100,000	102,665
Tranche 9 Series C10 Program	COP	05/07/2015	05/07/2025	10	CPI	+	3.80%	100,000	102,295	100,000	102,871
Tranche 9 Series C15 Program	COP	05/07/2015	05/07/2030	15	CPI	+	4.14%	120,000	123,120	120,000	123,556
Tranche 9 Series C20 Program	COP	05/07/2015	05/07/2035	20	CPI	+	4.34%	280,000	287,452	280,000	288,359
Tranche 10 Series C8 Program	COP	02/16/2016	02/16/2024	8	CPI	+	4.73%	115,000	117,101	115,000	117,973
Tranche 10 Series C12 Program	COP	02/16/2016	02/16/2028	12	CPI	+	5.05%	152,000	155,347	152,000	156,080
Tranche 10 Series C25 Program	COP	02/16/2016	02/16/2041	25	CPI	+	5.38%	133,000	135,773	133,000	136,313
Tranche 11 Series A7 Program	COP	04/18/2017	04/18/2024	7	Fixed rate		6.75%	260,780	264,192	260,780	264,148
Tranche 11 Series C15 Program	COP	04/18/2017	04/18/2032	15	CPI	+	3.81%	196,300	203,063	196,300	203,913
Tranche 11 Series C25 Program	COP	04/18/2017	04/18/2042	25	CPI	+	4.00%	242,920	251,418	242,920	252,381
Tranche 12 Series A8 Program	COP	11/28/2017	11/28/2025	8	Fixed rate		6.99%	150,080	150,943	150,080	150,924
Tranche 12 Series C14 Program	COP	11/28/2017	11/28/2031	14	CPI	+	3.75%	120,100	122,507	120,100	123,061
Tranche 12 Series C30 Program	COP	11/28/2017	11/28/2047	30	CPI	+	3.98%	229,820	234,577	229,820	235,507
Tranche 13 Series C9 Program	COP	07/25/2018	07/25/2027	9	CPI	+	3.49%	156,500	161,548	156,500	162,422
Tranche 13 Series C15 Program	COP	07/25/2018	07/25/2033	15	CPI	+	3.89%	142,063	147,005	142,063	147,623
Tranche 13 Series C25 Program	COP	07/25/2018	07/25/2043	25	CPI	+	4.07%	201,437	208,616	201,437	209,414
Tranche 14 Series A9 Program	COP	08/13/2020	08/13/2029	9	Fixed rate		6.33%	160,000	161,095	160,000	161,080
Tranche 14 Series G20 Program	UVR	08/13/2020	08/13/2040	20	Fixed rate		3.67%	182,416	184,693	165,369	167,429
International bond 144A Reg/S ⁽²⁾	USD	11/26/2021	11/26/2033	12	Fixed rate		3.83%	1,261,276	1,260,360	1,587,366	1,585,635
Tranche 15 Subseries C7 Program ⁽³⁾	COP	11/22/2023	11/22/2030	7	CPI	+	5.10%	176,000	178,591	-	-
Tranche 15 Subseries C14 Program ⁽³⁾	COP	11/22/2023	11/22/2037	14	CPI	+	5.33%	224,000	227,350	-	-
Tranche 15 Subseries C21 Program ⁽³⁾	COP	11/22/2023	11/22/2044	21	CPI	+	5.30%	100,000	101,492	-	-
Total ISA								4,923,692	5,000,578	4,912,735	4,990,948
Series A Bonds ⁽⁴⁾	USD	07/08/2016	01/15/2034	18	Fixed rate		6.75 %	513,951	489,245	687,383	639,153

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Financing source	Original currency	Date issuance	Maturity date	Term year	Interest rate			2023		2022	
								Nominal value	Amortized cost value	Nominal value	Amortized cost value
Series B Bonds	UVR	07/08/2016	01/15/2034	18	Fixed rate	6.25 %		486,213	413,206	440,777	378,705
Total Ruta Costera								1,000,164	902,451	1,128,160	1,017,858
Third issue Series A15	COP	10/11/2011	10/11/2026	15	CPI	+ 4.48 %		100,000	102,596	100,000	102,698
Total Transelca								100,000	102,596	100,000	102,698
COLOMBIA								6,023,856	6,005,625	6,140,895	6,111,504
Peru											
2P 20. th Issuance (Series A)	USD	01/20/2011	01/19/2026	15	Fixed Rate	6.50%		145,238	146,865	182,788	184,323
3P 4. th Issuance (Series A)	USD	10/19/2012	04/19/2031	19	Fixed Rate	5.88%		152,882	154,210	192,408	193,594
3P 1. st Issuance (Series B) ⁽⁵⁾	PEN	02/07/2013	02/07/2023	10	Fixed Rate	5.13%		-	-	97,344	98,976
Total ISA REP								298,120	301,075	472,540	476,893
International 144A Bonds	USD	04/16/2019	04/16/2034	15	Fixed Rate	4.70%		2,293,230	2,399,961	2,886,120	3,031,738
International 144A Bonds	USD	04/11/2022	04/16/2038	16	Fixed Rate	5.20%		1,911,025	1,872,150	2,405,100	2,352,126
Total Consorcio Transmantaro								4,204,255	4,272,111	5,291,220	5,383,864
PERU								4,502,375	4,573,186	5,763,760	5,860,757
Brazil											
Debentures 5ª Emissão	BRL	03/30/2017	02/15/2024	7	IPCA	+ 5.04%		331,280	339,693	369,524	376,274
Debentures 7ª Emissão	BRL	05/02/2018	04/15/2025	7	IPCA	+ 4.70%		666,171	667,198	743,116	741,948
Debentures 8ª Emissão ⁽⁶⁾	BRL	12/15/2019	12/15/2029	10	IPCA	+ 3.50%		412,873	402,705	460,562	446,724
Debentures 9ª Emissão (Series 1)	BRL	12/07/2020	11/15/2028	8	CDI	+ 2.83%		631,574	638,802	737,520	746,873
Debentures 9ª Emissão (Series 2)	BRL	12/07/2020	05/15/2044	23	IPCA	+ 5.30%		699,122	682,545	809,355	787,265
Debentures 10.ª Emissão	BRL	02/11/2021	07/15/2044	23	IPCA	+ 5.07%		723,196	714,337	737,087	756,050
Nota Promissória ⁽⁵⁾	BRL	05/07/2021	05/06/2024	3	CDI	+ 1.25%		-	-	1,106,281	1,311,749
Debentures 11ª Emissão (Series 1)	BRL	10/28/2021	10/15/2031	10	IPCA	+ 5.77%		594,981	584,179	663,704	649,168
Debentures 11ª Emissão (Series 2)	BRL	10/28/2021	10/15/2039	18	IPCA	+ 5.86%		250,121	240,023	279,011	266,592
Debentures 12ª Emissão	BRL	04/18/2022	04/15/2029	7	CDI	+ 1.55%		552,627	565,974	645,330	662,850
Debentures 13ª Emissão ⁽⁷⁾	BRL	03/24/2023	03/15/2030	7	CDI	+ 1.50%		434,207	448,640	-	-
Debentures 14ª Emissão (Serie 1) ⁽⁷⁾	BRL	10/25/2023	10/15/2033	10	IPCA	+ 6.26%		621,499	603,690	-	-
Debentures 14a Emissão (Series 2) ⁽⁷⁾	BRL	10/25/2023	10/15/2038	15	IPCA	+ 6.44%		885,096	846,824	-	-

Continue ▼

Financing source	Original currency	Date issuance	Maturity date	Term year	Interest rate	2023		2022		
						Nominal value	Amortized cost value	Nominal value	Amortized cost value	
Total ISA CTEEP ⁽⁸⁾						6,802,747	6,734,610	6,551,490	6,745,493	
BRAZIL						6,802,747	6,734,610	6,551,490	6,745,493	
Chile										
Series C Bond ⁽⁹⁾	UF	06/15/2018	06/15/2025	7	Fixed rate	4.85%	619,864	604,094	1,144,541	1,100,337
Series D Bond	UF	06/15/2018	12/15/2030	13	Fixed rate	3.20%	1,590,732	1,477,720	1,958,127	1,792,995
Series E Bond	UF	06/15/2018	12/15/2024	7	Fixed rate	2.30%	24,046	24,180	108,534	109,284
Series F Bond	UF	06/15/2018	12/15/2030	13	Fixed rate	2.30%	810,713	848,714	997,956	1,054,884
Total Ruta del Maipo						3,045,355	2,954,708	4,209,158	4,057,500	
Series A Bond	UF	02/05/2021	06/30/2050	29	Fixed rate	3.85%	141,954	115,011	174,740	144,107
Series C Bond	UF	11/15/2022	06/30/2050	28	Fixed rate	3.85%	308,997	313,559	380,363	377,807
Series D Bond ⁽¹⁰⁾	UF	09/15/2023	06/30/2050	27	Fixed rate	3.85%	281,023	270,455	-	-
Total Ruta del LOA						731,974	699,025	555,103	521,914	
144a Reg/s Bond ⁽¹¹⁾	USD	07/26/2021	06/30/2056	35	Fixed Rate	4.5%	4,102,470	4,044,377	5,772,240	5,696,280
Total Interchile						4,102,470	4,044,377	5,772,240	5,696,280	
CHILE						7,879,799	7,698,110	10,536,501	10,275,694	
Total outstanding bonds						25,208,777	25,011,531	28,992,646	28,993,448	

The main operations of the outstanding bonds for the period are explained below:

⁽¹⁾ In December, ISA makes the total payment of the Tranche 7 Series A Local Bonds, for COP 180,000.

⁽²⁾ Financial instrument under hedge accounting for investments abroad, since the resources of USD 330,000,000 were used for capitalizations of the companies in other locations. See Note 24.

⁽³⁾ In November, ISA places public debt bonds in the local capital market for COP 500,000, corresponding to subseries C7 (maturity in 2030), C14 for COP 224,000 (maturity in 2037) and C21 (maturity in 2044), which correspond to the Fifteenth Tranche of the ISA Domestic Public Debt Securities Issuance and Placement Program, intended to cover the investment plan defined by the company.

⁽⁴⁾ In January, Ruta Costera amortizes the Series A Bonds for COP 39,194 (USD 7.9 M).

⁽⁵⁾ In February, ISA REP makes the full payment of the bond corresponding to the first issuance, Series B, of the Third program for COP 97,404 (PEN 75.3 M) and terminates the associated swap.

⁽⁶⁾ In May and November, CTEEP makes payments to the 9th issuance of Debentures (Series 2) for COP 27,760 (BRL 33.2 M) and prepaid the 8th Promissory Note for COP 967,846 (BRL 1,200 M).

⁽⁷⁾ In March and October, CTEEP carried out the 13th issuance of Debentures for COP 500,945 (BRL 550 M) and carried out the 14th issuance of Debentures Series 1 and 2 for COP 1,525,571 (BRL 1,900 M), intended to cover the cash flow needs and the investment plan, respectively.

⁽⁸⁾ During 2023, CTEEP obtained a monetary adjustment increase in the balance of bonds indexed to the IPCA for COP 253,011 (BRL 294 M).

⁽⁹⁾ In June and December, Ruta del Maipo amortizes the Series C Bond for COP 428,915 (UF 2.3 M).

⁽¹⁰⁾ In September, Ruta del Loa issues the Local Series D Bond for COP 287,213 (UF 1.7 M), for purposes of debt management operation, to make the payment of balances, equivalent to the same amount, of the Senior Loan of the F1 Tranche in UF with Banco Santander Chile, Compañía de Seguros Euroamérica, and Compañía de Seguros Confuturo.

⁽¹¹⁾ In October and November, Interchile repurchased the international bonds for USD 510,395 M (USD 126.6 M).

18.2 Financial liabilities

Financing source	Original currency	Date issuance	Maturity date	Term years	Interest rate	2023		2022			
						Nominal value	Amortized cost value	Nominal value	Amortized cost value		
Colombia											
Bancolombia	COP	04/25/2023	04/25/2030	7	IBR (6M)	+	2.44%	450,000	460,893	-	-
Bancolombia	COP	10/18/2023	04/25/2030	7	IBR (6M)	+	2.44%	150,000	153,894	-	-
Bancolombia	COP	12/14/2023	12/14/2034	11	IBR (6M)	+	4.83%	250,000	251,883	-	-
Banco Davivienda	COP	12/27/2023	12/27/2035	12	CPI	+	6.12%	250,000	250,434	-	-
Total ISA								1,100,000	1,117,104		
Bancolombia	COP	05/11/2018	11/11/2028	11	IBR (6M)	+	2.20%	42,476	44,095	50,971	52,788
Bancolombia	COP	11/02/2018	11/02/2028	10	IBR (6M)	+	2.20%	16,429	17,089	19,714	20,439
Bancolombia	COP	19/02/2019	19/02/2029	10	IBR (6M)	+	2.20%	4,334	4,646	5,124	5,424
Banco Davivienda	COP	05/23/2019	05/23/2029	10	IBR (6M)	+	3.30%	7,071	7,378	8,357	8,715
Banco Davivienda	COP	08/01/2019	05/23/2029	10	IBR (6M)	+	3.30%	7,071	7,377	8,357	8,712
Banco Davivienda	COP	04/15/2020	04/15/2030	10	IBR (3M)	+	3.19%	9,286	9,537	10,000	10,185
Banco Davivienda	COP	09/14/2020	09/14/2030	10	IBR (3M)	+	3.45%	3,664	3,730	3,800	3,858
Banco Davivienda	COP	11/25/2020	11/25/2030	10	IBR (3M)	+	3.45%	7,714	7,726	8,000	7,978
Banco Davivienda	COP	12/18/2020	09/14/2030	10	IBR (3M)	+	3.45%	7,907	7,919	8,200	8,360
Banco Davivienda	COP	06/16/2020	03/16/2031	11	IBR (3M)	+	3.99%	7,000	7,126	7,000	7,259
Banco Davivienda	COP	10/07/2021	06/16/2031	10	IBR (3M)	+	3.99%	7,000	7,121	7,000	7,252
Banco Davivienda	COP	11/11/2021	06/16/2031	10	IBR (3M)	+	3.99%	16,000	16,268	16,000	16,567
Banco Davivienda	COP	11/29/2021	06/16/2031	10	IBR (3M)	+	3.99%	20,000	20,332	20,000	20,706
Bancolombia	COP	03/24/2022	03/24/2023	1	IBR (3M)	+	2.26%	-	-	7,500	7,668
Bancolombia	COP	05/13/2022	05/13/2023	1	IBR (3M)	+	2.47%	-	-	14,422	14,494
Banco Popular	COP	06/10/2022	06/10/2027	5	IBR (3M)	+	2.65%	12,900	13,098	12,900	13,314

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Financing source	Original currency	Date issuance	Maturity date	Term years	Interest rate	2023		2022	
						Nominal value	Amortized cost value	Nominal value	Amortized cost value
Banco Popular	COP	08/08/2022	08/08/2027	5	IBR (6M) + 2.20%	51,085	53,953	51,085	52,764
Total Internexa						219,937	227,395	258,430	266,483
Bancolombia	COP	12/21/2016	01/15/2028	11	CPI + 7.50%	189,000	200,783	242,125	255,303
Banco de Bogotá	COP	12/21/2016	01/15/2034	17	CPI + 9.00%	144,000	151,285	147,000	153,227
Banco de Occidente	COP	12/21/2016	01/15/2034	17	CPI + 9.00%	144,000	151,270	147,000	153,212
Ashmore-CAF	COP	12/21/2016	01/15/2034	17	Fixed rate 7.40%	200,730	200,206	181,972	180,929
FDN	COP	07/05/2018	07/08/2035	17	IBR (3M) + 8.20%	3,595	3,954	4,353	4,695
Total Ruta Costera						681,325	707,498	722,450	747,366
Banco BBVA	COP	10/27/2021	10/27/2031	10	CPI + 3.05%	158,050	162,876	158,050	163,720
Banco BBVA	COP	10/07/2021	10/07/2028	7	CPI + 2.50%	70,500	72,797	70,500	73,181
Banco BBVA	COP	07/27/2022	07/27/2027	5	CPI + 3.64%	194,000	198,960	194,000	199,806
Banco de Occidente	COP	07/27/2023	07/27/2024	1	IBR (3M) + 3.25%	37,427	38,450	-	-
Bancolombia	COP	11/28/2023	11/28/2033	10	CPI + 8.01%	208,670	212,026	-	-
Total Transelca						668,647	685,109	422,550	436,707
COLOMBIA						2,669,909	2,737,106	1,403,430	1,450,556
Peru									
Scotiabank	USD	09/20/2019	09/13/2025	6	Fixed rate 3.10%	267,544	269,651	336,714	339,083
Scotiabank	USD	06/02/2022	06/02/2023	1	Fixed rate 2.57%	-	-	48,102	48,825
Scotiabank	USD	06/02/2022	06/02/2023	1	Fixed rate 2.57%	-	-	144,306	146,475
EDC	USD	12/06/2022	11/29/2030	8	Sofr (6M) + 2.00%	152,876	151,538	192,401	189,756
EDC	USD	06/02/2023	11/29/2030	8	Sofr (6M) + 2.00%	114,659	118,266	-	-
EDC	USD	03/15/2023	11/29/2030	8	Sofr (6M) + 2.00%	137,594	140,632	-	-
Total ISA REP						672,673	680,087	721,523	724,139



Financing source	Original currency	Date issuance	Maturity date	Term years	Interest rate			2023		2022	
								Nominal value	Amortized cost value	Nominal value	Amortized cost value
Scotiabank	USD	11/09/2022	11/04/2023	1	Fixed rate	6.15 %		-	-	33,671	33,963
BCP	USD	12/05/2023	04/12/2024	1	Fixed rate	6.88 %		145,238	145,938	-	-
Total Consorcio Transmantaro								145,238	145,938	33,671	33,963
Scotiabank	PEN	04/24/2022	11/24/2026	5	Fixed rate	7.15 %		238,050	238,974	313,869	314,933
BCP	USD	08/22/2022	08/22/2023	1	Fixed rate	4.68 %		-	-	19,241	19,567
BCP	USD	09/22/2022	09/13/2032	10	Fixed rate	6.36 %		290,476	293,851	365,575	369,527
Total ISA Perú								528,526	532,825	698,685	704,027
Interbank	USD	02/05/2016	07/28/2024	8	SOFR (6M)	+ 2.52 %		5,096	5,191	11,546	11,782
Interbank	PEN	05/08/2020	04/23/2023	3	Fixed rate	0.98 %		-	-	1,577	1,607
Banco BCP	USD	05/27/2022	05/27/2027	5	SOFR (3M)	+ 3.82 %		14,283	14,448	21,578	21,788
Interbank	USD	10/10/2022	06/16/2027	5	SOFR (3M)	+ 3.30 %		14,333	14,677	22,852	23,245
Interbank	USD	12/19/2023	03/18/2024	0	SOFR (6M)	+ 4.25 %		24,843	24,489	-	-
Total Internexa Perú								58,555	58,805	57,553	58,422
PERU								1,404,992	1,417,655	1,511,432	1,520,551

Brazil

ELETRORBRAS	BRL	01/08/1990	11/15/2021	32	Fixed rate	8.00 %		-	-	-	2
BNDES III (FINEM)	BRL	01/29/2014	03/15/2029	15	TJLP*	+ 1.80%		81,112	81,253	111,500	111,696
BNDES III (PSI)	BRL	01/29/2014	01/15/2024	10	Fixed rate	3.50%		672	673	10,198	10,205
BNDES III (Social)	BRL	01/29/2014	03/15/2029	15	TJLP*	+ 0.00%		676	26	927	24
BNDES IV	BRL	08/08/2017	03/15/2032	15	TJLP	+ 2.62%		129,144	129,184	167,294	167,335
BNDES IV (Social)	BRL	08/08/2017	03/15/2032	15	TJLP	+ 0.00%		767	31	993	30
BNDES V	BRL	03/21/2022	12/15/2041	20	TLP	+ 2.01%		265,293	264,004	215,436	213,930
Total ISA CTEEP								477,664	475,171	506,348	503,222

* TJLP: Long-Term Interest Rate



Financing source	Original currency	Date issuance	Maturity date	Term years	Interest rate	2023		2022		
						Nominal value	Amortized cost value	Nominal value	Amortized cost value	
Banco do Nordeste	BRL	05/19/2010	05/19/2030	20	Fixed rate	8.50%	84,832	85,133	112,056	112,412
Total IE Norte e Nordeste							84,832	85,133	112,056	112,412
Banco ABC	BRL	01/03/2018	03/06/2023	5	CDI	+ 3.91%	-	-	1,030	1,039
Banco ABC	BRL	06/25/2018	03/06/2023	5	CDI	+ 3.41%	-	-	2,070	2,088
Banco Safra	BRL	05/10/2019	05/10/2024	5	CDI	+ 2.50%	-	-	6,530	6,591
Itaú	BRL	03/06/2020	08/12/2024	4	CDI	+ 3.28%	-	-	28,718	30,566
Banco ABC	BRL	11/23/2020	11/23/2023	3	CDI	+ 3.90%	-	-	2,434	2,443
Banco BOCOM	BRL	11/26/2020	11/27/2023	3	CDI	+ 3.10%	-	-	6,592	6,647
Banco Safra	BRL	08/18/2021	03/20/2023	2	CDI	+ 6.04%	-	-	3,688	3,705
Banco Sofisa	BRL	06/01/2022	05/23/2025	3	Fixed rate	N/A	-	-	5,123	5,144
Banco Fibra	BRL	07/29/2022	07/28/2025	3	CDI	+ 4.00%	-	-	9,219	9,229
China Construction Bank	BRL	12/23/2022	12/21/2023	1	CDI	+ 3.92%	-	-	46,095	46,260
Total Internexa Brasil							-	-	111,499	113,712
BRAZIL							562,496	560,304	729,903	729,346
Chile										
BCI	CLP	05/25/2020	04/25/2024	4	Fixed rate	3.50%	303	303	1,535	1,047
BCI	CLP	03/04/2021	03/02/2026	5	Fixed rate	4.86%	5,199	5,284	9,170	6,354
Scotiabank	USD	06/29/2022	12/18/2024	2	Fixed rate	5.88%	3,822	3,768	9,622	13,041
Total Internexa Chile							9,324	9,355	20,327	20,442
Banco de Chile Tranche G	CLP	05/20/2021	03/15/2024	3	Fixed rate	2.15%	-	-	26,810	26,841
Banco Estado Tranche G	CLP	05/20/2021	03/15/2024	3	Fixed rate	2.15%	-	-	9,501	11,047
Banco Itaú Tranche G	CLP	05/20/2021	03/15/2024	3	Fixed rate	2.15%	-	-	16,257	14,741
Banco de Chile Tranche F1	UF	09/15/2022	03/15/2025	2	TAB (180)	+ 1.28%	-	-	135,615	136,207

Financing source	Original currency	Date issuance	Maturity date	Term years	Interest rate	2023		2022	
						Nominal value	Amortized cost value	Nominal value	Amortized cost value
Banco Itaú Corpbanca F1	UF	09/15/2022	03/15/2025	2	TAB (180) + 1.28 %	-	-	55,815	56,058
Banco del Estado F1	UF	09/15/2022	03/15/2025	2	TAB (180) + 1.28 %	-	-	74,482	74,807
Banco Chile Tranche F	UF	09/15/2023	03/15/2025	1	TAB (180) + 1.28 %	163,824	258,083	-	-
Banco Estado Tranche F	UF	09/15/2023	03/15/2025	1	TAB (180) + 1.28 %	89,805	68,368	-	-
Corpbanca Tranche F	UF	09/15/2023	03/15/2025	1	TAB (180) + 1.28 %	67,380	389	-	-
Total Ruta de la Araucanía						321,009	326,840	318,480	319,701
Banco BCI	UF	03/15/2019	09/15/2025	7	TAB (360) + 0.90 %	85,937	88,906	57,708	58,988
Banco BICE	UF	03/15/2019	09/15/2025	7	TAB (360) + 0.90 %	73,593	75,859	51,412	50,512
Ruta de los Ríos						159,530	164,765	109,120	109,500
Banco Santander Chile	UF	09/27/2018	06/15/2050	32	Fixed rate 3.85 %	11,943	11,782	7,992	9,606
Compañía de Seguros EuroAmérica	UF	09/27/2018	06/15/2050	32	Fixed rate 3.85 %	120,072	118,478	79,625	95,707
Compañía de Seguros Confuturo	UF	09/27/2018	06/15/2050	32	Fixed Rate 3.85 %	48,013	47,373	31,771	38,188
Banco Santander Chile	CLP	09/27/2018	06/15/2023	5	TAB (30) + 1.10 %	53,192	53,193	57,018	27,142
Total Ruta del LOA						233,220	230,826	176,406	170,643
Banco Itaú Corpbanca	CLP	05/03/2021	05/05/2025	4	Fixed rate 2.05 %	192,858	192,832	397,998	398,246
Scotiabank Chile	CLP	05/20/2021	05/20/2026	5	Fixed rate 2.50 %	298,313	298,268	332,400	332,243
Total Intervial Chile						491,171	491,100	730,398	730,489
CHILE						1,214,254	1,222,886	1,354,731	1,350,775
Total financial liabilities						5,851,651	5,937,951	4,999,496	5,051,228

The main transactions involving financial liabilities for the period are explained below:

ISA

In April and October 2023, ISA received loan disbursements from Bancolombia for COP 450,000 and COP 150,000, respectively; in addition, in December, it received two disbursements from Bancolombia and Banco Davivienda for COP 500,000, intended to cover the company's investment plan.

INTERNEXA

In 2023, it prepaid two treasury loans to Bancolombia for COP 21,922, and made amortizations, according to ordinary payment schedules, to Bancolombia for COP 12,571 and Davivienda for COP 4,000.

In 2022, it paid loans with Banco Popular for COP 6,966 and with Bancolombia for COP 5,890; it made disbursements with Banco Popular for COP 12,900 for the investment plan, and with Bancolombia it disbursed treasury loans for COP 21,922. In August and November, it carried out a debt management operation with Banco Popular for COP 51,085, improving interest rate and term, and made payments to Bancolombia for COP 6,285, and to Banco Davivienda for COP 1,285.

RUTA COSTERA

In 2023, it made ordinary payments to loans entered into with Bancolombia for COP 53,125, Banco de Bogotá for COP 3,000, Banco de Occidente for COP 3,000, Financiera de Desarrollo Nacional (FDN) for COP 758.

In 2022, it paid loans with Bancolombia for COP 7,875, Banco de Bogotá for COP 3,000, Banco de Occidente for COP 3,000 and amortizes a loan of COP 298 in favor of Financiera de Desarrollo Nacional (FDN).

ISA TRANSELCA

In 2023, it received disbursements of new loans from Banco de Occidente for COP 37,427 for cash flow, and from Bancolombia for COP 208,670 for the investment plans.

In 2022, it disbursed a new loan for COP 194,000 to finance the Smart Valves Santa Marta, Copey Expansion and Nabusimake Connection projects.

ISA REP

During 2023, it disbursed loans with the Export Development Canada agency, maturing in 2030, for COP 310,822 (USD 66 M), intended for refinancing loans contracted with Scotiabank for COP 185,091 (USD 40 M).

In 2022, a refinancing operation was carried out; a loan from Banco de Crédito del Perú (BCP) was repaid and a new loan from Scotiabank for COP 192,408 (USD 40 M) was disbursed. In November, it carried out a management

transaction; a new loan for COP 192,400 (USD 40 M) was disbursed with Scotiabank, the First Series A Issuance of the Third Bond Program for COP 131,135 (PEN 104 M) was cancelled, and the associated swap was terminated. In December, through a management transaction, it cancelled the Scotiabank loan and disbursed a loan with Export Development Canada (EDC) for the same amount, with an eight-year term, improving the average life of the portfolio.

TRANSMANTARO

In 2023, it disbursed loans with Banco de Crédito del Perú (BCP) for COP 378,062 (USD 88 M) for cash flow focused on the COYA YANA projects and reinforcements in progress, and made full payment of loans with Scotiabank for COP 27,865 (USD 7 M) and with BCP for COP 191,103 (USD 50 M).

In 2022, it prepaid loans to Banco de Crédito del Perú (BCP) for COP 192,408 (USD 40 M) and Scotiabank for COP 48,102 (USD 10 M), and in November disbursed a new short-term loan for COP 33,671 (USD 7 M), for cash flow purposes.

ISA PERÚ

In 2023, the loan with BCP for COP 18,509 (USD 4 M) was prepaid, and it made payments to Scotiabank for COP 19,174 (PEN 18 M), respectively.

In 2022, it carried out a refinancing operation, paid a short-term loan from Scotiabank for COP 313,869 (PEN 249 M) and disbursed a new loan with Scotiabank for the same amount, with a 4.66-year term. It also carried out a refinancing operation, cancelled a loan with Bank of Nova Scotia for COP 396,842 (USD 82.5 M) and disbursed new loans with Banco de Crédito del Perú (BCP) for COP 384,816 (USD 80 M); the remaining balance of USD 2.5 M was cancelled with the company's cash surplus.

INTERNEXA PERÚ

In 2023, it made payments to loans with BCP and Interbank for COP 12,164 (USD 2.8 M), and according to the ordinary payment plan, it made payments to Interbank for COP 1,549 (PEN 1.3 M) terminating this obligation.

In 2022 it disburses three new loans with Banco de Crédito del Perú (BCP), for COP 30,785 (USD 6.4 M), and with Banco Interbank, for COP 24,051 (USD 5 M), for the investment plan; in September it terminated the loan with BPC for COP 7,215 (USD 1.5 M) and makes payments, according to the ordinary payment schedule, for COP 8,328 (USD 1.7 M) and COP 4,327 (PEN 3.4 M).

ISA CTEEP

In 2023, it received a loan disbursement from Banco Nacional de Desarrollo Económico y Social (BNDES) for COP 87,153 (BRL 105 M) for investments in substation improvement projects, and paid loans from the same bank for COP 54,171 (BRL 63 M); additionally, due to monetary adjustment, it obtains an accumulated increase of COP 12,029 (BRL 14.2 M) in the balance of loans with BNDES indexed to the Long Term Interest Rate (TJLP).

In 2022, it disburses a new loan with Banco Nacional de Desarrollo (BNDES) for COP 209,235 (BRL 227 M) for the investment plan, and makes full payment of the loan with Banco Bradesco for COP 599,235 (BRL 650 M); in addition, it made loan payments, in accordance with the payment schedule for the year, for COP 43,960 (BRL 47.7 M).

INTERLIGAÇÃO ELÉTRICA NORTE E NORDESTE-IENNE

In 2023, it made payments to Banco Nordeste for COP 12,056 (BRL 14 M) and in 2022 it made payments to Banco Nordeste for COP 12,376 (BRL 13.4 M).

INTERNEXA BRASIL OPERADORA DE TELECOMUNICAÇÕES

During 2023, it made maturity payments and loan prepayments for COP 98,270 (BRL 121 MM) until the obligations with its bank creditors were finalized.

In 2022, it paid the final installment of the loan with Banco Santander for COP 10,233 (BRL 11.1 M) and disbursed new loans with Banco Sofisa for COP 6,183 (BRL 6.7 M) and Banco Fibra for COP 9,219 (BRL 10 M), both for cash flow purposes; it also repaid loans for COP 29,104 (BRL 31.6 M) and carried out a refinancing transaction with China Construction Bank for COP 46,095 (BRL 50 M), extending the term of the loan by one year.

ISA INTERVIAL

In 2023, it disbursed a loan with Scotiabank for COP 186,791 (CLP 32,137 M) for cash flow, and made payments in accordance with the payment schedule for loans with Itaú Corpbanca and Scotiabank for COP 268,206 (CLP 49,375 M). In 2022, it made a loan payment to Itaú Corpbanca for COP 99,500 (CLP 17,703.5 M).

RUTA DE LA ARAUCANÍA

During 2023, it manages its portfolio and receives new senior loan disbursements (Tranche F) with Banco de Chile, Banco Estado, and Banco Itaú Corpbanca for COP 446,772 (UF 2.6 M) to finance CAR 5 works, and made payments to this loan for COP 317,135 (UF 1.9 M). Additionally, it amortizes Tranche G balances of the same loan for COP 49,007 (CLP 9,353 M).

As of December 31, 2023, COP 79,764 (UF 0.5 M) is available as unused credit lines, to be used exclusively to finance the construction of Tranche F.

During 2022, partial disbursements of COP 108,871 (CLP 19,371 M) were made for the additional works of the CAR5 Agreement with Banco de Chile, Banco Itaú Corpbanca, and Banco Estado, and the financing agreement was modified by redenominating the debt to UF; then, partial disbursements of COP 75,881 (UF 0.38 M) were made.

Additionally, the Senior Debt related to Tranches B1, C1, D1 and E3 was prepaid for COP 183,989 (UF 0.93 M) and the Senior Debt related to Tranches B2, C2, D2 and E4 was prepaid in full for COP 99.864 (UF 0.5 M); finally, it made payments to the Senior Debt of tranches B, C, D and E, for COP 25,330 (CLP 4.507 M) and Tranche G, for COP 21,822 (CLP 3.883 M).

RUTA DE LOS RÍOS

In 2023, it received loan disbursements with Banco de Crédito e Inversiones (BCI) and Banco Industrial y de Comercio Exterior (BICE) for COP 90,360 (UF 0.44 M) for CAR3 works. At year-end, it has COP 72,239 (UF 0.45 M) available as unused lines of credit, to be used exclusively to finance the construction of Tranche G.

In 2022 it made disbursements of COP 98,808 (UF 0.5 M) for loans with Banco de Crédito e Inversiones and Banco BICE, for cash flow purposes, and paid COP 108,167 (UF 0.55 M) for syndicated loans with Banco BICE, Banco de Crédito e Inversiones, and Banco Security.

RUTA DEL LOA

During 2023, it made disbursements of COP 400,068 (UF 2.2 M) of the Syndicated Senior Loan for the Ruta del Loa project and COP 52,376 (CLP 11,374 M) from Banco Santander, corresponding to the VAT line of the project; it also amortized said line for COP 47,407 (CLP 9,312 M); additionally, as part of a refinancing operation, with the proceeds from the issuance of the Series D Bond, it made partial prepayments of the senior loan for COP 287,407 (UF 1.7M).

As of December 31, 2023, the following credit lines are available and unused: COP 290,321 (UF 1.8 M), for the exclusive use of capex for road construction, and COP 61,361 (CLP 14.1 M), for the financing of capex VAT.

In 2022, it made disbursements on the Syndicated Senior Loan for COP 367,338 (UF 1.86 M) for the investment plan, and, as part of a refinancing operation, partially prepaid the previous loan for COP 380,363 (UF 1.92 M).

RUTA DEL MAIPO

As of December 31, 2023, COP 144,279 (UF 0.9 M) is available as an unused line of credit, with exclusive use for debt service.

INTERNEXA CHILE

During 2023, it paid COP 3,310 (CLP 641 M) to BCI and COP 4,007 (USD 1 M) to Scotiabank. In 2022, a partial prepayment of the loan with BCI for COP 2,480 (CLP 441 M) is made; COP 7,510 (CLP 1,336 M) is paid to Scotiabank due to maturity; COP 6,919 (CLP 1,231 M) is paid to BCI, and a loan for COP 9,495 (USD 1.9 M) is disbursed to Scotiabank.

18.3 Derivative Financial Instruments

ISA and its companies maintain derivative instruments under hedge accounting to hedge bonds and financial liabilities. The following table presents the fair value of derivatives:

Subsidiary	Derivative	Subjacent	2023	2022
Intervial Chile ⁽¹⁾	Cross currency swap	Financial liabilities	44,134	77,229
Red de Energía del Perú	Cross currency swap	Bonds	-	48,195
Total			44,134	125,424
Current			-	48,195
Non-current			44,134	77,229

⁽¹⁾ In May 2021, the subsidiary entered into a UF currency hedge transaction as a debt strategy in CLP.

18.4 Information on maturities of financial liabilities

The following table presents the maturities by year of outstanding bonds, derivatives and financial liabilities:

	Outstanding bonds ⁽¹⁾		Financial liabilities ⁽¹⁾		Total financial liabilities ⁽¹⁾	
	2023	2022	2023	2022	2023	2022
Current	1,350,870	1,093,622	1,126,406	986,836	2,477,276	2,080,458
Year 2	1,310,870	2,554,506	685,931	672,607	1,996,801	3,227,113
Year 3	951,159	1,441,525	520,026	788,354	1,471,185	2,229,879
Year 4	1,393,658	1,254,778	563,985	681,402	1,957,643	1,936,180
5 years and over	20,004,974	22,697,212	3,085,737	1,999,258	23,090,711	24,696,470
Total	25,011,531	29,041,643	5,982,085	5,128,457	30,993,616	34,170,100
Debt instrument	25,011,531	28,993,448	5,937,951	5,051,228	30,949,482	34,044,676
Derivative instruments	-	48,195	44,134	77,229	44,134	125,424

⁽¹⁾ Includes derivative financial instruments associated with the hedging of bonds and obligations.

19. ACCOUNTS PAYABLE

	2023	2022
Suppliers ⁽¹⁾	675,407	798,454
Dividends ⁽²⁾	636,081	366,999
Creditors	286,927	442,903
Lease liabilities (Note 17)	208,307	283,711
Retention on agreements	34,994	39,732
Economic related parties	163	86
Total accounts payable	1,841,879	1,931,885
Current	1,681,937	1,704,252
Non-current	159,942	227,633

⁽¹⁾ Accounts payable to suppliers arise mainly from the acquisition of goods and services for the development of operations. These liabilities do not bear interest, and in general they are paid according to the payment policies established by each company.

⁽²⁾ Correspond to dividends payable by ISA CTEEP to non-controlling shareholders.

20. EMPLOYEE BENEFITS

The composition of employee benefits is as follows:

	2023	2022
Post-employment benefits		
Retirement pension	502,479	292,522
Medical assistant plan	187,203	156,261
Educational assistance	35,067	21,387
Energy allowance	5,652	3,933
Pension contribution and social security allowance	3,435	2,954
Plan assets ⁽¹⁾	(12,049)	(10,574)
Total post-employment benefits	721,787	466,483
Long-term benefits⁽²⁾		
Quinquennium bonus and seniority bonus ⁽³⁾	19,281	18,435
Severance	1,535	1,610
Total long-term benefits	20,816	20,045
Termination benefits		
Termination benefits ⁽⁴⁾	5,342	5,211
Total termination benefits	5,342	5,211
Total benefits measured using actuarial calculation	747,945	491,739
Current	15,637	11,900
Non-current	732,308	479,839
Short-term benefits		
Bonuses	67,040	66,160
Vacations	26,850	28,979
Current portion of benefits measured with actuarial calculation ⁽⁵⁾	15,637	11,900
Severance and severance interest	13,674	10,619
Extra-legal payments	9,118	7,481
Others	42,629	40,109
Total short-term benefits	174,948	165,248
Total employee benefits	907,256	645,087
Current	174,948	165,248
Non-current	732,308	479,839

⁽¹⁾ The subsidiary XM has cash and cash equivalents "plan assets" specifically earmarked to support pension liabilities and long-term employee benefits in the Autonomous Equity managed by Fiduciaria BBVA.

⁽²⁾ ISA, ISA Intercolombia and XM grant their employees benefits associated with the time of service within the company, such as severance payments, seniority premiums and five-year (quinquennium) bonuses.

⁽³⁾ In the collective agreement of Red de Energía del Perú, signed on February 27, 2008, under the Red de Energía Concession contract of August 14, 2002, the payment of the five-year bonus benefit was established, calculated as a percentage of the basic salary, as follows: 50% (5 years), 75% (10 years), 125% (15 years), 150% (20 years) and 250% (25 years).

⁽⁴⁾ Correspond to termination bonuses for employees of the subsidiary ISA Transelca.

⁽⁵⁾ The current portion of benefits measured by actuarial calculation corresponds to:

	2023	2022
Retirement pension	6,436	5,873
Medical assistant plan	5,671	4,500
Others	3,530	1,527
Total	15,637	11,900

20.1 Qualitative disclosures about post-employment benefit plans, long-term benefits, and termination benefits

20.1.1 Post-employment benefits

Defined contribution benefits

Employees of ISA and its companies are covered by a public retirement benefit plan managed by the government or a private pension or severance fund, which are accounted for as defined contribution plans. ISA and its companies cover their pension and severance obligation by paying contributions to the Government and/or private pension and severance funds under the terms and conditions provided by law. In such cases, the obligation of ISA and its companies is limited to contributions made to those funds. Defined contribution benefits are:

- **Pension fund retirement pensions**

ISA, ISA Transelca, and XM: in accordance with collective and individual contracts, ISA and its subsidiaries ISA Transelca and XM must pay retirement pensions to those employees who meet certain age and length of service requirements. The Social Security Institute (ISS), today called Colpensiones, and the pension management companies assume most of this obligation, in accordance with the fulfillment of legal requirements.

ISA CTEEP: the subsidiary sponsors the retirement and death pension benefit plan for its employees, former employees, and their respective beneficiaries, administered by Funcesp, whose objective is to supplement benefits guaranteed by the social security system.

- **Retirement pensions**

Pension benefits granted to employees not belonging to a fund are accounted for as unfunded defined benefit plans, in which case ISA and its companies must pay retirement pensions or issue pension bonds to their employees or beneficiaries who meet the age and length of service requirements established in the agreements.

ISA, ISA Transelca, and XM: the retirement benefit is equal to 75% of the average monthly salary, payable for life, subject to the following limits: a) Minimum payment equal to the monthly minimum wage. b) Maximum payment equal to 25 monthly minimum wages for ISA Transelca, and 10 monthly minimum wages for ISA and XM.

ISA CTEEP: retirement benefit equals 70% of the monthly average salary, payable for life.

- **Prepaid medical assistance plans**

ISA, ISA Intercolombia, ISA Transelca and XM pay the following percentages on the premiums of the medical plans for prepaid medicine and hospitalization policy:

- For salaries and pensions up to 4.3 legal monthly minimum wages in force (SMLMV), ninety percent (90%) of the premium value.
- For salaries and pensions higher than 4.3 and up to 5.5 legal monthly minimum wage in force (SMLMV), eighty percent (80%) of the premium value.
- For salaries and pensions higher than 5.5 legal monthly minimum wages in force (SMLMV), seventy percent (70%) of the premium value.

ISA and ISA Intercolombia recognize a benefit for medical assistance, which can be 1.70 SMLMV and 1.54 SMLMV. This benefit is granted to the employee and his or her beneficiaries.

- **Educational assistance**

The employees of ISA, ISA Intercolombia, ISA Transelca AND XM are entitled to the recognition of the educational assistance, as well as each of the children of active employees and retired personnel, up to 25 years of age, provided they are single and do not work. The educational assistances are paid per school year or semester in advance and must be made in educational centers duly approved by the competent entity. The amounts to be recognized are stipulated in the collective agreements in force.

- **Energy assistance**

At ISA Transelca, the energy assistance consists of contributing up to 80% of the domestic energy consumption of the employee's permanent residence.

- **Pension and social security contributions**

This consists of the payment of pension and social security contributions to the social security system on behalf of the employee by ISA Transelca, from the moment the employee retires from the company until the moment the employee retires from the Colombian Social Security System.

20.1.2 Long-term benefits

ISA, ISA Intercolombia, and XM grant their employees benefits associated to the length of service within the company, such as severance, seniority premium, and five-year period payments (quinquennium).

- **Quinquennium bonus:** the benefit consists of a lump sum payment every five years when the employee completes five years of service with the company and, subsequently, every five years of service thereafter.
- **Seniority premium:** the benefit consists of the annual payment of one day's salary for each year of service in the Company, in the month in which each year of service is completed. The benefit begins to be paid when the employee completes five years of service with the company.
- **Severance payments:** in accordance with Colombian labor regulations, employees hired before the entry into force of Law 50 of 1990 are entitled to receive, upon termination of the employment contract, one month's salary for each year of service and proportionally for each fraction of a year as severance pay; at ISA Intercolombia, this benefit is granted for any cause of termination of the employment contract, including: retirement, disability, death, etc. The benefit is paid at the moment the employee leaves the company, and a retroactive amount is paid to the employee as severance pay, after deducting the anticipated payments. Retroactive severance payments are paid to those employees who belonged to the labor regime prior to Law 50 of 1990 and who did not take advantage of the change in the defined contribution plan. This social benefit is paid for all time worked based on the average monthly salary of each employee.

20.1.3 Termination benefits

- **Old-age pension retirement bonus:** ISA Transelca grants a single premium at the time of leaving the company to benefit from the old age pension, the value of which corresponds to the date of entry of the employee to which it applies:
 1. For individuals who entered before November 21, 1996, an amount equivalent to eighty current legal monthly minimum wages (80 SMLMV).
 2. For individuals who entered as of November 21, 1996, an amount equivalent to fifty current legal monthly minimum wages (50 SMLMV).

20.2 Qualitative disclosures about post-employment benefit plans, long-term benefits, and termination benefits

The following table presents the reconciliation of the net post-employment benefit liability:

	Post-employment benefits					Long-term benefits		Termination benefits	Total
	Pension	Medical assistance plan	Educational assistance	Energy Assistance	Pension and social security contributions	Quinquennium and seniority premium	Severance	Retirement bonus	
Balance as of December 2022	292,522	156,261	21,387	3,933	2,954	18,435	1,610	5,211	502,313
Current and past service cost	20,583	1,331	544	-	-	1,703	37	108	24,306
Interest expense	20,076	20,622	2,684	530	400	2,135	182	548	47,177
Actuarial (gain) loss from seniority	215,679	3,481	1,805	1,086	402	(168)	654	(318)	222,621
Actuarial gain from change in demographic assumptions	-	(6,318)	-	-	-	(36)	-	-	(6,354)
Actuarial loss from financial assumptions	19,673	24,558	9,629	593	78	1,753	22	476	56,782
Benefits paid by the company	(43,989)	(12,732)	(982)	(490)	(399)	(3,594)	(970)	(683)	(63,839)
Exchange rate effect and others	(22,065)	-	-	-	-	(947)	-	-	(23,012)
Balance as of December 2023	502,479	187,203	35,067	5,652	3,435	19,281	1,535	5,342	759,994

	Post-employment benefits					Long-term benefits		Termination benefits	Total
	Pension	Medical assistance plan	Educational assistance	Energy Assistance	Pension and social security contributions	Quinquennium and seniority premium	Severance	Retirement bonus	
Balance as of December 2021	525,366	205,024	28,199	4,951	4,017	21,768	1,987	4,010	795,322
Current and past service cost	51,756	2,289	1,162	-	-	2,025	39	1,251	58,522
Interest expense	15,991	16,505	2,458	413	257	1,466	132	320	37,542
Actuarial (gain) loss from seniority	18,376	8,216	1,945	228	(39)	433	(112)	256	29,303
Actuarial (gain) loss from change in demographic assumptions	(3,163)	9,859	(100)	-	-	(71)	-	-	6,525
Actuarial gain from financial assumptions	(398,296)	(73,771)	(11,563)	(1,241)	(930)	(3,261)	(178)	(546)	(489,786)
Benefits paid by the company	(19,554)	(11,861)	(714)	(418)	(351)	(4,727)	(258)	(80)	(37,963)
Exchange rate effect and others	102,046	-	-	-	-	802	-	-	102,848
Balance as of December 2022	292,522	156,261	21,387	3,933	2,954	18,435	1,610	5,211	502,313

	Plan assets ⁽¹⁾	
	2023	2022
Initial balance	(10,574)	(10,701)
Interest expense (revenue)	(1,342)	(879)
Actuarial (gain) loss	(617)	591
Benefits paid by the company	484	415
Final balance	(12,049)	(10,574)

⁽¹⁾ The availability of plan resources is maintained to ensure short- and medium-term payments of obligations, and the goal is to keep contributions constant.

The subsidiary XM has restricted cash and cash equivalents to support pension liabilities and long-term employee benefits; these are held in the Autonomous Equity administered by Fiduciaria BBVA. The value of the assets is presented in the statement of financial position offset by the value of the liabilities described above.

Contributions to the plan in future years are expected to be based on interest revenue from the autonomous equity and the average duration of the defined benefit plan liability is 9.83 years (2022: 10.33 years).

20.3 Main actuarial variables used in the calculation of post-employment, long-term, and termination benefit liabilities

	Discount rate	Future salary increase	Future pension increase	Inflation rate	Minimum salary increase	Persons covered by the plan	Initial and final rate of benefit cost increase
2023							
Retirement pension, Colombia	11 % - 11.8 %	3.5 % - 4.5 %	3.5 % - 5 %	3.5 % - 4.5 %	3.5 %	19 - 539	n/a
Retirement pension, Brazil	9.9 %	0.0 %	0.00 %	4.00 %	1.34 %	4.186	n/a
Health plans	11 % - 12 %	3.5 % - 4.5 %	n/a	n/a	n/a	142 - 881	4.50 % - 12.4 % 4.50 % - 5.5 %
Educational assistance	11 % - 12 %	n/a	n/a	n/a	5.50 %	27 - 193	n/a
Energy allowance	11.6 %	n/a	n/a	3.50 %	n/a	142	n/a
Pension and social security contributions	11.68 %	4.50 %	3.50 %	3.50 %	4.50 %	---	n/a
Seniority premium, Colombia	11 % - 12 %	n/a	n/a	n/a	5 %	142 - 726	n/a
Seniority premium, Peru	7 %	n/a	n/a	n/a	4.50 %	408	n/a
Severance	11.27 %	n/a	n/a	n/a	5 %	7	n/a
Retirement bonus	11.48 %	n/a	n/a	3.50 %	n/a	196	n/a
2022							
Retirement pension, Colombia	8.7 % - 14.7 %	4.5 % - 5.5 %	3.5 % - 4.5 %	3.5 % - 4.5 %	4.5 %-5.5 %	19 - 398	n/a
Retirement pension, Brazil	6.2 %	0.0 %	0.00 %	4.00 %	1.9 %	4.204	n/a
Health plans	8.7 % - 14.7 %	4.5 % - 5.5 %	n/a	n/a	n/a	204 - 951	4.50 % - 12.4 % 4.50 % - 5.5 %
Educational assistance	6.3 % - 14.8 %	n/a	n/a	n/a	4.50 %	42 - 331	n/a
Energy allowance	8.7 %	n/a	n/a	3.50 %	n/a	153	n/a
Pension and social security contributions	8.7 %	4.50 %	3.50 %	3.50 %	4.50 %	---	n/a
Seniority premium, Colombia	14.2 % - 14.5 %	n/a	n/a	n/a	5.50 %	104 - 627	n/a
Seniority premium, Peru	7.4 %	n/a	n/a	n/a	4.50 %	408	n/a
Severance	4.80 %	n/a	n/a	n/a	4.50 %	15	n/a
Retirement bonus	8.10 %	n/a	n/a	4.50 %	n/a	145	n/a

As of December 31, 2022 and 2023, the calculations use the "2008 valid rentiers" mortality tables for the Colombian benefit, "AT2000 suavizada em 10%" for the Brazilian benefit, "SPP 2017 table" for the Peruvian benefit, and the 2003 SOA Pension Plan Turnover Study.

20.4 Sensitivity analysis of post-employment, long-term, and termination benefit liabilities

The following table presents a sensitivity analysis quantifying the impact on the employee benefit liability of a 1% increase or decrease in each key actuarial assumption, with all other assumptions held constant. ISA and its companies consider as significant actuarial assumptions in the determination of the post-employment, long-term and termination liabilities, the discount rate, the increase in the benefit granted to the employee, the medical trend and the expected salary increase. The effect on employee benefit obligations is as follows:

	Average duration of the plan	Obligation base	Change in discount rate		Change in benefit increase		Change in medical trend		Change in salary increase	
			+1 %	-1 %	+1 %	-1 %	+1 %	-1 %	+1 %	-1 %
2023										
Retirement pension	6.96	502,480	3,834,985	4,713,932	-	-	-	-	-	-
Health plans	8.40	187,203	(18,753)	23,143	-	-	16,515	(13,838)	-	-
Educational assistance	8.59	35,067	(4,043)	4,988	5,233	(4,269)	-	-	-	-
Energy allowance	4.88	5,652	(171)	935	-	-	-	-	-	-
Contributions to social security	6.02	3,434	(409)	524	-	-	-	-	-	-
Seniority premium	4.88	19,280	(799)	930	-	-	-	-	973	(848)
Severance	1.95	1,536	(32)	34	-	-	-	-	69	(66)
Retirement bonus	3.36	5,341	(386)	485	-	-	-	-	-	-
Total	8.74	759,993	3,810,392	4,744,971	5.233	(4.269)	16.515	(13.838)	1.042	(914)
2022										
Retirement pension	8.43	292,522	3,397,372	4,233,616	-	-	-	-	-	-
Health plans	9.83	156,261	(66,123)	7,953	-	-	(44,534)	(6,216)	-	-
Educational assistance	8.19	21,387	(8,775)	707	(6,116)	(463)	-	-	-	-
Energy allowance	10.10	3,933	(414)	485	507	(438)	-	-	-	-
Contributions to social security	10.00	2,954	(340)	399	-	-	-	-	-	-
Seniority premium	5.10	18,435	(26)	28	-	-	-	-	43	(41)
Severance	2.40	1,610	(2,497)	479	-	-	-	-	(1,559)	(287)
Retirement bonus	4.50	5,211	(155)	176	-	-	-	-	-	-
Total	9.94	502,313	3,319,042	4,243,843	(5,609)	(901)	(44,534)	(6,216)	(1,516)	(328)

21. TAXES

21.1 Tax assets and liabilities

	2023	2022
Current tax assets		
Income tax ⁽¹⁾	328,197	152,184
Tax credit balance ⁽²⁾	272,506	189,892
Advances and other taxes ⁽³⁾	47,888	41,993
Total	648,591	384,069
Non-current tax assets		
Income tax ⁽⁴⁾	7,330	8,430
Tax credit balance, advances, and other taxes	-	140
Total	7,330	8,570
Current tax liabilities		
Income tax ⁽⁵⁾	83,449	167,152
Industry and commerce tax	16,446	15,989
Value added tax ⁽⁶⁾	64,833	154,189
Other taxes ⁽⁷⁾	196,412	292,238
Total	361,140	629,568
Non-current tax liabilities		
Income tax ⁽⁸⁾	6,992	-
Other taxes ⁽⁹⁾	1,606,298	1,705,412
Total	1,613,290	1,705,412

Explanation of variations:

⁽¹⁾ Credit balance for income tax, mainly in ISA CTEEP, Internexa Colombia, and Consorcio Transmantaro. In ISA, to the recognition of the withholding made abroad on equity securities (jueros de capital propio), and in Ruta de los Rios, to the higher income tax advance payment, due to the increase in revenues.

⁽²⁾ Credit balance for sales tax; tax discount for VAT paid on the acquisition of real productive fixed assets of some subsidiaries in Colombia, mainly of ISA and ISA Transelca; and VAT tax credit of Ruta del Loa.

⁽³⁾ In ISA CTEEP, higher tax credit for other taxes.

⁽⁴⁾ Balance of deferred withholding tax advances from XM, which will be offset in subsequent periods.

⁽⁵⁾ In ISA, lower income tax payable, due to higher special self-withholding, advance payment, and discount for VAT on imports, and in Consorcio Transmantaro due to higher deduction from the derecognition of the Yaros Substation.

⁽⁶⁾ Lower value-added tax (VAT) payable on Ruta del Araucanía, Ruta del Maipo, and Ruta de los Ríos.

⁽⁷⁾ Taxes payable of ISA CTEEP and its subsidiaries, temporary tax on net assets (ITAN) in the Peruvian subsidiaries, and withholdings to third parties of ISA and its companies.

⁽⁸⁾ In ISA Transelca, income tax associated with Works for Taxes. The tax liability will be settled in 2025 with the delivery of the work.

⁽⁹⁾ PIS & COFINS contributions levied on revenues of ISA CTEEP and its subsidiaries. PIS: Programs for Social Integration and Asset Formation for Civil Servants, and COFINS: Contribution to Social Security Financing.

21.2 Income Tax

	2023	2022
Current tax expense	592,169	708,032
Deferred income tax expense	537,003	297,432
Total income tax	1,129,172	1,005,464

The reconciliation between the income tax expense and the tax determined based on the statutory rate applicable to ISA is as follows:

	2023	2022
Income before income tax	5,432,099	4,681,172
Controlling company's nominal income tax rate	35%	35%
Income tax at nominal rate	1,901,235	1,638,410

Adjustments for the calculation of the effective rate

Deductions, discounts and tax benefits ⁽¹⁾	(518,425)	(304,875)
Equity method	(185,338)	(180,511)
Effect of tax losses ⁽²⁾	(67,329)	(127,317)
Effect of applying presumed profit or presumptive income ⁽⁵⁾	(129,344)	(96,814)
Non-deductible expenses ⁽⁴⁾	141,436	75,248
Change in tax rates and other tax effects ⁽⁵⁾	(58,082)	(17,977)
Non-taxable and exempt dividends ⁽⁶⁾	46,104	29,570
Non-taxable revenues ⁽⁷⁾	(1,085)	(10,335)
Other tax effects	-	65
Income tax expense at effective rate	1,129,172	1,005,464
Income tax effective rate	20.79%	21.48%

As of December 31, 2023, the effective tax rate on consolidated income is 20.79% (2022: 21.48%). The variation between the nominal and the effective tax rate is mainly due to the following:

⁽¹⁾ Tax deduction of Juros de Capital Propio in ISA CTEEP and the implementation in ISA of the fixed assets benefit granted in the legal stability agreement.

⁽²⁾ Effect of Chilean subsidiaries with tax loss carryforwards with a different nominal rate than ISA and monetary adjustment of tax loss carryforwards of subsidiaries whose functional currency is the Chilean peso.

⁽³⁾ Effect on Brazilian subsidiaries of liquidating income tax by the assumed profit (lucro presumido) system (based on revenues).

⁽⁴⁾ Non-deductible income tax expenses according to tax provisions in each country where ISA operates, mainly Chile (ISA Inversiones Costera Chile and Ruta del Bosque), in which the financial result is a non-deductible loss.

⁽⁵⁾ Effect of differences in income tax rates of foreign subsidiaries compared to the nominal rate of ISA and effect of the exchange difference adjustment in subsidiaries whose functional currency is other than the legal currency of the country; in addition, the payment of the voluntary tax in ISA Intervial on dividends distributed to ISA to achieve the tax credit.

⁽⁶⁾ Net effect of taxable, non-taxable and exempt dividends received.

⁽⁷⁾ Revenues not taxed according to tax provisions in each country where ISA is present.

Adjusted Tax Rate (TTD)

According to numeral 2 of paragraph 6 of Article 240 of the Tax Statute, taxpayers resident in Colombia whose financial statements are subject to consolidation must calculate the TTD on a consolidated basis.

For the taxable year 2023, according to calculations, the minimum tax rate for companies of the Ecopetrol Group with tax residence in Colombia is higher than 15%. Given the above, the company does not recognize an additional expense for this item.

21.3 Nominal income tax rate

The nominal income tax rate is the rate established by the tax regulations of each country. The following table presents the nominal tax rates applicable to ISA and its subsidiaries according to the jurisdiction in which they are located:

	2023	2022
Colombia	35.00 %	35.00 %
Brazil	34.00 %	34.00 %
Peru	29.50 %	29.50 %
Chile	27.00 %	27.00 %
Bolivia	25.00 %	25.00 %
Bermuda ⁽¹⁾	0.00 %	0.00 %
Argentina ⁽²⁾	25 % al 35 %	25 % al 35 %

⁽¹⁾ LINEAR SYSTEMS RE is not required to pay taxes in Bermuda on revenues or capital gains. The subsidiary received a guarantee from Bermuda's Minister of Finance granting that, in the event that taxes are imposed, the Company will be tax exempt until 2035.

⁽²⁾ In June 2021, Law 27630 was enacted, which established progressive tariffs since 2021 according to the amounts of accumulated net income, instead of a fixed rate.

21.4 Deferred tax assets and liabilities

	2023	2022
Deferred tax assets	142,836	292,707
Deferred tax liabilities	(6,582,835)	(7,179,613)
Net deferred tax liabilities	(6,439,999)	(6,886,906)

The movement in the net deferred tax liability is as follows:

	2023	2022
Initial balance	6,886,906	5,386,605
Recognized in income for the period	537,003	297,432
Recognized in other comprehensive income	88,936	(60,565)
Deferred tax carryforward ⁽¹⁾	(6,070)	-
Conversion	(1,066,776)	1,263,434
Final balance	6,439,999	6,886,906

⁽¹⁾ Corresponds to the carryforward of obligations of the subsidiary Internexa Brazil since, at the end of 2023, the investment in its direct holding companies met the criteria to be classified as a non-current asset held for sale. See Note 11.

ISA and its companies recognize deferred tax assets for provisions that will be reversed in the future, for tax credits arising from accumulated tax losses that subsidiaries expect to offset against future taxable income and for the monetary adjustment of tax losses of Chilean subsidiaries that maintain their accounting in Chilean pesos.

Deferred tax liabilities are recognized for differences in the value of accounting depreciation and tax depreciation; differences in the cost of property, plant, and equipment due to inflation adjustments in Colombian subsidiaries; difference in the tax treatment of goodwill and intangible assets; difference in the amortization of actuarial calculations of employee benefits; the recognition of indemnification for RBSE (Red Básica de Servicios de Energía) assets; and the provision for the accounts receivable under Law 4819/58 of ISA CTEEP; in addition, for the difference in the recognition of tax and accounting revenues, which, under IFRS, are recognized on an accrual basis and fiscally on a perceived basis; the differences between the recognition of financial liabilities; capitalizable leases; and the tax treatment of the Ruta Costera Concession under article 32 of the Tax Statute.

Deferred tax balances are presented in the consolidated statement of financial position as the sum of deferred taxes recognized in ISA and its companies, considering that the values of current and deferred assets and liabilities are derived from income tax corresponding to different tax administrations and different taxpayers.

The movement in the net deferred tax liability is as follows:

	2023	2022
Cash and cash equivalents	257	(122)
Investments and derivative instruments	4,277	-
Accounts receivable	(4,026,553)	(4,700,019)
Inventories	190	190
Property, plant, and equipment	(2,247,260)	(2,260,502)
Intangible assets	(272,837)	(401,148)
Operations of financial institutions	-	99,522
Issuance and placement of securities	39,824	88,585
Loans payable	(68,208)	(52,497)
Accounts payable	37,201	30,693
Employee benefits	72,149	(17,238)
Operations with derivative instruments	(36,991)	(39,976)
Provisions	272,738	254,451
Goodwill	(151,778)	(198,377)
Tax losses and presumptive income surplus	1,950,392	2,380,844
Other assets	749,799	1,199,613
IFRIC 12 concessions and other liabilities	(2,763,199)	(3,270,925)
Net deferred tax liabilities⁽¹⁾	(6,439,999)	(6,886,906)

⁽¹⁾ The variation of COP 446,907 corresponds mainly to exchange rate effect in the different countries; in ISA CTEEP, to the adjustments arising from the contract asset CPC 47 and the deferral of revenues foreseen in Law 12. 973/14; in ISA, to the higher tax due to the exchange difference in value of international bonds; in Consorcio Transmantaro, to the accelerated depreciation; in the Chilean Concession Companies Ruta de los Ríos, Ruta del Loa, and Ruta de la Araucanía, to the effect of the deferred liability due to the prepayment of the Ministry of Public Works (MOP); and in Ruta del Maipo, to the increase in the financial asset, offset by a higher amortization of regulatory safety works. In addition, in Internexa Chile, ISA Interconexiones Viales, and ISA Inversiones Costera Chile, for the reversal of the deferred tax asset, because liquid revenues are not expected to be realized in the future.

Unrecognized deferred tax on permanent investments

ISA has permanent investments that contain accounting and tax differences resulting from the application of the equity method for accounting purposes and their fiscal cost. Deferred taxes have not been calculated on these differences, as they are not expected to be realized. The non-recognized deferred tax would be determined by applying the rate at which capital gains would be taxed depending on the country where the investment is located, to the differences between the carrying cost and the tax cost of the investment.

As of December 31, 2023 and 2022, the differences between the accounting and tax bases related to investments in subsidiaries and associates and interests in joint ventures, for which no deferred tax liabilities have been recognized, are COP 4,771,470 (2022: COP 6,742,461).

In the event that the company decides to create a deferred tax liability on its permanent investments, the effect on the deferred tax liability in December 2023 would be COP 1,670,014 (2022: COP 2,359,861).

21.5 Tax losses and presumptive income surplus over ordinary income

The following table presents the tax losses and presumptive income surplus of ISA's subsidiaries, classified into those that may be offset in the future and which gave rise to the recognition of deferred tax assets and those on which no deferred tax was recognized because there is no reasonable expectation that these companies will obtain future taxable income to offset them.

	Country	Benefits for which deferred income tax was recognized		Benefits for which no deferred tax was recognized		Total tax losses and presumptive income surplus
		Tax losses and presumptive income surplus	Deferred tax asset	Tax losses and presumptive income surplus	Deferred tax asset	
2023						
ISA Interchile	Chile	3,455,973	933,113	-	-	3,455,973
Ruta del Maipo	Chile	2,813,368	759,609	-	-	2,813,368
Ruta Costera	Colombia	499,607	174,862	-	-	499,607
Ruta de la Araucanía	Chile	167,212	45,147	-	-	167,212
Ruta del Loa	Chile	111,323	30,057	-	-	111,323
ISA Inversiones Chile	Chile	28,159	7,603	145,043	39,162	173,202
ISA Inversiones Tolten	Chile	27	7	-	-	27
Ruta del Bosque ⁽¹⁾	Chile	-	-	371,688	100,356	371,688
Internexa Brasil Operadora	Brazil	-	-	280,076	95,226	280,076
ISA Inversiones Costera Chile	Chile	-	-	145,265	39,221	145,265
Ruta del Maule ⁽¹⁾	Chile	-	-	133,843	36,138	133,843
ISA Capital Do Brasil	Brazil	-	-	50,274	17,093	50,274
Internexa Chile	Chile	-	-	47,626	12,859	47,626
ISA Bolivia ⁽²⁾	Bolivia	-	-	19,737	4,934	19,737
ISA Interconexiones Viales	Chile	-	-	11,458	3,094	11,458
Internexa Participações	Brazil	-	-	7,585	2,579	7,585
ISA Intervial Colombia	Colombia	-	-	1,548	542	1,548
Total		7,075,669	1,950,398	1,214,143	351,204	8,289,812

2022

Ruta del Maipo	Chile	3,706,045	1,000,632	-	-	3,706,045
ISA Interchile	Chile	4,091,205	1,104,625	-	-	4,091,205
Ruta de la Araucanía	Chile	408,744	110,361	-	-	408,744
Ruta Costera	Colombia	242,755	84,964	1,117	391	243,872
Ruta del Loa	Chile	101,744	27,471	-	-	101,744
Internexa Chile	Chile	59,488	16,062	-	-	59,488

Continue ▼

	Country	Benefits for which deferred income tax was recognized		Benefits for which no deferred tax was recognized		Total tax losses and presumptive income surplus
		Tax losses and presumptive income surplus	Deferred tax asset	Tax losses and presumptive income surplus	Deferred tax asset	
ISA Inversiones Costera Chile	Chile	118,769	32,068	-	-	118,769
ISA Interconexiones Viales	Chile	13,177	3,558	-	-	13,177
Transamerican Telecommunication	Argentina	3,649	912	-	-	3,649
ISA Inversiones Chile Vías SpA	Chile	669	181	-	-	669
ISA Inversiones Tolten	Chile	38	10	-	-	38
Ruta del Bosque ⁽¹⁾	Chile	-	-	380,977	102,864	380,977
Ruta del Maule ⁽¹⁾	Chile	-	-	161,857	43,702	161,857
ISA Inversiones Chile	Chile	-	-	314,135	84,816	314,135
Internexa Brasil Operadora	Brazil	-	-	298,603	101,525	298,603
ISA Capital Do Brasil	Brazil	-	-	59,458	20,216	59,458
ISA Bolivia ⁽²⁾	Bolivia	-	-	16,566	4,142	16,566
Internexa Participações	Brazil	-	-	8,567	2,913	8,567
Proyectos de infraestructura del Perú	Peru	-	-	3,875	1,143	3,875
ISA Investimentos e Participações	Brazil	-	-	2,598	883	2,598
ISA Intervial Colombia	Colombia	-	-	1,610	564	1,610
Total		8,746,283	2,380,844	1,249,363	363,159	9,995,646

Maturity range	Losses and presumptive income surplus for which no deferred income tax was recognized	
	December 2023	December 2022
1 to 5 years	19,737	20,441
Between 5 and 10 years	-	-
More than 10 years	1,548	1,117
No time limit	1,192,858	1,227,805
Total	1,214,143	1,249,363

⁽¹⁾ On March 31, 2021, the Ruta del Maule concession contract was terminated, and the Ruta del Bosque concession ended operations in February 2023. By regulatory requirement, the concession company must maintain its activities for two years after the termination date of the concession. As of December 31, 2023, concession companies have no taxable income to offset tax losses; therefore, no deferred tax asset is recognized.

⁽²⁾ As of 2021, ISA Bolivia will generate a tax loss as a result of the acceleration of the accounting depreciation that allowed the recovery of the investment in the lines and substations during the first fifteen years of the concession, and in these first years it paid a tax for the entire recovered investment. In the remaining fifteen years a tax depreciation is created, which is being amortized over thirty years and which generates a tax loss. To date, there is no expectation of recovery of the generated loss; therefore, no deferred tax asset is recognized.

21.6 Deferred income taxes recognized in other comprehensive income

	Base	Tax	Total
2023			
New measurements for defined benefit plans	7,123	(53,581)	(46,458)
Cash flow hedges	177,935	21,893	199,828
Net foreign investment coverage	39,641	2,422	42,063
Foreign exchange difference	983,416	-	983,416
Total	1,208,115	(29,266)	1,178,849

2022			
New measurements for defined benefit plans	147,465	59,669	207,134
Cash flow hedges	173,920	-	173,920
Net foreign investment coverage	(277,434)	-	(277,434)
Foreign exchange difference	3,762,869	-	3,762,869
Total	3,806,820	59,669	3,866,489

21.7 Contingencies associated with income tax

ISA and its companies are subject to income tax audits by the tax authorities of each country. Such audits are limited to a number of annual tax periods, which, in general, once elapsed, result in the expiration of such inspections.

Tax audits, by their nature, are often complex and can take several years. Due to the possible different interpretations of the tax regulations, the results of possible inspections by the tax authorities in the years subject to verification could give rise to tax liabilities, the values of which cannot be objectively quantified.

ISA and its companies consider that the amounts recorded as income tax liabilities payable are consistent with the requirements of current regulations, doctrine and jurisprudence and are sufficient to meet any tax claim.

ISA and its companies have a tax strategy of not taking aggressive or uncertain tax positions in order to minimize the risk of tax authorities questioning the tax returns filed.

For those uncertain positions in which it has been considered that there may be an eventual controversy with the tax authority that could lead to an increase in income tax, the probability of questioning by the tax authority is evaluated based on current regulations and doctrine, as well as on concepts issued by external tax advisors.

As of the reporting date, it is concluded that there are no uncertain tax positions included in the determination of income taxes likely to be recorded in the financial statements. ISA and its companies continue to monitor the new tax regulations and doctrine issued by the tax authorities and other entities authorized to establish tax requirements.

21.8 Relevant aspects of income tax

21.8.1 Main tax provisions applicable by jurisdiction

Colombia:

- The tax is determined according to the actual results for each period, establishing the taxable base based on the accounting profit and making the adjustments determined in the tax legislation.
- The nominal income tax rate is 35%.
- As from taxable year 2017, an anti-deferral regime for passive income obtained abroad by Colombian residents, called Empresas Controladas del Exterior -ECE- (Foreign Controlled Companies), came into force, whereby passive income obtained by foreign companies or other entities that are controlled by Colombian residents must be immediately declared in Colombia, when the ECE regime is applicable.

The ECE regime seeks to promote tax transparency at the international level and to avoid that, through the use of entities abroad that receive passive income, Colombian tax residents defer the payment of income tax in Colombia in relation to such income.

The ECE Regime applies when (i) there is an entity based abroad, (ii) control is exercised from Colombia over this entity and (iii) the Colombian taxpayer has a direct or indirect participation equal to or greater than 10% in the capital or results of the ECE, regardless of whether they, considered individually, exercise control over the ECE or not. It is established as a presumption that when more than 80% of the total income of an ECE comes from real economic activities, it will be presumed that all the income, costs and deductions of the ECE give rise to active income for the controlling entities. On the contrary, if 80% of the income is passive income, it will be presumed by operation of law that the total ECE's income and costs are passive income.

- A Colombian Holding Companies (CHC) regime was created for companies that have as one of their main activities the holding of securities, investment in shares or stakes and the administration of investments. Some of its aspects are:
 - Decentralized entities, such as ISA, are understood to be included in the CHC regime.
 - To belong to the CHC regime, the entities must i) have direct or indirect stakes in at least 10% of the capital of two or more Colombian and/or foreign companies or entities, for a minimum period of twelve months, ii) have a real structure composed of human and material resources that allow them to fulfill their business purpose completely.
 - Dividends received by the CHC from abroad and income derived from the sale or transfer of a CHC's stake in entities not domiciled in Colombia are considered exempt income.
 - Dividends paid by the CHC to residents in Colombia and coming from foreign dividends are taxed at the general rate for income and dividends.
 - Dividends paid by the CHC to non-residents in Colombia and arising from foreign dividends are considered as foreign income.
 - CHCs and their shareholders will be subject to the general income tax regime with respect to taxable activities carried out in the national territory.
 - CHCs will pay industry and commerce tax only on Colombian income.

In addition, for the determination of income tax, the following should be considered:

- On June 27, 2008, ISA and the State (Ministry of Mines and Energy) signed a legal stability contract for the electric power transmission activity for a period of twenty years. This contract basically provided for stabilization of income tax regulations, including income tax rate, deduction of the inflationary component of financial expenses, special deduction of 40% for new investments in real productive fixed assets, tax discount for VAT paid on the import of machinery for electric power transmission and presumptive income as 3% of net worth, as well as the time limit of the equity tax.

This agreement ensures that in the event of adverse changes to the rules stabilized in the agreement, those rules will continue to apply during the term thereof.

- Decision No. 578 of the Andean Community of Nations (Comunidad Andina de Naciones -CAN-), seeks the elimination of double taxation for income earned in any country that is a member (Ecuador, Peru, Bolivia, and Colombia) through the exoneration mechanism.

In determining the net income for income tax for 2023 and 2022, the value of the income earned in the CAN member countries is included as exempt income. This value results from subtracting the corresponding costs and deductions from the revenues generated by the exempt activity.

- Occasional gains are cleared separately from ordinary income. Occasional gains are those obtained from the sale of fixed assets owned for two years or more, profits from the liquidation of companies and profits from inheritances, bequests and donations.
- Tax losses may be offset against the taxable income of the following twelve periods and the presumptive income surplus in five periods.
- Sales tax (VAT) payers may deduct from income tax the VAT paid on the acquisition, construction or formation and importation of capital goods of any industry. With respect to formed assets, the discount may only be considered from the moment the asset is activated and depreciation begins.
- A withholding tax of 10% is established for dividends distributed to companies domiciled in Colombia. This withholding is calculated and paid on the distribution of dividends to the first company and credited until reaching the final beneficiary. Companies that belong to the CHC regime and to a business group will not be subject to this withholding for dividends received from domestic companies.
- Taxable dividends received by foreign companies and entities are subject to dividend tax on profits generated as of 2017, via tax withheld at source on dividends. The dividend withholding rate for domestic companies is 10% and for foreign entities it is 20%.
- Non-taxable dividends received from national companies will not be subject to tax withholding at the source, by express provision of the regulation that establishes that dividends distributed within business groups duly registered before the Chamber of Commerce and to decentralized entities will not be subject to tax withholding at the source for this concept.

Tax Reform, Law 2277 of December 13, 2022

Law 2277 was approved in December 2022 and became effective in 2023. Some of the most relevant aspects for ISA, arising from this tax reform, are:

- **General income tax rate for national companies:** remains at 35% for the year 2023 and beyond.
- **Minimum tax rate:** a minimum tax rate is established for income taxpayers, to be calculated based on the adjusted financial profit, which may not be less than 15% and will result from dividing the adjusted tax (impuesto depurado - ID-) by the adjusted profit (utilidad depurada -UD-).
- **Effective administrative headquarters:** effective administrative headquarters of a company or entity shall be understood to be the place where the business and executive decisions necessary to carry out their day-to-day activities are materially made, i.e., the places where the directors usually perform their responsibilities and the day-to-day activities.
- **Industry and commerce tax deduction:** as from 2023, the income tax deduction for the payment of the industry and commerce tax and the tax on notices and boards that are liquidated and paid by taxpayers will be eliminated. As of 2023 tax year it will be 100% deductible.
- **Dividend tax:** a 10% (7.5% in 2022) withholding is established on dividends and shares paid or credited to domestic companies, which shall be transferable and imputable to the individual resident or investor residing abroad. Companies that belong to the CHC regime will not be subject to this withholding for dividends received from national companies.
- The income tax rate applicable to dividends and equity paid or credited to permanent establishments in Colombia belonging to foreign companies and non-resident individuals will be 20% (10% for 2022).
- The dividend tax rate when paid to individuals resident in Colombia for dividends in excess of COP 46,229 remained at 15% (10% for 2022).
- **Discount for investments in research, technological development, or innovation:** investments in projects qualified by the National Council for Tax Benefits in Science and Technology in Innovation will be entitled to deduct from their income tax payable 30% of the value invested in such projects in the taxable period in which the investment was made. It is not possible to apply the cost or deduction simultaneously with the discount.
- **Limits on tax benefits and incentives:** for income taxpayers other than natural persons and unliquidated estates, the value of revenues that are not income or occasional gain, special deductions, exempt income, and tax discounts may not exceed 3% per annum of their ordinary net income before subtracting the special deductions contemplated in the regulations.
- **Concurrent benefits:** the prohibition to take concurrent tax benefits is extended to exempt income, revenues not constituting income or occasional gains, and income tax rate reductions.

Peru:

- The current income tax rate is 29.5% on taxable income after deducting the participation of employees, which is calculated at a rate of 5% or 10% of taxable income.

- Dividends and other forms of profit distributions are subject to income tax at a rate of 5%.
- Finance expenses are limited to 30% of tax EBITDA.
- The tax accrual criterion implies the verification of substantial facts, i.e., the transfer of control and risks, as well as the level of compliance with the provision to verify the recognition of income and expenses for income tax purposes.
- With respect to intra-group services, a deduction is allowed for low value-added services to the extent that the deductible amount does not exceed expenses and costs plus a margin of 5%.
- The recommendations of the Organization for Economic Cooperation and Development (OECD) have been implemented to combat tax evasion, the most important of which are the reactivation of an anti-evasion standard and the obligation to identify the beneficial owner of legal entities.
- Beginning in 2023, in order to promote the growth of the economy, a rule has been issued that allows accelerated depreciation for constructions made between 2023 and 2024, as well as for hybrid or electric vehicles acquired between 2023 and 2024.

Chile

There are two tax regimes for the determination of income tax: the General Pro-SME income regime and the General (Semi-Integrated) regime, to which taxpayers have the right to opt and whose first category tax (IDPC) rates vary depending on one or the other.

All ISA Group companies headquartered in Chile apply the General Regime (semi-integrated).

a. General Pro-SME regime: tax regime focused on micro, small, and medium-sized taxpayers (SMEs), which determines their taxable income, as a general rule, based on income received and expenses paid, being obliged to keep full accounting records with the possibility of opting for a simplified accounting.

They are subject to first category tax (IDPC) at a rate of 25% and their owners will be taxed based on effective withdrawals, remittances or distributions, with full allocation of the IDPC credit in the final taxes affecting them, except for IDPC taxpayers that are not under the Pro-SME regime.

b. General regime (semi-integrated): tax regime targeted at large companies, which determine their net taxable income pursuant to the general rules provided in articles 29 to 33 of the Income Tax Law, being required to keep full accounting records.

These companies are taxed with the IDPC at a rate of 27%. Their owners will be taxed based on effective withdrawals, remittances or distributions, with partial allocation (65%) of the credit for IDPC in the final taxes that affect them, except for the taxpayers of the Additional Tax, residents in countries with which Chile has signed a double taxation agreement in force, who may use 100%. For these taxpayers their effective tax burden will remain at 35%, while for other foreign investors it will be 44.45%.

Other provisions

- **Tax procedure:** new taxpayer rights are incorporated. A hierarchical appeal is filed against the Voluntary Administrative Appeal. Only the capital and readjustment of tax obligations with a pending judicial claim (2-year valid term) is allowed to be paid, and the appeal for reversal in tax matters is introduced.
- **Single tax for disproportionate withdrawals:** corresponds to 40% on the amount of the disproportionate payment in companies with related partners that are not proportional to the equity participation and lack economic or commercial reasonableness.
- **New concept of accepted expenses:** it is defined as those that have the ability to generate income in the same or future years, aimed at developing or maintaining the business.
- **Tax loss offsetting:** there is no time limit for offsetting tax losses. They can be offset in each period up to the amount of the net taxable income.

Brazil

The corporate income tax (IRPJ) and the social contribution on net profit (CSLL) are taxes under federal jurisdiction that affect the income of the legal entity in its actual or presumed profit.

- **Real profit:** the tax is determined according to the actual results for each period, establishing the taxable base based on the accounting profit and making the adjustments determined in the tax legislation. The calculation base is composed by all income and capital gains, whichever denomination they have. The 34% rate is applied to the taxable base of the net profit.
- **Presumed profit:** it is a form of simplified taxation for determining the calculation basis. It applies to legal entities with gross income up to BRL 78 M in the immediately preceding year. In this system the taxable base is determined by applying the rate of 8%, 12% or 32% (the rate depends on the activity carried out by the taxpayer) to the gross income. 34% rate is applied to the result.
- **Tax loss offsetting:** there is no time limit for offsetting tax losses. They can be offset in each period up to 30% of the value of the net taxable income.
- **PIS & COFINS Contributions:** taxed on company income. PIS (Programs for Social Integration and Asset Formation for Civil Servants) and COFINS (Social Security Financing Contribution).

In the non-cumulative regime (actual profit), the generating fact is the monthly invoicing and the total earned income, such as financial income and other income that generates capital gains for the legal entity, deducting the expenses paid for the operation of the company, as determined in the legislation.

In the cumulative regime (presumed profit), the generating fact is the monthly invoicing and the total earned income, such as financial income and other income that generates capital gains for the legal entity; there is no deduction of credits.

Bolivia

- The Company is subject to the Business Profit Tax (Impuesto a las Utilidades de Empresas – IUE-) at a 25% rate

on taxable income for each period, which is the result of adjusting the accounting profit according with the criteria defined in the tax provisions. This tax is settled and paid in annual periods, offset with the Transaction Tax (IT) generated in the following period, until its depletion or until the following due date of the IUE.

- The distribution of company profits or payments of interest for the benefit of its shareholders or foreign related companies is subject to a withholding tax of 12.5% on the total amount accredited, paid, or remitted.
- As of 2021, ISA Bolivia will generate a tax loss as a result of the acceleration of the accounting depreciation that allowed the recovery of the investment in the Lines and substations during the first fifteen years of the concession, and in these first years it paid a tax for the entire recovered investment. In the remaining fifteen years a tax depreciation is created, which is being amortized over thirty years and which generates a tax loss. To date, there is no expectation of recovery of the generated loss; therefore, no deferred tax asset is recognized.

Argentina

- The company is subject to income tax, and dividends are subject to income tax withholding on the total amount credited, paid or remitted.
- In June 2021, Law 27630 amending the Income Tax Law was issued, using scales from 2021 instead of a fixed rate, which were updated for the 2022 financial year by the Federal Agency for the Administration of Public Revenues (AFIP) General Resolution 5168 of March 2022; in the following years, it is updated with the publication on the website, considering the variation of the consumer price index (CPI) provided by the National Institute of Statistics and Censuses (Indec). For 2023, the scale was updated as detailed below:

Accumulated taxable net income, in Argentine pesos				
More than ARS	To ARS	Will pay ARS	Plus the %	Of the surplus ARS
0	14,301,209	0	25 %	0
14,301,209	143,012,092	3,575,302	30 %	14,301,209
143,012,092	And after	42,188,567	35 %	143,012,092

21.8.2 Legal stability agreements

Colombia

On June 27, 2008, ISA, and the State –Ministry of Mines and Energy–, signed the legal stability contract for the electric power transmission activity for a 20-year period, whereby ISA paid a premium and agreed to make an investment. This contract basically provided for stabilization of income tax regulations, including income tax rate, deduction of the inflationary component of financial expenses, special deduction of 40% for new investments in real productive fixed assets, tax discount for VAT paid on the import of machinery for electric power transmission and presumptive income as 3% of net worth, as well as the time limit of the equity tax.

This agreement ensures that in the event of adverse changes to the rules stabilized in the agreement, those rules will continue to apply during the term thereof.

Peru

The agreement grants, mainly to investors and the recipient of the investment, stability in the income tax regime and stability in the employee hiring regimes. The subsidiaries located in Peru with legal stability contracts are as follows:

ISA REP

On July 26, 2002, the Company entered into a Legal Stability Agreement with the Peruvian State, valid for the entire term of the concession granted. This agreement is related to the investment that the Shareholders of the company must perform with capital contributions for USD 20,000,000, an amount which was completed as of December 31, 2002. The agreement provides, mainly for the investors and the recipient of the investment, stability in the tax regime related to income tax and stability in the employee hiring regimes. The income tax rate is 27% on taxable income, after deducting the participation of employees, which is calculated at a rate of 5% over the taxable income.

CONSORCIO TRANSMANTARO

On February 24, 1998, the Company entered into a Legal Stability Agreement with the Peruvian State, valid for the entire term of the concession granted. On October 27, 2006, the company signed an addendum to the tax stability agreement with the Peruvian State, which clarified that the amount of capital contributions on that date was USD 43,005,250. The agreement provides, mainly for the investors and the recipient of the investment, stability in the tax regime related to income tax and stability in the employee hiring regimes. The income tax rate is 30% over the taxable income.

ISA Perú

On March 29, 2001, the Company entered into a Legal Stability Agreement with the Peruvian State, which term is extended throughout the concession term. The agreement provides, mainly for the investors and the recipient of the investment, stability in the tax regime related to income tax and stability in the employee hiring regimes. The income tax rate is 20%, plus an additional 2%.

Chile

Until 2015, foreign investors could enter into foreign investment agreements with the State under Decree-Law 600 (DL600), provided that the investment amount exceeds USD 5,000,000.

ISA and Internexa, as shareholders of any of these companies: ISA Inversiones Chile, ISA Interchile and Internexa Chile, entered into foreign investment agreements in 2015 under DL600.

- **Access to the formal exchange market:** the foreign investor may remit capital or profits abroad without restrictions or limitations on the amount of capital or profits.
- **Tax cost of shares or corporate rights:** is an option granted to foreign investors so that, in the event of disposal or liquidation of their investment in Chile, they have the opportunity to value their shares or rights in the recipient company in two different ways, depending on whether it is more convenient at "acquisition cost" or "tax cost."

- **Tax invariability:** establishes a rate of 42% as the total effective income tax burden for a term of ten years, counted from the start-up of the respective company, which acts as a protection against possible future increases in tax rates above 42%.
- **Non-discrimination:** grants foreign investors the resource to claim on rules issued and that they consider discriminatory.

Bermuda

LINEAR SYSTEMS RE is not required to pay taxes in Bermuda on revenues or capital gains. The subsidiary received a guarantee from Bermuda's Minister of Finance granting that, in the event that taxes are imposed, the Company will be tax exempt until 2035.

21.8.3 Transfer pricing

Income taxpayers who enter into transactions with economic related parties or related parties abroad and located in free trade zones or with residents located in countries considered non-cooperating jurisdictions of low or no taxation are required to determine, for income and supplementary revenues tax purposes, their ordinary and extraordinary revenues, their costs and deductions, assets and liabilities, considering for these transactions the prices and profit margins that would have been used in comparable transactions with or between non-economically related parties.

ISA and its companies in 2023 submitted the transfer pricing information for the taxable year 2022, corresponding to the information return, the supporting documentation, the master file, and the country-by-country report, and the other reports and obligations required by the tax regulations in force in each country where ISA and its companies have operations.

For the taxable year 2023, the transactions carried out with foreign related parties, as well as the business conditions under which such operations were developed and the general structure, did not vary significantly with respect to the previous year. Such transactions were carried out in accordance with the arm's length principle. It is estimated that no adjustments derived from the 2023 transfer pricing analysis will be required that would imply changes in the 2023 provision.

22. PROVISIONS

As of December 31, the balance of provisions includes:

	2023	2022
Disputes and claims ⁽¹⁾	121,589	178,748
Other estimated liabilities and provisions ⁽²⁾	657,918	515,451
Total estimated liabilities and provisions	779,507	694,199
Current	225,888	206,613
Non-current	553,619	487,586

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The movement of provisions is as follows:

2023	Disputes, claims, and other contingencies ⁽¹⁾	Environmental ⁽²⁾	Major maintenance ⁽³⁾	Other estimated liabilities and provisions ⁽⁴⁾	Total
Initial balance	178,748	136,022	360,005	19,424	694,199
Additions (recoveries)	20,554	237,524	59,285	3,925	321,288
Use	(38,508)	(36,214)	(70,034)	(8,550)	(153,306)
Financial cost	8,232	9,512	19,220	262	37,226
Exchange rate effect	(21,642)	(14,360)	(73,634)	(3,092)	(112,728)
Other changes	(25,795)	(2,162)	-	20,785	(7,172)
Final balance	121,589	330,322	294,842	32,754	779,507
Current	21,166	135,605	57,852	11,265	225,888
Non-current	100,423	194,717	236,990	21,489	553,619

2022	Disputes, claims, and other contingencies ⁽¹⁾	Environmental ⁽²⁾	Major maintenance ⁽³⁾	Other estimated liabilities and provisions ⁽⁴⁾	Total
Initial balance	135,744	63,159	286,917	5,539	491,359
Additions (recoveries)	37,895	90,893	59,799	13,219	201,806
Use	(28,025)	(35,812)	(61,561)	(849)	(126,247)
Financial cost	10,293	-	14,595	178	25,066
Exchange rate effect	33,037	6,534	60,255	1,337	101,163
Other changes	(10,196)	11,248	-	-	1,052
Final balance	178,748	136,022	360,005	19,424	694,199
Current	45,133	58,360	84,498	18,622	206,613
Non-current	133,615	77,662	275,507	802	487,586

⁽¹⁾ ISA and its companies are defendants in administrative, civil, and labor lawsuits. This value corresponds to the provision for processes where a probable outflow of resources is estimated, according to expert assessment, and a reliable estimate can be made.

⁽²⁾ Includes, in ISA, obligations for commitments acquired with several regional autonomous corporations for obtaining environmental licenses for projects and biotic offsets. In Interchile, environmental obligations derived from the Cardones Polpaico project, associated with measures imposed by the environmental authority within the Environmental Assessment Resolution, which establishes, among other obligations, the repopulation of native species, reforestation and implementation of green areas. It also includes environmental sanctioning processes with the Regional Autonomous Corporations (CVS) for possible logging without a forest exploitation permit for the cutting of vegetation to carry out easement clearing activities.

⁽³⁾ Includes the provision for maintenance and replacement of the power transmission lines of the subsidiaries in Peru, which represents the present value of the significant maintenance and replacement costs expected to be incurred in the transmission lines, and the provision for major maintenance for the concession contract of the Mobility Control Center signed between SIR and the Municipality of Medellin, on which adjustments must be made until 2025, when the contract expires.

In Peru, the provision for maintenance and replacement corresponds mainly to costs necessary to maintain the infrastructure of the transmission lines in the operating conditions required by the Peruvian State in the concession contract, and has been estimated by the Transmission Management team, based on the evaluation of the condition and age factors of the transmission lines. The maintenance and replacement expenditures used to calculate the provision were based on budgeted maintenance levels and available information, based on a period equivalent to the remaining years of the Concession Contract. Budgets are reviewed regularly to take into account any material changes in the projections made. However, significant maintenance and replacement costs will depend on market prices, maintenance activities and required equipment prices that will reflect future economic conditions. Also, the timing of disbursements depends on the useful life of the units to be maintained or replaced.

⁽⁴⁾ In ISA it includes obligations for commitments in technical projects (works, machinery -lines and substations- and auxiliary equipment). In Peru, it includes the provision for compliance with the Technical Standard for the Quality of Electrical Services (NTCSE) - According to Supreme Decree No. 020-1997-EM Technical Standard for the Quality of Electrical Services of the subsidiaries, which records the economic compensation that would have to be paid to transmission service users due to technical problems in the transmission lines. This economic compensation for power supply interruption is calculated based on the number of interruptions and the total duration of the interruptions and is paid to the affected generators.

22.1 Litigations, claims, and other contingencies provided for

The most significant cases and the corresponding provisions are presented below:

- **CTEEP. Regulatory contingency: Eletrobras - RBNI invoicing**

It corresponds to the collection action filed by Eletrobras against ISA CTEEP requesting the return of the amount overcharged by the company in part of the indemnity payment resulting from the extension of the Concession Contract No. 059/2001 under Law No. 12,783/201, related to the NI facilities (new investments) that had been transferred to the company by Eletrobras. As of December, a provision of COP 34,846 (2022: COP 40,692) is maintained.

- **CTEEP and subsidiaries. Tax contingency: Urban Land & Property Tax (IPTU)**

The company is a party to proceedings related to the collection of property tax (IPTU) in several municipalities in the State of São Paulo and recognizes a provision to cover the proceedings with probable likelihood. As of December, a provision of COP 20,228 (2022: COP 23,691) is maintained.

- **CTEEP. Labor contingencies (various proceedings)**

The company is a defendant in certain lawsuits that are under discussion in different courts related to claims of equal wages, overtime, hazardous work premium, among others, for COP 11,877 (2022: COP 13,869).

- **Internexa Perú. Administrative contingency. Administrative sanctioning proceedings issued by Pronatel and Osiptel**

Administrative sanctioning procedures regarding the non-payment of contributions during the years 2010 to 2022 for the usufruct contracts with Telefónica del Perú and associated fines. As of December, a provision of COP 10,161 (2022: COP 11,675) is maintained.

- **Transelca. Regulatory contingency: Service disruption. Compensation for energy not supplied**

In June 2020, a trip occurred in the BL2 Sabanalarga - Fundación Line Bay, in the Sabanalarga 220 kV Substation. The substation went out of operation, as well as other assets operated by Transelca and other third parties, leaving a wide region of the Atlantic Coast without electric power service. In accordance with what is defined in Resolution GREC 011 of 2009, numeral 3.8.3, this event may cause the company to be compensated for energy not supplied. As of December 2023 and 2022, a provision of COP 8,714 is maintained.

- **Interchile. Civil contingency. Repair of damage to La Dormida Agricultural Community**

Community members that own land with the La Dormida Agricultural Community allege that the construction of the project caused environmental damage. As of December, a provision of COP 4,681 (2022: COP 5,891) is maintained.

- **ISA Intercolombia. Administrative contingency. Non-compliance in the quality of the electric power transmission service. Resolution #20222401115165 SSPD**

Violation of the provisions of Article 6 of Law 143 of 1994, and Articles 16 and 17 of Resolution CREG 011 of 2009, as well as the provisions of paragraphs 4.1, 4.3 and 4.4 of the General Annex of the aforementioned resolution, given that, between January 2015 and December 2019, some of the quality characteristics of the electric power transmission service in the National Transmission System were not complied with. As of December 2022, a provision of COP 5,000 was maintained, which was cancelled during 2023.

23. NON-FINANCIAL LIABILITIES

As of December 31, the balance of non-financial liabilities comprises:

	2023	2022
Deferred revenues ⁽¹⁾	700,543	858,562
Other liabilities ⁽²⁾	1,070,715	1,369,057
Total other non-financial liabilities	1,771,258	2,227,619
Current	386,112	573,918
Non-current	1,385,146	1,653,701

⁽¹⁾ Deferred revenues mainly correspond to:

- Resources delivered by ANI to Ruta Costera for use in future periods, for future terms and toll collection, as established in the concession contract, amounting to COP 66,263 (2022: COP 219,015).
- Deferred revenue liabilities associated with XM's investment invoicing of COP 287,226 (2022: COP 190,873), which revenue is caused as the investments are executed, i.e., when depreciation and amortization are recorded for the use of the assets.
- Deferred revenues from the National Transmission System (STN) from UPME bidding assets, deferred revenues from construction services for infrastructure projects and from rights of use of ISA infrastructure for COP 97,773 (2022: COP 112,826).
- Advances received in Internexa Perú for the construction of fiber optic network for COP 99,584 (2022: COP 135,788) and Internexa Colombia for the projects Red Metro de Medellín, Colombia Telecomunicaciones S. A., Comunicación Celular Telmex Colombia, and Colombia Móvil S. A., for COP 39,141 (2022: COP 34,191).

⁽²⁾ Includes mainly other accounts payable for pre-existing infrastructure in Ruta del Maipo for COP 965,264 (2022: COP 1,205,303) and Ruta de la Araucanía for COP 0 (2022: COP 53,018), as stipulated in the concession contract and its amendments, which require the concessionaires to make payments to the Ministry of Public Works (MOP).

24. EQUITY

ISA's authorized capital is comprised of 1,371,951,219 common shares with a nominal value of COP 32.8. The subscribed and paid-in capital is COP 36,916 and consists of 1,125,498,016 shares, of which 1,107,677,894 are outstanding and 17,820,122 are repurchased shares of treasury stock.

Of the outstanding shares, 39.77% (440,480,920 shares) are privately owned, 8.82% (97,724,413 shares) are owned by Empresas Públicas de Medellín, a public utilities company, and 51.41% (569,472,561) are owned by the controller, Ecopetrol S. A.

All issued shares are fully paid and there are no potential dilutive shares.

	2023	2022
Authorized capital		
1,371,951,219 ordinary shares, nominal value COP 32.8	45,000	45,000
Subscribed and paid-in capital		
1,125,498,016 ordinary shares, nominal value COP 32.8	36,916	36,916

The premium for placement of shares is COP 1,428,128 in 2023 and 2022.

Shareholders holding common shares are entitled to receive dividends, as declared from time to time, and are entitled to one vote per share at the Company Shareholders' Meetings. ISA is listed on the Colombia Stock Exchange (BVC).

The Colombian Centralized Deposit of Securities (Deceval) is the entity that receives securities in deposit, for their administration and custody, contributing to facilitate and expedite the operations of market agents.

24.1 Earnings per share

Earnings per share are calculated based on the weighted average annual number of shares outstanding at the date of the statement of financial position. The company has no instruments with possible dilution effects.

	2023	2022
Net income for the period	2,466,452	2,202,581
Average of outstanding shares for the period	1,107,677,894	1,107,677,894
Net income per share (expressed in COP)	2,227	1,988

24.2 Dividends

Dividends declared in 2023 and 2022 by ISA are detailed below:

	2023	2022
Net income of previous period	2,202,581	1,665,536
Outstanding shares	1,107,677,894	1,107,677,894
Ordinary dividend per share (in COP)	891	749
Extraordinary dividend per share (in COP)	851	-
Total dividends declared per share	1,742	749
Dividends declared	1,929,575	829,651
Payment method	Ordinary and extraordinary dividends payable in two installments, in May and December 2023	Ordinary dividends payable in two installments, in July and December 2022

Dividends paid in 2023 and 2022 by ISA and subsidiaries to non-controlling interests are detailed below:

	2023	2022
Dividends paid - ISA	1,929,575	829,651
Dividends paid to noncontrolling interests	569,247	169,145
Total	2,498,822	998,796

24.3 Reserves

	2023	2022
Equity strengthening ⁽¹⁾	6,998,121	6,736,104
Legal under tax provisions	898,802	898,802
Rehabilitation and repair of STN assets	37,434	37,434
Legal ⁽²⁾	18,458	18,458
Total	7,952,815	7,690,798

⁽¹⁾ In compliance with Article 47 of the Company's Bylaws, the General Shareholders' Meeting has created this occasional reserve in order for the Company to maintain its financial strength, maintain the level of financial indicators required by the credit risk rating agencies to grant investment grade and comply with the contractual commitments acquired with the financial entities.

At the General Shareholders' Meeting held on March 29, 2023, an occasional reserve of COP 1,204,651 was approved for equity strengthening, to meet the investment commitments already acquired, and to maintain the company's financial soundness. Likewise, the General Shareholders' Meeting approved the partial change in the allocation of the equity strengthening reserve for the years 1998 and 2005 to 2021, in order to distribute it as an extraordinary dividend, for COP 942,634. This partial distribution of the occasional reserve corresponds to an extraordinary dividend of COP 851 per share.

⁽²⁾ In accordance with the Code of Commerce, the company is required to allocate 10% of its annual net income as a legal reserve until the balance of this reserve is equivalent to 50% of the subscribed capital. The mandatory legal reserve may not be distributed before the liquidation of the company but may be used to absorb or reduce net annual losses. The balances of the reserve are freely available to the shareholders insofar as they exceed 50% of the subscribed capital.

24.4 Other comprehensive income (hedges)

Hedging of net investments in foreign operations

Financial liabilities include loans for USD 330,000,000, which was designated as hedging of net investments in foreign subsidiaries. This loan is used to hedge ISA's exposure to the exchange rate risk of these investments.

	December 2023	December 2022
Company	ISA Interconexión Eléctrica S. A.	ISA Interconexión Eléctrica S. A.
Hedged item	USD bonds	USD bonds
Value in original currency	USD 330,000,000	USD 330,000,000
Net book value	1,261,276	1,587,366
Accumulated fair value adjustments	48,655	(277,434)
Change in fair value during the year ⁽¹⁾	326,090	(273,583)

⁽¹⁾ (-) decrease in OCI, (+) increase in OCI.

Cash flow hedge for future energy transmission revenues

Considering that the functional currency of ISA Peru is the U.S. dollar, the company has designated a cash flow hedge to cover the risk of variation in the exchange rates of financial liabilities in Peruvian soles; the debt with Scotiabank Peru for the refinancing in Peruvian soles of the loan with the Bank of Nova Scotia was designated as a hedging instrument. The hedged item consists of highly probable revenues from commercial operations in the provision of energy transmission services to generation and distribution companies.

The effectiveness of the hedge is evaluated by comparing the cumulative exchange difference of the debt and the cumulative exchange difference of the highly probable revenues calculated at present value. Hedging effectiveness is evaluated on a prospective basis. As of December 31, 2023, the company has recognized in other comprehensive income a loss of COP 3,826, (2022: profit of COP 3,769).

Fair value hedging - Swaps

ISA REP, to mitigate the exposure to exchange rate volatility of interest payments in Peruvian soles of the First Series B Issuance of the Third Corporate Bonds Program, designated (cross currency swap) derivatives as a cash flow hedge considering that its functional currency is the US dollar; this hedge ended in February 2023. Additionally, Intervial Chile has in force cross currency swaps as a UF currency hedge operation as a debt strategy in Chilean pesos CLP, in order to mitigate the exposure to exchange rate volatility.

Cash flow hedges (future commitments of capex)

In December 2020, IERiacho Grande entered into Forward Non Delivery (NDF) hedging contracts with BTG Pactual bank, in which the company acquired US dollars for 32,723,000. Also, in November 2022, CTEEP entered into hedging contracts with BTG Pactual bank under the same modality, for USD 3,052,000. These hedging operations are aimed at protecting the commitments assumed (capex) by the company in foreign currency.

The company classifies derivatives contracted as "cash flow hedge", in accordance with the parameters established in IFRS 9. The organization has adopted (Hedge Accounting).

Impact of hedges on equity

The reconciliation of each component of equity and the analysis of other comprehensive income is detailed below:

	Net foreign investment hedging	Cash flow hedges for future revenues	Fair value hedging - Swaps	Cash flow hedges (future commitments of capex)
As of January 1, 2022	(3,851)	-	6,978	6,807
USD bonds	(176,481)	-	-	-
Highly likely forecasted sales	-	2,552	-	-
Valuation of swaps	-	-	(42,283)	-
Future commitments of capex	-	-	-	(5,026)
Amount reclassified to profit or loss	-	(484)	51,672	(2,612)
As of December 31, 2022⁽¹⁾	(180,332)	2,068	16,367	(831)
USD bonds	211,971	-	-	-
Highly likely forecasted sales	-	(8,915)	-	-
Valuation of swaps	-	-	(29,896)	-
Future commitments of capex	-	-	-	(7,086)
Amount reclassified to profit or loss	-	279	35,902	(812)
As of December 31, 2023⁽¹⁾	31,639	(6,568)	22,373	(8,729)

⁽¹⁾ During the year, hedges presented a loss of COP 201,443 (2022: gain of COP 172,662).

25. REVENUES FROM CONTRACTS WITH CUSTOMERS

As of December 31, the balance of revenues from contracts with customers includes:

	2023	2022
Energy transmission services	7,802,066	7,170,094
Construction services	3,150,284	3,031,684
Roads	1,960,867	2,000,875
Connection charges	639,870	540,670
Telecommunications and ICT	475,230	483,653
Other operating revenues	143,142	129,029
Total	14,171,459	13,356,005

Ordinary revenues from the activities of ISA and its companies are not seasonal.

26. CONCESSIONS

ISA, through its companies, promotes development in Brazil, Peru and Bolivia through concessions acquired for the provision of power utilities, Real Time Systems Management in Colombia, and for public road transportation services through its concessionaires in Chile and Colombia.

26.1 Qualitative information on service concession contracts

26.1.1 Concessions in Peru

Due to the terms and conditions contained in the concession contracts in Peru for the rendering of public electric power transmission services, similar in their legal terms and in the rights and obligations with the State, the model that applies to the concession contracts for the rendering of public electric power transmission services in ISA REP, ISA Peru and Consorcio Transmantaro is the intangible asset model; This applies when the services provided by the operator are paid by the users or when the grantor does not unconditionally guarantee the collection of the accounts receivable, and represents the right granted by the Peruvian State to charge the users of the electric power transmission service. This is not an unconditional right to receive cash.

26.1.2 Concessions in Bolivia

Similar to the type of contracts in Peru, concession contracts for the provision of public energy services in Bolivia do not guarantee the unconditional receipt of cash by the operator, who assumes the credit risk associated with the collection of the amounts billed, which would mean that the company cannot recover the entire investment made. Additionally, the Bolivian State is not required to guarantee the lacking amounts either by the absence of demand or lack of payment of any of the market players; therefore, the grantor has no obligation to pay for the construction services received. In this sense, the model that is consistent with the agreement terms, covered by IFRIC 12, is the intangible asset model.

26.1.3 Concessions in Colombia

Sistemas Inteligentes en Red

Sistemas Inteligentes en Red, through a business collaboration agreement entered into with UNE EPM Telecomunicaciones S. A. and Consorcio ITS, executes the addendum No. 5 of the Administrative Agreement No. 5400000003 of 2006 with the Municipality of Medellín to "provide under the concession modality and, therefore, at its account, contributing the necessary technological infrastructure, the service for its modernization and optimization of the management of the administrative services of the Secretariat of Transportation and Transit of Medellín, through an integral solution of technology, information, communications and operation of ICT's", in which, as consideration, it has the right to participate in the collection of fines collected through the photodetection system within the municipality.

This agreement is within the scope of IFRIC 12 under the intangible model due to the following reasons:

- The Municipality of Medellín, as grantor, controls what services the operator must provide with the infrastructure, who must be charged, and at what price.
- Through ownership of the right of use, the grantor controls any significant residual interest in the infrastructure at the end of its useful life.

Ruta Costera

Under the Public-Private Partnership (PPP) scheme under Law 1508 of 2012, derived from the awarding act of the Public Tender VJ-VE-IP-LP-0011-2013, issued by the National Infrastructure Agency -ANI-, through Resolution No. 862 of July 2, 2014, on September 10, 2014, ANI and the Concessionaire entered into the Concession Contract No. 004 of 204, for "carrying out the final studies and designs, environmental management, property management, social management, construction, rehabilitation, improvement, operation and maintenance of the Cartagena-Barranquilla and Circunvalar de la Prosperidad Project corridor".

This contract is within the scope of IFRIC 12 under the financial asset model for the investment in construction work (construction services). The concession receives revenues from the following sources: ANI contributions, toll collection, and commercial operation revenues. If the concessionaire fails to achieve the expected toll collection revenue, the grantor -ANI- will recognize and pay the concessionaire the toll collection differential in years 8, 13, and 18, contractually called VPIP (present value of the toll collection calculated in pesos of the reference month). These revenue guarantees represent an unconditional contractual right to receive cash or other financial assets from construction services provided. The contractually guaranteed payment is a specific and determinable amount.

As of December 31, 2021, 97.24% progress was achieved for Functional Unit 3 (UF3) and 99.94% for Functional Unit 6 (UF6), resulting in a consolidated project progress of 99.91% and the commissioning of the entire road corridor. In 2023 the concession is fully operational.

26.1.4 Concessions in Brazil

In concession contracts in Brazil for the provision of the electric power transmission utility, the operator is entitled to the contract asset, as far as the concessionaire complies with the obligation to build and implement the transmission infrastructure, recognizing the revenues over the project term. Upon termination of the concession, the reversion of the assets linked to the concession will be made by determining and calculating the compensation to be recognized by the operator.

The concession contracts of ISA CTEEP and TAESA were analyzed and classified in accordance with IFRS 15 - Revenue from Contracts with Customers (in Brazil, CPC 47 - Receita de Contrato com Cliente) within the contract asset model as of January 1, 2018.

The value of the contract asset of electric power transmission concessionaires is determined by the present value of their future cash flows, which are determined at the beginning of the concession or at its extension and are revalued in the Periodic Fee Review (Revisión Tarifaria Periódica -RTP-).

Cash flows are defined based on the remuneration that concessionaires receive for the provision of the transmission utility to users, Receita Anual Permitida -RAP-. These collections amortize investments made in the trans-

mission infrastructure. Any eventual investments that are not amortized (reversed assets) generate the right to compensation by the grantor's power, which is equivalent to the additional compensation of the entire transmission infrastructure at the end of the concession agreement. This flow of future collections is adjusted by inflation (Broad Consumer Price Index -IPCA-/General Market Price Index -IGPM-) and remunerated by a discount rate that represents the financial component of the business defined at the beginning of each project.

During the stage of the execution of the construction of the work, the concessionaire has the right to the consideration in accordance with the fulfillment of the completion of the work and the performance obligations and not only with the passage of time. Construction revenues are recognized at the amount of the expenses incurred in the formation of the asset plus the margin on construction, as a result of the application of the pronouncement of the CVM (Brazilian Securities and Exchange Commission) on the accounting treatment of contract assets (CVM Official Communication 4/2020).

Construction revenues and remuneration revenues from concession assets are subject to the deferral of the Social Integration Program (PIS) and the cumulative Social Security Financing Contribution (COFINS), recorded in "deferred taxes", in non-current liabilities.

26.1.5 Concessions in Chile

For the provision of the public road infrastructure service, depending on the concession contract, may have traffic risk or total revenues guaranteed according to a Revenue Distribution Mechanism (RDI) or a Present Value of Revenues (PVR), which, in the latter cases, allow the collection of the total revenues of the concession in a guaranteed manner in present value. In addition, some concession contracts include other concepts, such as the Guaranteed Minimum Income -IMG- and construction and operation subsidies, which correspond to payments by the State, subject to specific compliance conditions by the concessionaire.

Based on the above, the model to be applied to concessions in Chile will depend on whether or not there is traffic risk, i.e., whether or not their revenues are guaranteed and whether or not they are sufficient to pay for the investment. If the concession contract has traffic risk, then said risk is recognized pursuant to IFRIC 12 as an intangible asset. This asset is amortized during the concession's term. On the other hand, if the contract sets forth revenue and compensation guarantee mechanisms, it is recognized as a financial asset. This asset is extinguished by the payments received from road users through tolls or directly by payments from the Ministry of Public Works (Ministerio de Obras Públicas -MOP-). Currently, Chile's road concessions apply the financial asset model.

26.2 Quantitative information on service concession contracts

The asset and revenue balances of the concessions accounted for under IFRIC 12 are as follows:

Business	Concessionaire	Country	Concession term (maturity)	Tender at the end of the contract Y/N	Maintenance for service conditions Y/N	Concession asset		Operating revenues	
						2023	2022	2023	2022
Intangible assets									
Electric Power	Consorcio Transmantaro	Peru	09/09/2053	Y	Y	6,374,904	7,917,103	1,265,674	1,545,733
	ISA REP	Peru	09/30/2032	Y	Y	1,317,431	1,770,315	779,025	695,577
	ISA Perú	Peru	04/30/2033	Y	Y	652,309	834,894	142,174	136,679
Total Peru						8,344,644	10,522,312	2,186,873	2,377,989
Electric Power	ISA Bolivia	Bolivia	01/29/2039	Y	Y	42,488	55,073	32,148	31,490
	Sistemas Inteligentes en Red	Colombia	12/31/2025	Y	Y	1,337	2021	24,356	17,871
Total concessions, intangible assets						8,388,469	10,579,406	2,243,377	2,427,350
Contract asset									
Electric Power	ISA CTEEP	Brazil	09/29/2052	Y	Y	15,502,876	16,497,745	3,979,957	2,824,587
	Interligação Elétrica Aguapeí	Brazil	08/11/2047	Y	Y	539,430	630,953	72,891	76,257
	Interligação Elétrica Itaquerê	Brazil	08/11/2047	Y	Y	507,600	578,080	63,240	66,770
	Interligação Elétrica Itaúnes	Brazil	02/10/2047	Y	Y	463,822	499,625	65,898	98,480
	Interligação Elétrica Biguaçu	Brazil	09/20/2048	Y	Y	412,584	467,150	47,142	148,383
	Interligação Elétrica Norte e Nordeste	Brazil	03/16/2038	Y	Y	420,774	454,544	58,531	56,872
	Interligação Elétrica Jaguar 9	Brazil	10/15/2038	Y	Y	396,444	424,627	80,759	10,207
	Interligação Elétrica Serra Do Japi	Brazil	11/18/2039	Y	Y	367,545	419,762	49,604	65,004
	Interligação Elétrica de Minas Gerais	Brazil	03/20/2050	Y	Y	440,643	402,393	132,885	249,647
	Interligação Elétrica Tibagi	Brazil	08/11/2047	Y	Y	218,670	253,394	27,936	41,498
	Interligação Elétrica Jaguar 6	Brazil	08/11/2047	Y	Y	184,741	232,475	12,125	1,797
	Evrecy Participações	Brazil	03/20/2050	Y	Y	325,208	260,969	121,998	154,202
	Interligação Elétrica Sul	Brazil	10/15/2038	Y	Y	186,642	206,437	31,256	22,131
	Interligação Elétrica Itapura	Brazil	09/20/2048	Y	Y	150,682	160,534	26,828	24,127
	Interligação Elétrica Jaguar 8	Brazil	08/11/2047	Y	Y	108,798	102,270	33,834	2,128
	Interligação Elétrica Riacho Grande	Brazil	03/30/2051	Y	Y	158,384	98,546	81,210	40,281
	Interligação Elétrica Pinheiros	Brazil	10/15/2038	Y	Y	50,090	57,038	6,667	74,989
Total concessions, contract assets						20,434,933	21,746,542	4,892,761	3,957,360

Business	Concessionaire	Country	Concession term (maturity)	Tender at the end of the contract Y/N	Maintenance for service conditions Y/N	Concession asset		Operating revenues	
						2023	2022	2023	2022
Financial asset									
Electric Power	ISA CTEEP	Brazil	12/31/2042	Y	Y	81,660	202,858	1,045,884	1,101,045
	Interligação Elétrica Aguapeí	Brazil	08/11/2047	Y	Y	7,225	16,914	14,563	24,091
	Interligação Elétrica Biguaçu	Brazil	09/20/2048	Y	Y	2,881	4,810	12,447	4,378
	Interligação Elétrica Serra Do Japi	Brazil	11/18/2039	Y	Y	2,947	4,604	8,049	8,599
	Interligação Elétrica Itaquerê	Brazil	08/11/2047	Y	Y	2,999	4,495	7,568	6,019
	Interligação Elétrica Jaguar 9	Brazil	10/15/2038	Y	Y	12,051	4,216	16,016	54
	Interligação Elétrica Pinheiros	Brazil	10/15/2038	Y	Y	728	(3,423)	10,877	8,800
	Interligação Elétrica Jaguar 6	Brazil	08/11/2047	Y	Y	1,263	2,842	2,165	210
	Evrecy Participações	Brazil	03/20/2050	Y	Y	1,280	2,327	7,144	7,381
	Interligação Elétrica Sul	Brazil	10/15/2038	Y	Y	1,795	2,289	3,389	2,606
	Interligação Elétrica Itapura	Brazil	09/20/2048	Y	Y	1,735	2,062	7,398	8,358
	Interligação Elétrica de Minas Gerais	Brazil	03/20/2050	Y	Y	3,963	1,659	6,589	3,271
	Interligação Elétrica Norte e Nordeste	Brazil	03/16/2038	Y	Y	3,655	1,610	1,627	3,775
	Interligação Elétrica Jaguar 8	Brazil	08/11/2047	Y	Y	896	1,388	658	(148)
	Interligação Elétrica Itaúnas S. A.	Brazil	09/20/2048	Y	Y	5,055	-	6,647	-
	Interligação Elétrica Tibagi	Brazil	08/11/2047	Y	Y	(1,347)	1,298	4,104	161
Total Brazil						128,786	249,949	1,155,125	1,178,600
Roads	Ruta del Maipo	Chile	04/30/2035	Y	Y	6,281,734	7,780,753	901,306	894,934
	Ruta del Loa	Chile	04/30/2049	Y	Y	1,160,000	873,447	528,219	383,348
	Ruta de la Araucanía	Chile	10/31/2026	Y	Y	344,439	665,364	269,324	340,629
	Ruta de los Ríos	Chile	03/31/2026	Y	Y	62,050	218,555	252,171	264,966
	Ruta del Bosque	Chile	02/28/2023	Y	Y	-	31,667	19,561	146,563
	Ruta del Maule	Chile	03/31/2021	Y	Y	-	-	-	-
Total Chile						7,848,223	9,569,786	1,970,581	2,030,440
Roads	Ruta Costera	Colombia	02/28/2042	Y	Y	1,965,912	2,276,022	27,327	51,189
Total Colombia						1,965,912	2,276,022	27,327	51,189
Total concessions, financial assets						9,942,921	12,095,757	3,153,033	3,260,229
Total concessions						38,766,323	44,421,705	10,289,171	9,644,939

27. OPERATING COSTS AND ADMINISTRATIVE EXPENSES

Operating costs and administrative expenses are detailed below:

	Operating costs		Administrative expenses		Total operating costs and administrative expenses	
	2023	2022	2023	2022	2023	2022
Construction costs of concession contracts	2,600,184	2,802,486	-	-	2,600,184	2,802,486
Personnel costs	762,648	721,225	455,703	321,760	1,218,351	1,042,985
Materials and maintenance	549,638	512,116	9,947	(1,042)	559,585	511,074
Fees	102,481	95,896	190,113	142,521	292,594	238,417
Services	233,454	204,304	27,668	29,234	261,122	233,538
Contributions and taxes	213,237	166,259	34,591	25,700	247,828	191,959
Insurances	92,916	83,910	28,706	23,557	121,622	107,467
Miscellaneous	107,112	92,755	11,252	7,702	118,364	100,457
Studies and projects ⁽¹⁾	43,364	21,296	38,671	39,028	82,035	60,324
Environmental	31,745	29,393	9,204	3,139	40,949	32,532
Communications	26,362	24,899	1,242	925	27,604	25,824
Advertising, printed material, and publications	4,398	3,962	20,581	14,353	24,979	18,315
Maintenance of intangibles	11,857	8,696	8,888	11,298	20,745	19,994
Leases	11,051	11,776	1,245	1,040	12,296	12,816
Total	4,790,447	4,778,973	837,811	619,215	5,628,258	5,398,188
Provisions and impairment of debtors and other accounts receivable and inventories	-	-	170,410	135,802	170,410	135,802
Depreciations	520,653	488,633	62,511	61,066	583,164	549,699
Amortizations	430,490	409,480	46,059	47,084	476,549	456,564
Total depreciations, amortizations, and provisions	951,143	898,113	278,980	243,952	1,230,123	1,142,065
Total	5,741,590	5,677,086	1,116,791	863,167	6,858,381	6,540,253

⁽¹⁾ Includes costs and expenses of studies and projects of COP 15,416 (2022: COP 21,828), corresponding to the Energy and Roads businesses that are not eligible for capitalization in fixed assets. For 2023, it corresponds mainly to ISA Inversiones Chile SPA for COP 6,235, ISA CTEEP for COP 3,690 and Interconexión Eléctrica S. A. for COP 3,314 (2022: COP 3,828); 2022 includes ISA Inversiones Chile SpA for COP 12,587.

28. OTHER OPERATING REVENUES AND EXPENSES AND EQUITY METHOD

	2023	2022
Other operating revenues		
Recoveries	21,651	41,171
Income from sale of property, plant, and equipment	4,828	6,354
Indemnities	3,471	19,391
Leases	3,164	3,712
Other ⁽¹⁾	72,967	27,647
Total other revenues	106,081	98,275
Other operating expenses		
Impairment of the value of assets ⁽²⁾ (Note 15)	207,602	87,544
Loss on derecognition of fixed assets ⁽³⁾	93,869	28,845
Events of loss	1,683	300
Donations	1,467	1,877
Others	41,743	36,379
Total other expenses	346,364	154,945
Total other expenses, net	(240,283)	(56,670)

⁽¹⁾ Mainly includes recoveries of provisions in Brazil and recovery of taxes in Chile for Provisional Payment for Absorbed Profits (Pago Provisional por Utilidades Absorbidas -PPUA-).

⁽²⁾ Corresponds to asset impairment of the subsidiary Internexa Brasil, since, at the end of 2023, the investment in its direct holding companies met the criteria to be classified as a non-current asset held for sale; to the impairment of Internexa Argentina and Colombia due to cash flow restatement; and to the impairment of the land of Consorcio Transmantaro. See Note 15.

⁽³⁾ Mainly includes the derecognition, in Consorcio Transmantaro, of the assets of the Yaros Substation (civil works and electrical installations) for COP 66,160 (USD 15.3 M) and of other assets in ISA CTEEP for COP 24,103.

Participation in income (loss) of associates and joint ventures is as follows:

	2023	2022
Interligação Elétrica do Madeira	181,906	197,782
Transmissora Aliança de Energia Elétrica	145,246	165,922
Interligação Elétrica Garanhuns	51,956	82,551
Interligação Elétrica Paraguaçu	63,341	67,842
Interligação Elétrica Ivaí	84,531	16,694
Interligação Elétrica Aimorés	42,139	55,384
ATP Tower Holding	(23,620)	(54,327)
Others	(15,962)	(16,102)
Total income from equity method, net	529,537	515,746

Participation in the profits of associates and joint ventures includes the amounts related to the amortization of the differences between the value paid for such investments and the book value of the shares acquired.

29. NET FINANCIAL RESULT

	2023	2022
Financial revenues		
Return on other assets ⁽¹⁾	542,004	247,826
Valuation of investments ⁽²⁾	173,129	125,811
On financial assets	155,283	105,830
Other financial revenues	31,824	25,820
Monetary variation	5,505	5,273
Returns from monetary readjustment	544	24
Revenues from dividends ⁽³⁾	(43,912)	(19,187)
Total financial revenues	864,377	491,397
Financial expenses		
Interest on bonds ⁽⁴⁾	1,368,932	1,203,629
On public credit financial liabilities	793,605	742,086
Other interest	205,012	139,453
Commissions and other bank expenses	27,349	33,810
Monetary variation	9,176	10,471
Management of issuance of securities	2,036	1,939
Miscellaneous	17,382	16,781
Total financial expenses	2,423,492	2,148,169
Total financial expenses, net	1,559,115	1,656,772
Foreign exchange difference and indexed units expense, net		
Income from exchange differences and indexed units	1,202,701	1,332,224
Exchange difference and indexed units expense	1,810,626	2,270,609
Foreign exchange difference and indexed units expense, net	607,925	938,385
Total financial result, net	2,167,040	2,595,157

⁽¹⁾ Increase due to higher liquidity surpluses held in deposits and trusts during the year and the increase in market interest rates.

⁽²⁾ Corresponds to gain on trading and sale of fixed-income and equity investments.

⁽³⁾ Includes PIS/COFINS tax for the receipt of interest on own equity delivered for investments in Brazil.

⁽⁴⁾ The increase in financial expenses is a consequence of the contracting of debt and the issuance of bonds to support the investment in the period.

30. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Related-party transactions are carried out under market conditions and prices, i.e., in conditions equivalent to those existing for arm's-length transactions. As of the date of these financial statements there are no guarantees granted associated with balances between related parties and no impairment on accounts receivable, except for the balance with Transnexa S. A. E.M.A., which is 100% impaired.

Balances and transactions between consolidated companies, between ISA and its subsidiaries and between the subsidiaries themselves have been eliminated in the consolidation process and are not disclosed in this note.

The main balances and transactions of ISA and its companies with related parties are as follows:

	Dividendos por cobrar		Cuentas por cobrar	
	2023	2022	2023	2022
Joint control				
Conexión Kimal Lo Aguirre S. A.	26,783	8,625	143,236	-
Interligação Elétrica do Madeira S. A.	35,100	48,087	-	-
Interligação Elétrica Ivaí S. A.	18,316	-	1,095	182
Interligação Elétrica Paraguaçu S. A.	11,366	18,054	25	-
Interligação Elétrica Garanhuns S. A.	10,292	-	41	40
Interligação Elétrica Aimorés S. A.	7,612	14,739	25	-
Internexa Brasil Operadora	-	-	235	-
Derivex	-	-	-	334
Ventas Profesionales Ltda.	-	-	2	1
Total	109,469	89,505	144,659	557
Current	109,469	89,505	1,421	222
Non-current	-	-	143,238	335

30.1 Remuneration for Key Senior Management

The key members of ISA's Management are the members of the Board of Directors, ISA's Senior Management and the directors with the authority to make decisions of high financial impact. In the case of Ecopetrol, as controlling shareholder, key staff are considered to be those who are part of the Board of Directors of ISA. The Senior Management is composed of the CEO and board-level employees reporting directly to the CEO.

ISA and its companies are managed by a Board of Directors composed of nine (9) main members. The Board of Directors' report contains the information in regards to the election and creation of this body. As of the reporting date, there are no transactions other than remuneration between the company and its members of the Board of Directors.

Remuneration to the Board of Directors

For attending Board meetings and committees, the members received fees established by the General Shareholders' Meeting equivalent to 141 UVT per meeting (Value of 1 UVT in 2023: COP 42,412 Colombian pesos). The total remuneration to the Board of Directors for 2023 was COP 2,064 (2022: COP 2,091). At the end of December 2023, there are no transactions other than remuneration transactions between the company and members of its Board of Directors.

As of December 31, 2023 and 2022, there are no labor relations between the members of the Board and the company, nor business relations between the company and close relatives of the members of the Board of Directors. See Note 5.20.

Remuneration to Senior Management key personnel

The remuneration received by the Senior Management key personnel is the following:

	2023	2022
Remuneration	18,071	15,071
Other short-term benefits	11,297	10,709
Total	29,368	25,780

Accounts receivable from Senior Management

Accounts receivable from Senior Management in 2023 amounted to COP 2,439 (2022: COP 1,976).

There are no guarantees granted in favor of Senior Management key personnel.

There are no transactions other than remuneration transactions between the company and members of the Senior Management.

30.2 Balances and transactions with Ecopetrol

During 2023, ISA and its companies provided connection services for COP 2,456 (2022: COP 1,977) and other services and returns for COP 1,990 (2022: COP 664) to Ecopetrol and subsidiaries, and purchased services for COP 448 (2022: COP 0).

In addition to those indicated above, and the dividends paid by ISA to Ecopetrol in its capacity as controlling company, there are no other material transactions with Ecopetrol and subsidiaries.

31. OPERATING SEGMENTS

31.1 Operating segments generating revenues

The operation of ISA and its companies is developed through three business units: Electric Power, Roads, and Telecommunications and ICT.

This segmentation is based on the management of the company's objectives and strategic plan, taking into account that these businesses: (a) are engaged in differential business activities, from which revenues are generated and costs and expenses are incurred, (b) operating results are periodically reviewed by ISA's governance, which makes operating decisions to allocate resources to the segments and evaluate their performance, and (c) differentiated financial information is available.

- Electric Power: includes activities related to the design, construction and maintenance of high-voltage electric power transmission systems and connection of generators, grid operators, regional transporters and large consumers to the energy system.

- Roads: includes revenues and costs associated with the design, construction, operation and maintenance of road infrastructure in Chile and Colombia.
- Telecommunications and ICT: includes the activities carried out to provide digital solutions consistent with the company's business objectives and the needs of its customers.

The information per business unit is reported based on the information used by the Board of Directors, as the highest decision-making body, for strategic and operational decisions for each of the business units. The financial information per business unit is prepared using as a basis for attributing revenues, costs, expenses and results for the period the object of each subsidiary. The analysis of business performance is based mainly on the analysis of revenues, costs, expenses and results for the period generated by each business unit, which are monitored periodically.

31.2 Financial information on operating segments

2023	Electric Power	Roads	Telecommunications and ICT	Total operating segments
Ordinary revenues	10,943,187	2,753,003	475,269	14,171,459
Operating costs	(4,261,055)	(1,168,918)	(311,617)	(5,741,590)
Gross income	6,682,132	1,584,085	163,652	8,429,869
Administrative expenses	(870,890)	(106,944)	(138,957)	(1,116,791)
Other operating revenues	(3,193)	-	-	(3,193)
Net interest in investees	553,168	(11)	(23,620)	529,537
Impairment (see Note 15)	(85,168)	-	(122,434)	(207,602)
Other (expense) revenues, net	(39,340)	(22,035)	28,694	(32,681)
Operating income	6,236,709	1,455,095	(92,665)	7,599,139
Financial result				
Financial income	642,756	206,429	15,192	864,377
Financial expenses	(1,803,986)	(546,524)	(72,982)	(2,423,492)
Exchange difference, net	(278,344)	(323,418)	(6,163)	(607,925)
Income before taxes	4,797,135	791,582	(156,618)	5,432,099
Income tax	(874,915)	(236,502)	(17,755)	(1,129,172)
Net income	3,922,220	555,080	(174,373)	4,302,927
Income from non-controlling interest	(1,829,817)	(7,473)	815	(1,836,475)
Net income of controlling company	2,092,403	547,607	(173,558)	2,466,452

2022	Energy Transmission	Roads	Telecommunications and ICT	Total Operating segments
Ordinary revenues	10,004,902	2,867,499	483,604	13,356,005
Operating costs	(4,159,054)	(1,222,452)	(295,580)	(5,677,086)
Gross income	5,845,848	1,645,047	188,024	7,678,919
Administrative expenses	(608,974)	(114,869)	(139,324)	(863,167)
Other operating revenues	1,501	-	-	1,501
Net interest in investees	569,824	249	(54,327)	515,746
Impairment (see Note 15)	-	-	(87,544)	(87,544)
Other (expenses) revenues, net	(2,008)	12,100	20,782	30,874
Operating income	5,806,191	1,542,527	(72,389)	7,276,329
Financial result				
Financial income	331,242	155,924	4,231	491,397
Financial expenses	(1,587,926)	(496,799)	(63,444)	(2,148,169)
Net exchange difference	(239,168)	(694,295)	(4,922)	(938,385)
Income before taxes	4,310,339	507,357	(136,524)	4,681,172
Income tax	(947,971)	(47,125)	(10,368)	(1,005,464)
Net income	3,362,368	460,232	(146,892)	3,675,708
Income from non-controlling interest	(1,462,139)	(11,454)	466	(1,473,127)
Net income of controlling company	1,900,229	448,778	(146,426)	2,202,581

31.3 Assets and liabilities by business unit

	Assets by business unit		Liabilities by business unit	
	2023	2022	2023	2022
Electric Power	57,737,475	62,028,810	35,512,701	37,606,035
Roads	12,362,255	15,126,884	8,661,268	10,582,107
Telecommunications and ICT	1,117,444	1,578,160	676,812	995,341
Total assets and liabilities per business unit	71,217,174	78,733,854	44,850,781	49,183,483

31.4 Financial information by geographic area

	Operating revenues		Non-current assets	
	2023	2022	2023	2022
Colombia	3,455,543	3,247,458	10,658,623	9,677,567
Brazil	5,444,053	2,515,197	4,848,749	5,483,365
Peru	2,863,659	4,568,926	4,661,540	5,896,851
Chile	2,322,451	2,938,936	8,853,177	11,156,263
Other countries	85,753	85,488	422,577	566,260
Total	14,171,459	13,356,005	29,444,666	32,780,306

Financial information by geographic area is prepared using the location of the subsidiary as the basis for attributing revenues. Non-current assets include: taxes, inventories, property, plant and equipment, intangible assets, investments in associates and joint ventures, goodwill, and other non-financial assets.

32. RISK MANAGEMENT

Given the nature of its various businesses and companies, the geographic position where each of them is located and their various rights (revenues) and obligations (financial debt, acquisition of goods and services), ISA and its companies are exposed to different financial risks.

Accordingly, ISA and its companies seek to permanently monitor the financial markets in order to minimize the potential adverse effects of such risks on the financial results, both individual and consolidated.

Risk management structure

ISA has in place a policy for Comprehensive Risk Management, which provides the concept and action framework for the objective, systemic, and approved implementation of actions aimed at proper management of risks in order to preserve the integrity of the corporate resources and the continuity and sustainability of business. In this policy, ISA declares the strategic purpose of integral risk management and assigns responsibilities to all its employees; additionally, ISA's management is supported by a Corporate Audit and Risk Committee that provides advice on risks and the appropriate corporate governance for risk management, ensuring that they are identified, assessed, and managed in accordance with the established policies and objectives.

All hedging operations involving the use of financial instruments for risk management purposes are carried out by specialized teams with the appropriate capacity, experience and control; the policy of ISA and its companies is not to carry out operations with derivative financial instruments for speculative purposes.

The financial risks to which the company is exposed are described below:

32.1 Market risk

Market risk corresponds to unfavorable variations with respect to the expected fair value or future cash flows of a financial instrument, caused by adverse changes in variables such as the exchange rate, national and international interest rates, the price of indexes (macroeconomic variables), raw materials (commodities), among others.

The sensitivity analyses included in the following sections correspond to the position of ISA and its companies as of December 31, 2023 and 2022, which are prepared using the following assumptions:

- The net debt amount, the ratio of fixed to variable interest rates on debt, derivative financial instruments, and the proportion of financial instruments in foreign currencies are all constant.

- Equity sensitivity is calculated considering the effect of any associated cash flow hedges and hedges of net investments in any foreign operation on December 31, 2023 in relation to the effects of changes assumed in the underlying risks.

Interest rate and macroeconomic variables risk

This risk corresponds to unfavorable changes in the fair value or future cash flows of financial instruments with respect to what is expected and is originated by the variation (volatility) of national and international interest rates and macroeconomic variables that are indexed to these flows, thus affecting their value. The objective of interest rate and macroeconomic variable risk management is to seek a balance between the structure of revenues and expenditures (mainly those associated with debt), in order to minimize volatility in the company's financial statements, both individual and consolidated.

- Revenues:** ISA and its companies maintain exposure to macroeconomic variables in most of their revenues, given that the remuneration schemes and/or concession contracts consider the updating of tariffs due to variations in national and international price indexes and/or exchange rates depending on the class of business and geography.
- Financial liabilities:** as of December 31, 2023, ISA and its companies maintain indexation to interest rates and macroeconomic variables in their financial liabilities and bonds and, in most cases, the indexation of these operations generates certain compensation with the income structure of ISA and each of its companies. The following is the composition by type of interest rate and macroeconomic variables of the financial liabilities.

The following table presents the debt participation, at nominal values, by rates:

	2023	% stake	2022	% stake
Fixed rate	13,201,154	42.44%	17,198,842	50.41%
IPCA (Broad Consumer Price Index)	5,184,337	16.67%	4,062,357	11.91%
CPI	4,367,360	14.04%	3,647,815	10.69%
UF	3,278,575	10.54%	4,385,563	12.85%
CDI	1,618,409	5.20%	2,595,506	7.61%
IBR (6M)	978,467	3.15%	143,609	0.42%
UVR	869,359	2.79%	788,118	2.31%
TAB	533,732	1.72%	432,049	1.27%
SOFR (6M)	429,972	1.38%	192,401	0.56%
TLP	265,293	0.85%	215,436	0.63%
TJLP (Long-Term Interest Rate)	211,700	0.68%	280,715	0.82%
IBR (3M)	132,493	0.43%	119,175	0.35%
SOFR (3M)	33,711	0.11%	44,424	0.13%
Libor (3M)	-	0.00%	11,556	0.04%
Total	31,104,562	100%	34,117,566	100%

ISA performs impact measurements on possible variations in interest rates, macroeconomic variables and exchange rates from an individual approach to a consolidated representation, in order to determine the effect of these variations on comprehensive income. This modeling is accompanied by management limits, which seek to determine mitigation strategies to the extent that these indicators are close to predetermined values, which are reviewed periodically.

Compared to the measurement made in the previous quarter and the variations that were generated in the consolidated results as of December 2023 due to macroeconomic variables, there are no significant changes in relation to what was expected.

In fact, the main management measure for ISA and its companies will be to seek natural balance hedges, and in those cases where this management process is not possible, financial hedges that totally or partially mitigate the effects that may derive from exposure to market risk factors will be sought.

- **Financial instruments and liquidity surplus:** ISA and its companies make investments in financial instruments with their liquidity surpluses in accordance with their cash flow profile, which is normally short term, and in particular these are acquired with the purpose of holding them until maturity. On the other hand, part of the surpluses may be invested in collective investment funds once they have been analyzed in each of the geographies where resources are held and meet the counterparty risk and management criteria defined for such purpose.

As of December 31, 2023, the liquidity surpluses managed by ISA and its companies, classified by marketability and indexation rates, have the following composition in instruments other than bank accounts:

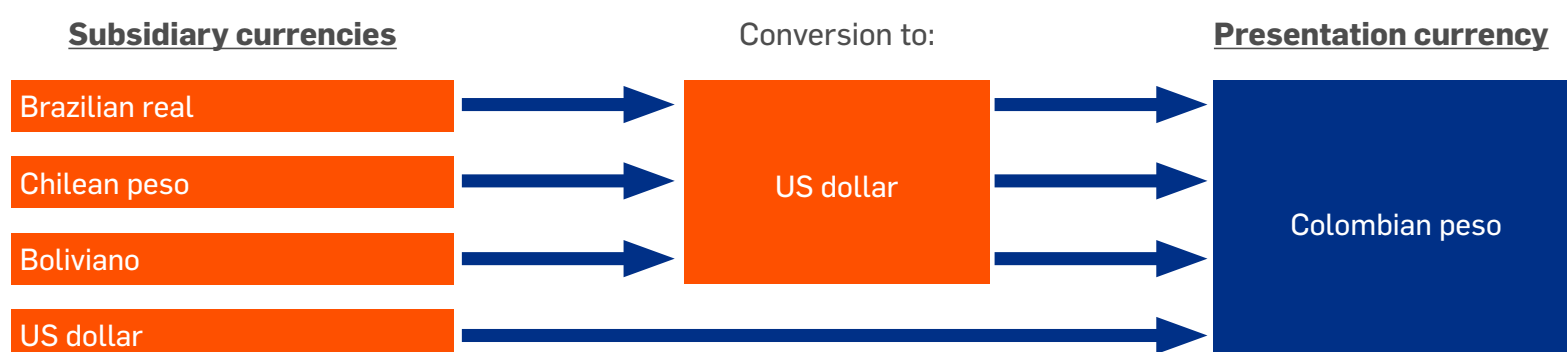
Interest by type of instrument and marketability in liquidity surplus investments			
Type of instrument	Negotiability	Indexation	Stake
Term deposits	For purposes other than trading	Fixed rate	54.9%
Collective investment funds	For trading purposes	Unit value	39.5%
Term deposits	For purposes other than trading	CDI	5.2%
Delegated management	For trading purposes	Unit value	0.4%
Total			100 %

On the other hand, in order to verify the impact of market risk on the financial instruments that make up the liquidity surpluses, ISA periodically evaluates this exposure by calculating the value at risk (VaR), which is compared with the limits established to control such exposure.

Exchange rate risk

This risk corresponds to unfavorable changes with respect to what is expected in the fair value or future cash flows of a financial instrument due to price variations in the foreign currency in which they are expressed.

ISA, on a consolidated basis, is exposed to the exchange rate risk, especially because of the effect of conversion into Colombian pesos of investments in companies abroad (both in cash-in-hand and in the income statement) which are expressed in the following currencies:



Since the functional currency of the companies in Peru, Argentina (Internexa Argentina) and Chile (Interchile) is the US dollar, the consolidated effect will be associated with that currency.

On the other hand, and to a lesser extent, some companies maintain an exposure to the exchange rate, mainly in the item of expenses associated with debt service incurred in currencies other than the functional currency of each company, accounts receivable and payable between economic associates and accounts payable to suppliers.

In those cases in which there is no natural hedge to the exchange rate risk, ISA and its companies may carry out financial hedging transactions to hedge this risk.

As previously mentioned, ISA and its companies are not only exposed to US dollar, but in general to currencies other than its functional currency. Below are the monetary assets and liabilities positions that as of December 31, 2023 were in currencies other than the functional currency of ISA and its companies. In order to reference the value at risk in total, the figures are expressed in millions of Colombian pesos:

	USD	BRL	CLP	PEN	ARS	EUR	COP	Total
2023								
Assets	626,122	316,802	100,287	82,467	3,650	431	-	1,129,759
Liabilities	(1,889,014)	-	(11,674)	(287,208)	(302)	(4,847)	(8)	(2,193,053)
Accounting hedges ⁽¹⁾	1,261,277	-	-	238,974	-	-	-	1,500,251
Net monetary position	(1,615)	316,802	88,613	34,233	3,348	(4,416)	(8)	436,957
2022								
Assets	1,015,337	178,351	133,659	78,146	5,804	532	525,247	1,937,076
Liabilities	(2,423,610)	-	(13,968)	(465,982)	(1,545)	(7,292)	(9)	(2,912,406)
Accounting hedges ⁽¹⁾	1,587,366	-	-	414,180	-	-	(525,247)	1,476,299
Net monetary position	179,093	178,351	119,691	26,344	4,259	(6,760)	(9)	500,969

⁽¹⁾ Corresponds to the nominal values of hedges of net investments in foreign operations and cash flow hedges and the carrying value of monetary items that are part of the net investment in a foreign operation.

This net monetary position does not include the positions of ISA and its companies in monetary assets and liabilities in indexed units.

Effectiveness of hedges

In the interest rate hedges, ISA and its companies contract swaps with the same main characteristics of the hedged financial instrument, such as maturities and reference rate; therefore, the effectiveness of the economic relationship is considered effective given that it is greater than 80%. Thus, changes in the fair value or cash flows of the hedged item, directly attributable to the hedged risk, are offset by changes in the fair value or cash flows of the hedging instrument.

For exchange rate hedges, forward derivative financial instruments are contracted, which, if the exact date of compliance with the hedged obligation is known, provide a 100% effective economic ratio in which the variations of the hedge offset the variability of the hedged items.

In the hedging of net investments in foreign operations, there is an economic relationship between the hedged item and the hedging instrument, as the net investment gives rise to an exchange rate risk that coincides with the exchange rate risk of the US dollar loan taken for the investment. ISA established a hedging index of 1:1, as the underlying risk of the hedging instrument is identical to the hedged risk component. The ineffective portion of the hedge will be produced when the amount of the investment in the foreign subsidiary is less than the amount of the fixed rate indebtedness.

Exchange rate sensitivity

The following table shows the sensitivity to a possible change in the US dollar exchange rate, keeping all other variables constant. The impact on the pre-tax income of ISA and its companies is due to changes in the fair value of monetary assets and liabilities, including undesignated foreign currency derivatives. The impact on the pre-tax equity of ISA and its companies is caused by US dollar-denominated loans (net of cash and cash equivalents) in hedges of net investments in Peruvian operations and hedges of highly probable future cash flows. The exposure of ISA and its companies to changes in the exchange rate of all other currencies is not material. As of December 31, 2023, the sensitivity of income before taxes to a 10% change in the devaluation and revaluation of the currencies of ISA and its companies is as follows:

Devaluation or revaluation	Effect on income before taxes
(+) 10 %	12,015
(-) 10 %	12,015

Mitigation measures

Hedging transactions for financial risks are considered as market risk mitigation tools, the purpose of which is to stabilize, over a period of time, the financial statements and cash flow in the event of fluctuations in the aforementioned risk factors.

As part of market risk hedging (exchange rate, interest rate, and macroeconomic variables), ISA and its companies may carry out standardized derivative transactions (e.g., exchange rate of futures contracts, commodities, among others), as well as non-standardized ones, such as forwards, swaps, and term options, in accordance with the best conditions of each market, which qualify as hedging financial instruments to be recorded in the financial statements.

The exchange rate hedging transactions that ISA and its companies maintain in force are described in the "Derivative financial instruments" section (See Note 18).

32.2 Credit and counterparty risk

Credit risk, customers:

For ISA and its companies, this risk refers to the late payment, doubtful collection or non recovery of the portfolio from services rendered by the companies. In this sense, the businesses and concessions in which they participate to a greater extent are highly regulated and, in some cases, maintain contractual measures that mitigate this risk.

Likewise, as part of the implementation of the changes proposed by IFRS 9, ISA and its companies have included, since 2018 and within their portfolio analysis, the expected loss methodology.

The purpose of this methodology is to recognize possible impairment in advance, not being necessary that what is currently understood as an impairment event occurs. In general, all assets analyzed will have an expected impairment loss from the moment of their initial recognition and will be recorded via a "provision for impairment" that will decrease their carrying value.

The design of the model, where sufficient information is available, includes statistical and market variables, ensuring compliance with the requirements of IFRS 9. In cases in which information is not available so it is only possible to perform analyzes based on statistics, or when the characteristics of the assets analyzed reflect that an expected loss provision does not apply, the exemption established in the same standard about the cost-benefit of obtaining the information will be fulfilled, and therefore simplified models will be applied. On the other hand, each of the companies of ISA, in accordance with their particular characteristics and the information available, will periodically perform the analysis and calculation and will prepare their provisions based on the results of said process.

Information on the exposure to credit risk of debtors and other accounts receivable of ISA and its companies is shown below, using an estimation matrix:

Detail of accounts receivable (exposed balance)	2023	2022
Accounts receivable from the State of São Paulo	2,279,637	2,481,530
Debtors	897,611	979,136
Sundry debtors	420,431	523,357
Detail of accounts receivable (exposed balance)	3,597,679	3,984,023
Expected credit loss rate ⁽¹⁾	14.72 %	15.23 %
Less provision for expected credit losses	(529,580)	(607,047)

⁽¹⁾ The expected loss rate corresponds to the percentage of provisions at the cutoff date against the value at risk. These provisions are calculated by using the expected loss methodology, which includes the financial analysis of each counterparty as well as the guarantees granted by each of them and the payment behavior (age of default) of each of the obligations.

The detail and particularities of the items that make up the accounts receivable (exposed balance) are reflected in Note 7 "Concessions, debtors, and other accounts receivable."

Credit risk, surplus liquidity

This risk is mainly mitigated through the selection of financial institutions of renowned strength and with a risk rating given by locally or internationally authorized agencies. On the other hand, a counterparty quota is to be evaluated through allocation models that analyze both quantitative (financial indicators) and qualitative (risk grading) variables.

As of the date of this report, there was no situation in which a default of the financial institutions where ISA and its companies manage their liquidity surpluses has materialized.

Liquidity risk

Liquidity risk is defined as the limited ability to obtain sufficient funds or at a less favorable cost to meet contractual and non-contractual obligations on their due date, and for the normal development of the investment plan.

This is how ISA and its companies could see their capacity to access financial and capital market financing sources diminished, due to factors such as unfavorable market conditions due to the perception of greater risk by market agents and/or effects on the socio-political environment or financial crisis in the geographic areas where the companies are present and develop their businesses. These situations could result in revising the timing and scope of investments as necessary, or accessing financial markets on less favorable terms that impact individual and comprehensive results.

This risk is managed through the constant monitoring of short-term cash flow, which allows identifying the resource needs during the analyzed periods, ensuring that there are the necessary amounts to meet the different commitments associated with the operation and the financial ones through each company's own generation or under the structured use of financial debt or the issuance of short- and long-term papers. On the other hand, ISA and its companies comply with a corporate minimum cash policy, which aims to keep resources available to meet contractual obligations if necessary.

In addition, each company has tools to obtain additional liquidity, such as the issuance of commercial paper and credit lines with local and foreign entities, which allow it to meet temporary funding needs when required.

The detail of debt maturities by maturity of ISA and its current companies is described in the "Financial liabilities" section (Note 18).

In 2023 and 2022, there were no material situations that affected the liquidity and solvency of ISA and its companies.

Capital management and administration

The main objective of capital management at ISA and its companies is to ensure a financial structure that optimizes the cost of capital, maximizes returns to shareholders, and allows access to financial markets at a competitive cost to cover its financing needs.

The following is the rate of indebtedness over the reported periods:

	2023	2022
Financial liabilities (Note 18)	30,993,616	34,170,100
Cash and cash equivalents (Note 6)	(4,071,928)	(5,369,350)
Other financial assets (Note 8)	(1,590,159)	(896,100)
Net financial debt	25,331,529	27,904,650
Equity	26,366,393	29,550,371
Leverage ⁽¹⁾	49.00 %	48.57 %

⁽¹⁾ Net financial debt / (Net financial debt + Equity).

33. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The following table presents the details of the fair value and carrying value of financial assets and liabilities as of December 31, 2023 and 2022. The carrying value at amortized cost of financial assets and liabilities is an approximation of their fair value.

	Amortized cost	2023 Fair value	Total	Amortized cost	2022 Fair value	Total
Financial assets						
Cash	-	2,303,025	2,303,025	-	1,404,514	1,404,514
Fixed income investments	1,488,935	-	1,488,935	3,253,248	-	3,253,248
Variable income investments	-	279,968	279,968	-	711,588	711,588
Accounts receivable	2,970,792	2,583,380	5,554,172	3,998,539	2,548,695	6,547,234
Other financial assets (Note 8)	363,796	1,206,929	1,570,725	22,189	854,669	876,858
Assets held for sale	-	789	789	-	-	-
Total current	4,823,523	6,374,091	11,197,614	7,273,976	5,519,466	12,793,442
Restricted cash	-	68,096	68,096	-	328,283	328,283
Other financial assets (Note 8)	10	19,424	19,434	-	19,242	19,242
Accounts receivable	11,283,129	17,851,553	29,134,682	12,393,498	19,197,847	31,591,345
Total non-current	11,283,139	17,939,073	29,222,212	12,393,498	19,545,372	31,938,870
Total financial assets	16,106,662	24,313,164	40,419,826	19,667,474	25,064,838	44,732,312
Financial liabilities						
Bonds, financial liabilities, and derivatives (Note 18)	2,477,276	-	2,477,276	2,032,263	48,195	2,080,458
Accounts payable	1,681,937	-	1,681,937	1,704,252	-	1,704,252
Total current	4,159,213	-	4,159,213	3,736,515	48,195	3,784,710
Bonds, financial liabilities, and derivatives (Note 18)	28,472,206	44,134	28,516,340	32,012,413	77,229	32,089,642
Accounts payable	159,942	-	159,942	227,633	-	227,633
Total non-current	28,632,148	44,134	28,676,282	32,240,046	77,229	32,317,275
Total financial liabilities	32,791,361	44,134	32,835,495	35,976,561	125,424	36,101,985

The following table presents the financial assets and liabilities that are measured at fair value as of December 31, 2023 and 2022, classified into fair value hierarchy levels.

	Carrying value	2023 Fair value		Carrying value	2022 Fair value	
		Level I	Level II		Level I	Level II
Financial assets						
Cash	2,303,025	2,303,025	-	1,404,514	1,404,514	-
Fixed income investments	279,968	279,968	-	711,588	711,588	-
Accounts receivable	20,434,933	-	20,434,933	21,746,542	-	21,746,542
Other financial assets	1,226,353	1,226,353	-	855,904	855,904	-
Restricted cash	68,096	68,096	-	328,283	328,283	-
Investments	-	-	-	18,007	-	18,007
Investments held for sale	789	789	-	-	-	-
Fair value of financial assets	24,313,164	3,878,231	20,434,933	25,064,838	3,300,289	21,764,549
Financial liabilities						
Financial derivatives	44,134	-	44,134	125,425	-	125,425
Financial liabilities at fair value	44,134	-	44,134	125,425	-	125,425
Net assets at fair value	24,269,030	3,878,231	20,390,799	24,939,413	3,300,289	21,639,124
Current	6,374,091	3,790,711	2,583,380	5,471,271	2,970,771	2,500,500
Non-current	17,894,939	87,520	17,807,419	19,468,142	329,518	19,138,624
	24,269,030	3,878,231	20,390,799	24,939,413	3,300,289	21,639,124

As of December 31, 2023, no changes have been made to hierarchies or techniques used to determine the fair value of assets and liabilities.

34. CONTINGENT LIABILITIES AND ASSETS

As of December 31, 2023 and 2022, ISA and its companies are involved as defendants in administrative, civil and labor lawsuits, none of which have the potential to cause significant impacts on the consolidated financial position and consolidated results of operations.

Litigation and claims to which ISA and its companies are exposed are managed by the legal department of ISA and each subsidiary. Lawsuits are periodically evaluated and classified according to their probability of loss. For those processes in which an outflow of resources is likely to occur and a reliable estimate can be made, ISA and its companies recognize the corresponding provisions in the consolidated financial statements (see Note 22).

ISA and its companies are defendants in labor, civil, social security and tax lawsuits involving risks of loss that, based on management's assessment supported by internal and third-party legal counsel, are classified as possible loss, for which no provision was recognized. ISA and its companies periodically monitor the probability of loss. The following are the most significant cases in which the probability of a possible outflow of resources is estimated.

Nature	Description of the proceeding	No. of proceedings	Estimated value (COP)	Probability
Civil	Nullity of EPTE merger by CTEEP • Declaratory action: lawsuit by which the minority shareholders claim the nullity of the merger of EPTE by the company or, jointly and severally, the declaration of their right of separation and determination of the payment of the value of reimbursement of shares.	2	441,041	Possible
	• Legal action for damages: in October 2020, the minority shareholders filed an action claiming that the compensation for the value of the shares be calculated based on the RBSE report, which establishes an approximate amount of RCOP 133 M for the claim. The lawsuit is in the evidentiary phase.			
Tax	Goodwill amortization Judgments arising from notices issued by the Federal Revenue Service from 2013 to 2017 (period from 2008 to 2013), related to goodwill paid by ISA Capital in the acquisition of the shareholding control of CTEEP.	2	148,432	Possible
Tax	Urban Land & Property Tax (IPTU) The company is a party in processes related to the collection of property tax (IPTU) in several municipalities in the State of São Paulo.	Various processes	47,834	Possible

35. GUARANTEES

ISA and its companies provide guarantees to support the growth of their business units and ensure commercial and strategic operational viability; such guarantees are provided under paragraph 14 of IFRS 7 corresponding to assets pledged as collateral for contingent assets/liabilities granted.

As of December 31, 2023 and 2022, the total value of guarantees in force classified by country of domicile of the company granting the guarantee is as follows:

	2023	2022
Chile ⁽¹⁾	14,899,609	17,676,320
Brazil ⁽²⁾	3,029,213	3,315,648
Colombia ⁽³⁾	2,679,000	2,679,000
Total value of guarantees in force	20,607,822	23,670,968

⁽¹⁾ In Chile, the changes are mainly due to financing disbursements for works in progress and principal repayments made during 2023, as per the contractually agreed payment plans; at the end of December 2023, the following transactions are highlighted:

- Ruta del Maipo: decrease in the balance of a special public works concession pledge for amortization of principal by UF 2.3 M (COP 374,056) and a decrease in a commercial pledge of CLP 17,076 M (COP 216,469).
- Ruta del Loa: increase in the balance of a special public works concession pledge by UF 2.3 M (COP 237,512), for disbursement for the financing of works in progress.
- Intervial: decrease due to principal repayments of the debt counter guaranteed by Intervial mainly for Ruta del Maipo and Ruta de la Araucanía.

⁽²⁾ Brazil, includes the balances of the guarantees granted by the subsidiaries IEEV, PBTE, IEMG, and Tibagi, backing Debentures 9.a (Series 2) and Debentures 10.a, issued by CTEEP.

⁽³⁾ Corresponds to guarantees granted by Ruta Costera.

In addition to the aforementioned transactions, the balance of guarantees contracted in different currencies, at the end of December 2023, includes the exchange rate effect, with respect to the end of 2022, due to the value of the Colombian peso against the USD (25.85%), CLP (28.9%) and UF (23.1%).



Type of guarantee	Beneficiary	Purpose	End date	Original currency	Value in original currency	Balance in COP (MM)
Colombia						
Establishment pledge	Cititrust Colombia S. A.	Guarantee the present and future obligations arising from the financing documents..	07/02/34	COP		
Security interest over the rights under the concession contract	Cititrust Colombia S. A.	Guarantee the present and future obligations of the joint and several copromisors, derived from the financing documents.	07/02/34	COP		
Security interest on fiduciary rights	Cititrust Colombia S. A.	Guarantee the present and future obligations acquired by the jointly and severally liable parties pursuant to the financing documents. By means of the contract, the company pledges the commercial establishment identified with the commercial registry No. 02609499 of the Chamber of Commerce of Bogotá.	07/02/34	COP		
Assignment as security of credit rights	Cititrust Colombia S. A./ Fideicomiso P.A. Transacción Costera	Guarantee the present and future obligations of the joint and several copromisors, derived from the financing documents. By means of the contract, the company pledges all the rights and obligations of the company under the trust agreements.	07/02/34	COP		
Security interest on accounts	Cititrust Colombia S. A.	Guarantee the assignment as security to Fideicomiso P.A. Transacción Costera the right to receive the consideration, special indemnity, payment for termination, differences due to collection under the terms and conditions of the concession contract, etc.	07/02/34	COP		
Uniform Commercial Code (UCC) Secured Interest	Cititrust Colombia S. A.	Guarantee the present and future obligations acquired by the jointly and severally liable parties pursuant to the financing documents.	07/02/34	COP	2,679,000	2,679,000
Trust agreement / Security interest	Cititrust Colombia S. A.	Guarantee compliance with obligations pursuant to the trust agreement. The guarantors grant control over their accounts in the bank to the foreign security agent as security for the performance of the guaranteed obligations. The company is a residuary beneficiary.	07/02/34	COP		
Trust agreement / Security interest	Cititrust Colombia S. A.	Guarantee compliance with the trust agreement (Fideicomiso P.A. Costera), required by the concession agreement, which acts as debtor pursuant to the financing documents	07/02/34	COP		
Equity support and share retention agreement. (Capital contribution agreement). Corporate guarantee	Cititrust Colombia S. A.	Guarantee the compliance with the Fideicomiso P.A. Transacción Costera, which will (i) manage the project's resources, (ii) manage the payments necessary for the project's construction and operation, (iii) serve as security for the guaranteed obligations, and (iv) be the beneficiary of the remuneration assigned. The Fideicomiso P.A. Transacción Costera is constituted as a management trust, source of payment, payment, and security in favor of the beneficiary creditors.	07/02/34	COP		
Total Ruta Costera						2,679,000
COLOMBIA						2,679,000

Continue ▼



Type of guarantee	Beneficiary	Purpose	End date	Original currency	Value in original currency	Balance in COP (MM)
Brazil						
Pledge of shares	Banco Itaú Corpbanca	Guarantee compliance with payments of the obligations undertaken under the Debênture de Infraestrutura 10 th Issuance.	12/15/43	BRL	1,133,958,068	895,223
Fiduciary assignment of credit rights	BNDES - Banco Nacional de Desarrollo Económico y Social	Guarantee compliance with payment obligations of the bond indenture with BNDES.	12/15/41	BRL	334,407,682	264,004
Corporate Surety Bond Pledge of shares	Banco Itaú Corpbanca/Banco del Espíritu Santo	Guarantee compliance with payments of the obligations undertaken under the Debênture de Infraestrutura 10 th Issuance.	03/18/25	BRL	175,729,606	138,733
Fiduciary assignment of credit rights	BNDES - Banco Nacional de Desarrollo Económico y Social	Guarantee compliance with payment obligations of the bond indenture with BNDES.	03/15/32	BRL	163,673,526	129,215
Corporate Surety Bond Pledge of shares	Banco do Nordeste	Guarantee compliance with payment obligations of the bond indenture with Banco Nordeste.	05/19/30	BRL	107,836,111	85,133
Fiduciary assignment of credit rights	BNDES - Banco Nacional de Desarrollo Económico y Social	Guarantee compliance with payment obligations of the bond indenture with BNDES.	03/15/29	BRL	103,806,507	81,952
Pledge of shares	BNDES - Banco Nacional de Desarrollo Económico y Social	Guarantee compliance with payments of the obligations undertaken under the Debênture de Infraestrutura 9 th Issuance.	12/15/28	BRL	1,133,958,068	895,223
Total ISA CTEEP						1,632,331
Fiduciary assignment of credit rights	Bond investors	Guarantee compliance with the bond payment obligations. 9 ^a Emission de bonos Companhia de Transmissão de Energia Elétrica Paulista (CTEEP) (2nd Series).	05/19/30	BRL	904,833,808	714,337
Corporate Surety Bond Pledge of shares	Bond investors	Guarantee compliance with the bond payment obligations. 10 ^a Emission de bonos Companhia de Transmissão de Energia Elétrica Paulista (CTEEP).	07/15/44	BRL	864,563,616	682,545
Total CTEEP subsidiaries						1,396,882
BRAZIL						3,029,213

Chile						
Pledge of shares	Banco de Chile, representative of bondholders	Guarantee compliance with payment obligations of UF bonds Series C, D, E, and F of Ruta del Maipo	12/15/30	UF	18,996,713	3,045,356
Pledge of shares	Banco Chile (security agent)	Guarantee compliance with duties and obligations pursuant to the concession share transfer agreement	06/02/24	COP	375,112,718,002	375,113
Pledge of shares	Banco Santander (security agent)	Guarantee compliance with payment obligations of the financing signed by Ruta del Loa.	06/30/50	UF	12,206,894,202	53,192

Continue ▼



Type of guarantee	Beneficiary	Purpose	End date	Original currency	Value in original currency	Balance in COP (MM)
Pledge of shares	Banco de Chile, Banco Estado and Itaú Corpbanca Chile	Guarantee compliance with payment obligations of the financing and refinancing of Ruta de la Araucanía.	03/17/25	CLP	2,002,436	321,010
Pledge of shares	BICE, Security and BCI Banks	Guarantee compliance with Ruta de Los Ríos' credit obligations.	09/30/25	UF	995,134	159,530
Pledge of shares	Banco Santander (security agent)	Guarantee compliance with payment obligations of the financing signed by Ruta del Loa.	11/14/25	CLP	5,689,000	912,000
Total ISA Intervial						4,866,201
Special Pledge on Public Work Concession	Banco de Chile, Banco Estado, and Banco Itau Corpbanca	Guarantee compliance with obligations of the syndicated loan agreement with Banco Chile, Banco Estado, and Banco Itau Corpbanca.	03/17/25	UF	2,002,436	321,010
Commercial Pledge	Banco de Chile, Banco Estado, and Banco Itau Corpbanca	Comply with the prohibition of encumbrance and alienation on money and permitted investments to guarantee compliance with financial liabilities (Fixed Term Deposit - Restricted Investment).	03/15/25	CLP	12,528,000,000	54,591
Commercial Pledge			03/15/25	CLP	16,984,000,000	74,008
Commercial Pledge			03/15/25	CLP	15,000,000,000	65,362
Total Ruta de la Araucanía						514,971
Special Pledge on Public Work Concession	Banco de Chile, representative of bondholders	Guarantee compliance with obligations of bonds in UF, Series C, D, E, F.	12/15/30	UF	18,996,713	3,045,356
Commercial Pledge	Scotiabank	Guarantee compliance with financial liabilities (Fixed Term Deposit - Restricted Investment).	12/15/30	CLP	36,543,000,000	159,236
Commercial Pledge	Banco Itaú Corpbanca		12/15/30	CLP	35,975,000,000	156,761
Commercial Pledge	Banco BCI		12/15/30	CLP	22,901,000,000	99,791
Ruta del Maipo						3,461,144
Commercial Pledge	Scotiabank	Guarantee compliance with financial liabilities (Fixed Term Deposit - Restricted Investment).	09/30/25	CLP	3,570,000,000	15,556
Special Pledge on Public Work Concession	Banco BICE and Banco BCI	Guarantee compliance with obligations of the Syndicated Loan of Banco BICE and Banco de Crédito e Inversiones-BCI.	09/30/25	UF	995,134	163,044
Total Ruta de los Ríos						178,600
Special Pledge on Public Work Concession	Banco Santander and insurance companies; Euroamérica, Confuturo and Corpseguros	Guarantee compliance with payment obligations acquired with lenders of Ruta del Loa.	06/15/50	UF	5,689,000	912,001
Special Pledge on Public Work Concession	Banco Santander	Guarantee compliance with payment obligations under the loan agreement with Banco Santander.	11/14/25	CLP	12,206,894,202	53,192
Total Ruta del LOA						965,193

Continue ▼



Type of guarantee	Beneficiary	Purpose	End date	Original currency	Value in original currency	Balance in COP (MM)
Cash Collateral (cash funds)	Banco Santander	(Term deposits) Guarantee pre hedge swap.	10/05/25	USD	85,566,666	327,040
Total ISA Inversiones Chile						327,040
First-ranking mortgage on real estate	Scotiabank Chile (local agent), Citibank (bondholders offshore agent)	Guarantee compliance with payment obligations under the Senior Loan to lenders of Interchile, through the mortgages on the following real estate: • Lot 8 of the Huasco land parceling project, Municipality of Freirina, Atacama Region. • Pan de Azúcar Lot, Fundo Martínez, Coquimbo Commune.	06/30/56	USD	1,200,000,000	4,586,460
First-Degree Non-Possessory Pledge on Assets	Scotiabank Chile (local agent), Citibank (bondholders offshore agent)	Guarantee compliance with payment obligations regarding the Senior Loan to lenders of ISA INTERCHILE, through the pledge on ISA INTERCHILE's fixed assets.	06/30/56	USD		
First-Degree Non-Possessory Pledge on Rights	Scotiabank Chile (local agent), Citibank (bondholders offshore agent)	Guarantee compliance with payment obligations of the bond by means of a pledge on Transelec contract rights.	06/30/56	USD		
First-Degree Non-Possessory Pledge on energy concessions	Scotiabank Chile (local agent), Citibank (bondholders offshore agent)	Guarantee compliance with payment obligations under the Senior Loan to lenders of ISA INTERCHILE, through the pledge on electric power concessions.	06/30/56	USD		
First-Degree Non-Possessory Pledge on Shares Money and Investments Allowed	Scotiabank Chile (local agent), Citibank (bondholders offshore agent)	Guarantee compliance with bond payment obligations to bondholders by pledging permitted monies and investments.	06/30/56	USD		
Total Interchile						4,586,460
CHILE						14,899,609
Total guarantees in effect						20,607,822

36. COMMITMENTS (*COVENANTS*)

ISA and its companies have commitments (covenants) related to the delivery of periodic financial information and compliance with obligations arising from credit contracts with financial institutions, the Chilean Ministry of Public Works, bondholders, risk rating agencies, auditors and municipalities, among others. The main covenants acquired in the management of the financing are reported below:

Ruta Costera

The principal covenants of this concession are 1) debt limitations, as no new debt may be acquired directly or indirectly, except for permitted debt under the terms of its financing agreements and 2) DSCR equal to or greater than 1.20x to make restricted payments.

ISA Perú

In the management of its financing, the subsidiary established compliance with the interest coverage indicator, as follows: EBITDA/consolidated financial expenses higher than 3,0x.

ISA CTEEP and subsidiaries

The covenants of the debt with BNDES are fixed for future years through a curve. For 2023, net debt/EBITDA ≤ 3.5 and for 2024 ≤ 3.0 , until maturity.

ISA Intervial and concessionaires

As part of their financing negotiations, these companies have acquired positive and negative covenants related to legal, financial, guarantee, among other issues, which they have been honoring under the terms agreed on with the financing entities. The following financial ratios were established to monitor and control the main financing operations and are still in effect at the end of the year.

Company	Restriction	Indicator	Benchmark
ISA Intervial and new debt	Restricted payments	PLCR ⁽¹⁾	>1.25 x
ISA Intervial	Restricted payments	DSCR ⁽²⁾	≥ 1.0 x
Ruta del Maipo	Restricted payments	DSCR	>1.15 x
Ruta del Maipo	Restricted payments	PLCR	>1.20 x
Ruta del Maipo	New debt	DSCR	>1.25 x
Ruta de los Ríos	Restricted payments	DSCR	>1.20 x
Ruta de la Araucanía	Restricted payments	DSCR	≥ 1.15 x
Ruta del Loa	Restricted payments	DSCR	>1.1 x
Ruta del Loa	New debt	DSCR	>1.1 x

⁽¹⁾ PLCR: Project life coverage ratio.

⁽²⁾ DSCR: Debt service coverage ratio.

ISA Interchile

Among the main commitments acquired by the affiliate with the bondholders are the following ratios:

Take additional debt for capex:

- DSCR: 1.25 x and 1.35 x adjustable DSCR.

In addition, it made commitments related to information reporting, compliance with insurance and warranty terms, and other financial, environmental, and legal commitments.

Each company, in its 2023 management report, details the commitments made for financing purposes.

As of December 31, 2023, ISA and its companies have fulfilled the commitments made to their financiers.

37. SUBSEQUENT EVENTS

ISA and its companies evaluated subsequent events from December 31, 2023 through February 15, 2024, the date on which the consolidated financial statements were approved by the Board of Directors for publication. During this period, the following subsequent events considered significant have taken place:

- **Extraordinary General Shareholders' Meeting**

At Extraordinary General Shareholders' Meeting of ISA held on January 29, 2024, the election of the Board of Directors for the remaining statutory period (January 2024 - March 2024) was approved.

- **Project award in Panama**

ISA INTERVIAL Chile (Roads business unit) was awarded in public tender by the Panamanian Ministry of Public Works, for the rehabilitation, improvement, and maintenance of the Panamericana Este Highway (CPE).

The MOP projects an estimated investment of USD 283 M. For its construction, operation, rehabilitation, and maintenance, a new company will be incorporated in Panama.

- **UPME project award**

In February 2024, the Mining-Energy Planning Unit (UPME) awarded ISA the first energy transmission project tendered this year in Colombia. The project comprises the design, construction, operation, and maintenance of the fourth transformer of the Sogamoso Substation. The expected date of entry into commercial operation is October 31, 2025. The benchmark investment is COP 50,571.

TABLE OF REFERENCE FOR ACRONYMS

ANEEL	Brazil-National Electric Power Agency
ASIC	Administración del Sistema de Intercambios Comerciales (Management of Trade Exchange System)
BCI	Banco de Crédito e Inversiones
BCIE	Banco Centroamericano de Integración Económica (Central American Bank of Economic Integration)
BID	Inter-American Development Bank
BRL	Brazilian real
BNDES	National Bank for Economic and Social Development
CADE	Conselho Administrativo de Defesa Econômica
CAF	Banco de Desarrollo de América Latina (Latin American Development Bank) or Corporación Andina de Fomento (Andean Development Corporation)
CAN	Comunidad Andina de Naciones (Andean Community of Nations)
CESP	Compañía Energética de São Paulo (Brazil)
CGN	General Accounting Office of Colombia
CHC	Colombian Holding Companies
CINIIF	Comité de Interpretaciones de Normas Internacionales de Información Financiera (International Financial Reporting Interpretations Committee)
CLP	Chilean peso
CMF	Financial Market Commission
CND	Centro Nacional de Despacho (National Dispatch Center)
CONFIS	Consejo Superior de Política Fiscal (Senior Council for Fiscal Policy)
COP	Colombian peso
CREE	Contribución Empresarial para la Equidad (Business Contribution for Equity) or Impuesto sobre la renta para la equidad (Income Tax for equity)
CREG	Energy and Gas Regulatory Commission
DECEVAL	Depósito Centralizado de Valores de Colombia (Central Securities Depository of Colombia)
DL600	Decree-Law 600
ECE	Empresas Controladas del Exterior (Companies Controlled Abroad)
EPM	Empresas Públicas de Medellín E. S. P.
EPR	Empresa Propietaria de la Red
FAER	Fondo de Apoyo Financiero para Energización de Zonas Rurales Interconectadas (Financial Support Fund for Energizing Rural Zones)
FAZNI	Fondo de Apoyo Financiero para la Energización de las Zonas no Interconectadas (Financial Support Fund for Energizing Non-Interconnected Zones)
FOES	Fondo de Energía Social (Social Energy Fund)
FUNCESP	Fundación CESP (CESP Foundation)
GMF	Gravamen a los movimientos financieros (Financial Transaction Tax)
IASB	International Accounting Standards Board
ICO	Instituto de Crédito Oficial (Chile) (Official Credit Institute)
IDPC	Impuesto de primera categoría (First-Category Tax)
IGV	Impuesto General a las Ventas (General Sales Tax)

IMG	Minimum Revenues Guaranteed
IRPJ	Impuesto de Renta de las Personas Jurídicas (income tax for legal persons)
IT	Tax on Transactions
IUE	Impuesto a las Utilidades de Empresas (Bolivia) (Corporate Income Tax)
MBRL	Millions of Brazilian Reals
MCLP	Millions of Chilean pesos
MCOP	Millions of Colombian pesos
MDI	Mecanismo de Distribución de Ingresos (Revenues Distribution Mechanism)
MOP	Ministerio de Obras Públicas (Chile) (Ministry of Public Works)
MPEN	Millions of Peruvian soles
MUSD	Millions of US dollar
NCIF	Accounting and Financial Reporting Standards
NIC	International Accounting Standards (IAS)
NIIF	Normas Internacionales de Información Financiera (International Financial Reporting Standards)
OECD	Organization for Economic Cooperation and Development
OSINERGMIN	Organismo Supervisor de la Inversión en Energía and Minería (Peru) (Supervisory Body for Investment in Energy and Mining)
PDI	Pérdida dado Incumplimiento (Loss Given Default (LGD))
PIB	Producto Interno Bruto (Gross Domestic Product (GDP))
PIS	Programa de Integração Social
PLCR	Project Life Cover Ratio
PROINVERSIÓN	Promoción de la Inversión Privada del Perú (Private Investment Promotion of Peru)
PRONE	Programa de Normalización de Redes Eléctricas (Standardization Plan for Grids)
PSAP	Plan de aposentaduría y pensión (Pension plan)
RAP	Receita Anual Permitida
RBSE	Red Básica del Sistema Existente (Basic Network of the Existing System)
RCSD o DSCR	Debt service coverage ratio
REP	Red de Energía del Perú
RGR	Reserva Global de Reversión (Global Reversion Reserve)
SIEPAC	Sistema de Transmisión Eléctrica para América Central (Energy Transmission System for Central America)
SSPD	Superintendence of Household Utilities
STN	Sistema de Transmisión Nacional (National Transmission System)
SUNAT	Superintendencia Nacional de Administración Tributaria (Peru) (National Superintendence of Tax Administration)
UGE (CGU)	Unidades Generadoras de Efectivo (Cash Generating Units (CGUs))
UNE	Une Telecomunicaciones S. A. E. S. P.
UPME	Unidad de Planeación Minero Energética (Energy Mining Planning Unit)
USD	US dollar
UVR	Unidad de Valor Real (Real Value Unit)
VQ	Voltage Quality

CERTIFICATION OF CONSOLIDATED FINANCIAL STATEMENTS AND OTHER RELEVANT REPORTS

Medellin, February 15, 2024

To the shareholders of Interconexión Eléctrica S. A. E. S. P.

We, the undersigned Legal Representative and Chief Accounting Officer of Interconexión Eléctrica S. A. E. S. P., in compliance with the Accounting and Financial Reporting Standards accepted in Colombia (NCIF) and adopted by the National General Accounting Office, and the provisions of Article 37 of Law 222 of 1995 and Article 46 of Law 964 of 2005, certify that:

1. The consolidated financial statements of the company as of December 31, 2023 and 2022 have been faithfully taken from the books and before making them available to you and to third parties, we have verified the following statements contained therein:
 - a. The events, transactions and operations have been recognized and realized during the years ended on those dates.
 - b. The economic events are disclosed pursuant to the accounting and financial reporting standards accepted in Colombia (NCIF), enforced by the National General Accounting Office of Colombia.
 - c. The total value of assets, liabilities, equity, revenues, expenses, and costs has been disclosed by the company in the basic accounting statements up to the cut-off date.
 - d. Assets represent potential future economic services or benefits, while liabilities represent past events that imply an outflow of resources, during the development of their activities, at each cut-off date.
2. The consolidated financial statements and other reports relevant to the public for the periods ended December 31, 2023 and 2022 do not have inaccuracies, errors or omissions that prevent knowing the true financial condition or operations of ISA and its companies.

DocuSigned by:

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Gabriel Jaime Melguizo Posada
Interim CEO

DocuSigned by:

2DE4649A889C40C...

John Bayron Arango Vargas
Certified Public Accountant
P.C. No. 34420-T



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Statutory Auditor's Report

To the Shareholders meeting of:
Interconexión Eléctrica S.A. E.S.P. and subsidiaries

Opinion

I have audited the accompanying financial statements of Interconexión Eléctrica S.A. E.S.P. and its subsidiaries (the Group), which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of income, of comprehensive income, of changes in Shareholders' equity and of cash flows for the year then ended, and the summary of significant accounting policies and other explanatory notes.

In my opinion, the accompanying consolidated financial statements, present fairly, in all material respects, the Group's consolidated financial position as of December 31, 2023, the results of its consolidated operations and the consolidated cash flows for the year then ended, in accordance with the Accounting and Financial Information Standards accepted in Colombia adopted by the National Accounting Office (Contaduría General de la Nación).

Emphasis of Matter

As described in Note 7 to the consolidated financial statements, Companhia de Transmissão de Energia Elétrica Paulista (CTEEP), a subsidiary of Interconexión Eléctrica S.A. E.S.P. through ISA Capital do Brasil, has accounts receivable from the State of Sao Paulo (Brazil) of \$1.872.070 million of Colombian pesos. This accounts receivable relates to the impacts of Law 4.819 of 1958, which granted to employees of companies while under the control of the State of Sao Paulo, benefits that had already been granted to other public servants. CTEEP has undertaken legal actions against the State to collect these accounts receivable. The accompanying financial statements do not include adjustments that could result from the outcome of this uncertainty. My opinion is not modified in respect of this matter.

Basis of Opinion

I have carried out my audit in accordance with International Auditing Standards accepted in Colombia. My responsibilities in compliance with such standards are described in the section Auditor's Responsibilities in the Audit of the Consolidated Financial Statements of this report. I am independent from the Group, and in accordance with the Code of Ethics Manual for accounting professionals, together with the ethical requirements relevant for my audit of financial statements in Colombia, and I have complied with all other applicable ethical responsibilities. I consider that the audit evidence obtained is enough and appropriate to base my opinion.

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Key audit matters are those matters that, according to my professional judgment, were most significant in my audit of the accompanying consolidated financial statements. These matters were included in the context of my audit of the financial statements taken as a whole, and at the time of justifying the related opinion, but not for providing an independent opinion on these matters. Based on the foregoing, I detail below how each key matter was treated during my audit.

I have fulfilled my responsibilities as described in the Auditor's Responsibilities for the Audit of Consolidated Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performing of procedures designed to manage the risks of material misstatement assessed in the financial statements. The results of my audit procedures, including those procedures performed to deal with the matters referred to below, provide the basis for my audit opinion on the accompanying consolidated financial statements.

Account Receivable for Complementary Retirement Plan Governed by Law 4.819/58 (CTEEP Brazil)

Description of the Key Audit Matter

As indicated in Note 7 to the consolidated financial statements, ISA CTEEP has an account receivable from the Government of the State of São Paulo for labor benefits regulated by Law 4,819 of 1958, which ordered the creation of a State Social Assistance Fund for employees admitted until May 1974 and granted to employees of companies under the control of the State of São Paulo, benefits already granted to other public servants. CTEEP has undertaken legal actions against the respective state authorities, to collect these accounts receivable since, in the opinion of the Company and its external legal advisors, all expenses derived from State Law 4,819 of 1958 and its respective regulations are full responsibility of the Ministry of Finance of the State of São Paulo (SEFAZ-SP). As of December 31, 2023, accounts receivable present a net balance of \$1.872.070 million of Colombian pesos.

The recognition of the receivable and its recoverability analysis required the use of significant judgments, for the execution of audit procedures to evaluate the reasonableness of the amount of the account receivable recorded, as well as the provision for expected losses based on the estimate of probability of success determined by the Company and its advisors, including the need to involve internal litigation and dispute specialists to evaluate and analyze the opinion of the Company's legal counsel. Therefore, I have considered this area as a key audit matter.

Audit Response

The audit procedures included: (i) evaluation and analysis of the provision constituted on the account receivable, which included the review of the assumptions used to determine the reasonableness of the amount recorded and the correct valuation of the long-term receivable; (ii) confirmation procedures of the legal counsels involved in the process at the cut-off date of the financial statements and analysis of the qualification made on the litigation; (iii) analysis of the reasonableness of the probability of success of the process, with the support of internal specialists in litigation and controversies, as well as the analysis of the legal opinion issued by the legal counsels involved; (iv) analytical procedures for the changes and correlations in accounting items, to identify possible unforeseen distortions in the expectations of the balances recorded.



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As well as the adequate conversion of the balance of their foreign currency to the presentation currency of the financial statements; (v) review of subsequent event procedures during January and February 2024 with respect to the balance of assets at closing date, through review of recorded items and legal opinion of legal counsels; and (vi) the evaluation of disclosures made by the Company and its subordinate in the individual and consolidated financial statements.

Recognition and Valuation of Contractual Assets (CTEEP Brazil)

Description of the Key Audit Matter

As indicated in Notes 4, 5.8 and 26 of the consolidated financial statements, ISA CTEEP, a subordinate of Interconexión Eléctrica S.A. E.S.P. through ISA Capital do Brasil, evaluates the moment of recognition of concession assets according to the economic characteristics of each of the contracts. The contract asset arises to the extent that the concessionaire complies with the obligation to build and implement the transmission infrastructure, recognizing the revenues throughout the life of the project with the receipt of cash flow conditioned on the satisfaction of the performance obligation of operation and maintenance.

The value of the contract assets of ISA and its companies is measured by the present value of future cash flows that will be received for the annual allowable remuneration. The future cash flow is established in the contract at the beginning of the concession or in its extension, and the premises of its measurement are adjusted in the Periodic Tariff Revision (RTP). Cash flows are defined from the remuneration scheme established in the contract, which is the consideration that ISA and its companies receive for the provision of the public transmission service to users.

The contract asset is recorded offsetting infrastructure revenue, which is recognized in proportion to the expenses incurred, with an estimated construction profit margin based on total construction expense budgets. The portion of the compensable contractual good, existing in some contract modalities, is identified when the implementation of the infrastructure is completed. As of December 31, 2023, the balance of concession assets in the consolidated financial statements amounts to \$20,563,719 million of Colombian pesos.

The recognition of contract assets and the Company's income in accordance with CPC 47 - Client Contract Revenue (IFRS15 - Revenue from Ordinary Activities from Client Contracts) required the exercise of significant judgments for determining the time the client gains control of the asset; in the estimation of the efforts or contributions necessary to comply with the performance obligation, such as materials and labor, expected profit margins in each identified performance obligation and expected income projections and in the identification of the discount rate that represents the financial component incorporated in the future receipt flow when dealing with a long-term contract. Due to the relevance of the amounts and the significant judgment involved, we consider measuring customer contract revenue is a key audit matter.



The audit procedures included, (i) analysis of the concession contract and its modifications to identify the performance obligations foreseen in the contract, in addition to the aspects related to the variable components, applicable to the contract price; (ii) evaluation of the margin determination in the projects under construction, related to the new concession contracts, and to the projects of reinforcements and improvements of the existing electric transmission facilities, evaluating the methodology and assumptions adopted by the Company, to estimate the total cost of construction, and the present value of the future collection flows, minus the implied interest rate represented by the financial component incorporated in the collection flows; (iii) with the assistance of specialists in financial valuation, methodology analysis and calculations to determine such implied discount rate; (iv) analysis of the framework of the infrastructure already built under the concept of contractual assets, including the concession asset of Law No. 12,783 (RBSE); (v) analysis of the allocation of income to each of the performance obligations present in the concession contracts and analysis of the possible existence of an onerous contract; (vi) analytical procedures of the items of contractual assets, revenues and costs, between the years 2021 and 2022; (vii) Inspection of the technical notes and public consultations issued by the regulatory entity, recalculation of the present value of the contractual flow of the concession assets, based on the new annual income allowed (RAP) and verification of rejections and remuneration bases of the project; (viii) analysis of communications with regulatory bodies related to electricity transmission activity and the securities market; (ix) documental inspection through sampling of the additions made to the projects as of December 31, 2023; and (x) the evaluation of disclosures made by the Company and its subordinates in the individual and consolidated financial statements.

Measurement of Financial Assets for Road Concessions

Description of the Key Audit Matter

As indicated in Notes 4 and 26, the concessionaire companies in Chile, Ruta del Maipo, Ruta del LOA, Ruta de la Araucanía, Ruta de los Ríos, Ruta del Bosque and Ruta del Maule, are part of concession agreements that are within the scope of interpretation IFRIC 12 - Service Concession Arrangements, because they have their total income guaranteed according to the Revenues Distribution Mechanism (MDI) which sets - at present value - the total income during the concession periods. In addition, some of the companies have Guaranteed Minimum Revenues (IMG), which ensures a minimum income during each year and subsidies, which are part of the unconditional rights to receive cash as part of the consideration for construction services under concession contracts. Likewise, the company Concesión Costera Cartagena Barranquilla S.A.S. is part of a concession agreement under the financial asset model for investment in construction (construction services). The concession receives revenues from different sources of remuneration such as: contributions from the grantor, collection of tolls and income from commercial exploitation. As part of the agreement, there are certain revenue guarantees that represent an unconditional contractual right to receive cash or other financial assets for the construction services provided. Contractually guaranteed payment is a specific and determinable amount. As of December 31, 2023, the balance of road concession assets in the consolidated financial statements amounts to \$9,814,135 million of Colombian pesos.



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The recognition of assets in accordance with the scope defined by IFRIC 12 required the use of significant judgments for the execution of audit procedures to evaluate the reasonableness of the estimate and assumptions such as traffic studies, projections of operating and maintenance costs and Internal Rate of Return used by Management to determine the amount of the concession financial asset at the cut-off date. Therefore, I have considered this area as a key audit matter.

Audit Response

The audit procedures included: (i) evaluation of the assumptions and projections used by the companies for the calculation of the Internal Rate of Return, through the review and analysis of traffic projections and operating costs and maintenance determined by the specialists hired by Management, as well as the recalculation of the Internal Rate of Return; (ii) documentary review of operating costs affecting recognition of ordinary revenue; payments for pre-existing infrastructure; payments received from the grantor; and journal entries in financial assets and financial income accounts; (iii) documentary review through sampling of concession collection billing and confirmation of balances as of December 31; (iv) analytical review procedures of the correlation between Financial Assets by IFRIC 12 and the associated income statements; (v) analysis of the possible existence of changes in contracts; and (vi) the evaluation of disclosures made by the Company and its subordinates in the individual and consolidated financial statements.

Responsibilities of Management and of the Parties Responsible for the Entity's Governance Regarding the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Accounting and Financial Information Standards accepted in Colombia (NCIF) adopted by the National Accounting Office (Contaduría General de la Nación); of designing, implementing and maintaining the internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements whether due to fraud or error; of selecting and applying appropriate accounting policies; and of establishing accounting estimates that are reasonable in the circumstances.

Upon preparing the consolidated financial statements, Management is responsible for evaluating the entity's capacity to continue as a going concern, disclosing, as appropriate, the matters related with this issue and using the accounting base of the going concern, unless Management has the intention to liquidate the Company or to cease its operations, or does not have any realistic alternative other than doing so.

The parties responsible for the entity's governance are responsible for the supervision of the Company's financial information process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

My objective is to obtain a reasonable assurance on whether the consolidated financial statements taken as a whole are free from material errors, either due to fraud or due to error, and issue a report that includes my opinion. The reasonable assurance is a high level of assurance but does not guarantee that an audit performed in accordance with the International Auditing Standards accepted in Colombia will always detect a material misstatement, if any.



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Misstatements could arise due to fraud or error and are considered material if, individually or accumulated, it could be expected that reasonably exercise influence on the economic decisions that users make based on the consolidated financial statements.

As part of an audit in accordance with International Auditing Standards accepted in Colombia, I should exercise my professional judgment and maintain my professional skepticism along the audit, in addition to:

- Identify and evaluate the risks of material misstatement in the consolidated financial statements, either due to fraud or due to error, design and execute audit procedures that respond to those risks and obtain audit evidence enough and appropriate to base my opinion. The risk of not detecting a material misstatement due to fraud or error is higher than that resulting from an error, since the fraud could involve collusion, falsification, intentional omissions, and false declarations or surpass of the internal control system.
- Obtain an understanding of the internal control relevant for the audit, to design audit procedures that are appropriate in the circumstances.
- Evaluate the accounting policies used, the reasonableness of the accounting estimates and the respective disclosures made by Management.
- Conclude on whether it is appropriate that Management uses the accounting base of going concern and, based on the audit evidence obtained, if there is material uncertainty related with events or conditions that could generate significant doubts on the capacity of the Company to continue as a going concern. If I conclude that a significant uncertainty exists, I should draw the attention in the auditor's report on the new related disclosures, included in the financial statements or, if such disclosures are inadequate, change my opinion. The auditor's conclusions are based on the audit evidence obtained up to the date of my report; however, subsequent events or conditions could make that an entity may not continue as a going concern.
- Evaluate the general presentation, the structure, the content of the consolidated financial statements, including the disclosures, and if the consolidated financial statements represent the transactions and underlying events in order that, a reasonable presentation is achieved.
- Obtain sufficient and adequate audit evidence in relation to the financial information of the entities or business activities that are part of the Group, in order to express my opinion on the consolidated financial statements. I am responsible for the direction, supervision, and execution of the group audit and therefore the audit opinion.

I communicated to the parties responsible for the entity's governance, among other matters, the scope planned and the time of the performance of the audit, the significant findings thereof, as well as any significant deficiency of internal control identified during the audit.

I also provided to those responsible for the governance of the Company a statement that I have complied with the applicable ethical requirements in relation to independence and communicated all relationships and other matters that could reasonably be expected to affect my independence, and, where appropriate, the corresponding safeguards.

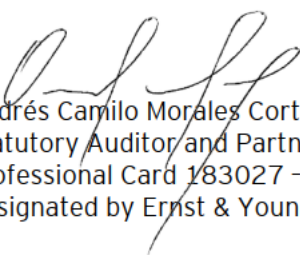


**Building a better
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As part of the matters that have been subject to communication with those in charge of the Company's governance, I indicated those that have been of the greatest significance in the audit of the current period's financial statements and that are, consequently, key audit matters. I described those matters in my audit report unless legal or regulatory provisions either forbid public disclosure about the matter or, in extremely unusual circumstances, it is determined that a matter should not be communicated in my report as it can reasonably be expected that the adverse consequences of doing so would overcome the public interest benefits of doing so.

Other Issues

The consolidated financial statements under Accounting and Financial Information Standards accepted in Colombia (NCIF), adopted by the National Accounting Office (Contaduría General de la Nación), of Interconexión Eléctrica S.A. E.S.P. and its subsidiaries as of December 31, 2022, were audited by me, in accordance with International Auditing Standards accepted in Colombia, on which I expressed my unqualified opinion on February 28, 2023.


Andrés Camilo Morales Cortés
Statutory Auditor and Partner in Charge
Professional Card 183027 -T
Designated by Ernst & Young Audit S.A.S. TR-530

Medellín, Colombia
February 22, 2024

SEPARATE

FINANCIAL STATEMENTS

Interconexión Eléctrica S. A. E. S. P.

SEPARATE STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31, 2023 AND 2022 | Figures in COP million.

	Note	2023	2022
ASSETS			
Current assets			
Cash and cash equivalents	6	635,042	489,038
Trade and other receivables	8	489,113	288,334
Current taxes	24.1	165,308	77,468
Non-financial assets	11	18,452	34,757
Total current assets		1,307,915	889,597
Non-current assets			
Restricted cash	7	11,547	8,714
Trade and other receivables	8	30,002	27,363
Other financial assets	9	13,752	13,811
Non-current taxes	24.1	-	301
Investments in subsidiaries, joint ventures, and associated companies	12	14,436,075	16,294,124
Property, plant, and equipment	13	8,637,613	7,974,005
Intangibles	14	292,992	276,223
Investment properties	15	7,499	7,586
Non-financial assets	11	600	717
Total non-current assets		23,430,080	24,602,844
Total assets		24,737,995	25,492,441
LIABILITIES			
Current liabilities			
Financial liabilities	16	469,769	258,214
Trade and other Accounts payables	18	294,783	181,466
Employee benefits	21	17,518	12,679
Current taxes	24.5	58,113	92,908
Provisions	22	61,897	45,868
Non-financial liabilities	23	16,043	1,955
Total current liabilities		918,123	593,090

Continue ▼


	Note	2023	2022
Non-current liabilities			
Financial liabilities	16	5,647,912	4,732,735
Trade and other payables	18	221,142	336,795
Employee benefits	21	197,726	157,939
Provisions	22	188,884	75,816
Non-financial liabilities	23	86,647	115,163
Deferred tax	24.4	1,186,764	1,030,657
Total non-current liabilities		7,529,075	6,449,105
Total liabilities		8,447,198	7,042,195
EQUITY			
Subscribed and paid-in capital	25	36,916	36,916
Premium for placement of shares	25	1,428,128	1,428,128
Reserves	25	7,952,816	7,690,798
Accumulated income		5,694,087	5,427,912
Other comprehensive income		1,178,850	3,866,492
Total shareholders' equity		16,290,797	18,450,246
Total shareholders' liabilities and equity		24,737,995	25,492,441

The accompanying notes are an integral part of the financial statements.


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Gabriel Jaime Melguizo Posada
 Interim CEO
 (See attached certification)

DocuSigned by:

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John Bayron Arango Vargas
 Certified Public Accountant
 P.C. No. 34420-T
 (See attached certification)



Andrés Camilo Morales Cortes
 Statutory Auditor
 P.C. No. 183027 – T
 Appointed by Ernst & Young Audit S.A.S. TR-530
 (See my report of February 22, 2024)

Interconexión Eléctrica S. A. E. S. P.

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

YEARS ENDED AS OF DECEMBER 31, 2023 AND 2022 | Figures expressed in COP million except for basic and diluted net profit per share, expressed in COP.

	Note	2023	2022
Revenues from contracts with customers			
Revenue from joint account agreement		1,537,763	1,451,572
Energy transmission services		144,507	204,744
Connection charges		3,320	3,150
Technical and administrative services		9,981	14,673
Telecommunications		217	217
Other revenues		9,511	1,377
Total revenues from contracts with customers	26	1,705,299	1,675,733
Operating costs	27	(356,547)	(300,523)
Gross profit		1,348,752	1,375,210
Administrative expenses	27	(153,209)	(112,395)
Other operating revenues		-	-
Share of profit of subsidiaries, associates, and joint ventures, net	12	2,038,087	1,641,391
Other (expenses) revenues, net		3,109	4,073
Operating profit		3,236,739	2,908,279
Financial result, net	28	(484,525)	(406,761)
Profit before taxes		2,752,214	2,501,518
Income tax	24.2	(294,446)	(309,926)
Net profit for the year		2,457,768	2,191,592
Net profit per basic and diluted share	25.1	2,218,85	1,978,55

OTHER COMPREHENSIVE INCOME, NET OF TAXES

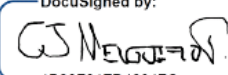
Items that will not be reclassified to income

Actuarial (losses) gains from defined benefits		(137,053)	203,028
		(137,053)	203,028

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	Note	2023	2022
Items to be reclassified to income			
Gain (loss) on other hedges		(10,528)	3,819
Gain (loss) on hedging of net investment in foreign countries		211,971	(176,481)
Gain (loss) from exchange rate differences in foreign operations		(2,752,032)	2,668,306
		(2,550,589)	2,495,644
Other comprehensive income, net of taxes		(2,687,642)	2,698,672
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(229,874)	4,890,264

The accompanying notes are an integral part of the financial statements.

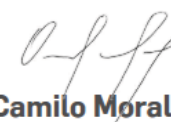
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Gabriel Jaime Melguizo Posada
 Interim CEO
 (See attached certification)

DocuSigned by:

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John Bayron Arango Vargas
 Certified Public Accountant
 P.C. No. 34420-T
 (See attached certification)



Andrés Camilo Morales Cortes
 Statutory Auditor
 P.C. No. 183027 - T
 Appointed by Ernst & Young Audit S.A.S. TR-530
 (See my report of February 22, 2024)

Interconexión Eléctrica S. A. E. S. P.

SEPARATE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

YEARS ENDED AS OF DECEMBER 31, 2023 AND 2022 | Figures expressed in COP million, except for ordinary dividends per share, expressed in COP.

	Subscribed and paid-in capital	Premium for placement of shares	Legal reserve	Tax regulation reserve	Reserves For equity strengthening	For rehabilitation and replacement of STN assets	Total reserves	Income for the year and accumulated income	Other comprehensive income	Total equity
Balance as of December 31, 2022	36,916	1,428,128	18,458	898,802	6,736,104	37,434	7,690,798	5,427,912	3,866,492	18,450,246
Transfers approved by the General Shareholders' Meeting	-	-	-	-	1,204,651	-	1,204,651	(1,204,651)	-	-
Ordinary and extraordinary dividends at COP 891 and COP 851 per share, respectively, settled on 1,107,677,894 outstanding shares	-	-	-	-	(942,633)	-	(942,633)	(986,942)	-	(1,929,575)
Other comprehensive income	-	-	-	-	-	-	-	-	(2,687,642)	(2,687,642)
Net income for the period	-	-	-	-	-	-	-	2,457,768	-	2,457,768
Balance as of December 31, 2023	36,916	1,428,128	18,458	898,802	6,998,122	37,434	7,952,816	5,694,087	1,178,850	16,290,797
Balance as of December 31, 2021	36,916	1,428,128	18,458	898,802	5,906,797	37,434	6,861,491	4,895,279	1,167,820	14,389,634
Transfers approved by the General Shareholders' Meeting	-	-	-	-	829,307	-	829,307	(829,307)	-	-
Ordinary dividends at COP 749 per share, settled on 1,107,677,894 outstanding shares	-	-	-	-	-	-	-	(829,652)	-	(829,652)
Other comprehensive income	-	-	-	-	-	-	-	-	2,698,672	2,698,672
Net income for the period	-	-	-	-	-	-	-	2,191,592	-	2,191,592
Balance as of December 31, 2022	36,916	1,428,128	18,458	898,802	6,736,104	37,434	7,690,798	5,427,912	3,866,492	18,450,246

The accompanying notes are an integral part of the financial statements.

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Gabriel Jaime Melguizo Posada
Interim CEO
(See attached certification)

DocuSigned by:

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John Bayron Arango Vargas
Certified Public Accountant
P.C. No. 34420-T
(See attached certification)

Andrés Camilo Morales Cortes
Statutory Auditor
P.C. No. 183027 – T
Appointed by Ernst & Young Audit S.A.S. TR-530
(See my report of February 22, 2024)

Interconexión Eléctrica S. A. E. S. P.

SEPARATE CASH FLOW STATEMENT

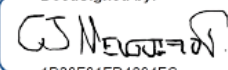
YEARS ENDED AS OF DECEMBER 31, 2023 AND 2022 | Figures in COP millions

		December 2023	December 2022
Cash flows from operating activities			
Net profit		2,457,768	2,191,592
Adjustments to reconcile profit to net cash flows from operating activities			
Impairment of financial assets	8	1,317	61
Share of profit of subsidiaries, associates, and joint ventures, net	12	(2,038,087)	(1,641,391)
Depreciation and amortization	13-14-15	235,356	213,192
Accrued interest and commissions	16.3	477,502	447,706
Post-employment and long-term employee benefit financing and servicing costs	21	22,261	17,122
Provisions and contingencies	22	9,608	(1,259)
Income tax and deferred income tax provision	24	294,446	309,926
Foreign exchange loss	28	60,703	12,305
Loss on disposal of non-current assets	13	18,517	30
		1,539,391	1,549,284
Net changes in operating assets and liabilities			
Trade and other receivables		(44,546)	(61,439)
Non-financial assets		16,422	(15,238)
Trade and other accounts payable		50,999	92,930
Non-financial liabilities		(14,427)	(16,885)
Current tax assets and liabilities		(116,835)	(38,886)
Employee benefits		4,701	(372)
Cash flows from other operating activities			
Retirement pension payments	21	(17,885)	(16,405)
Income tax paid		(185,499)	(150,486)
Net cash flows provided by operating activities		1,232,321	1,342,503


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		December 2023	December 2022
Cash flows from investment activities			
Acquisition of permanent and long-term investments	12	(138,997)	(115,734)
Purchase of intangible assets	14	(5,567)	(47,577)
Acquisition of property, plant, and equipment	13	(789,576)	(690,697)
Dividends received		883,802	828,160
Other cash inflows (outflows)		(2,774)	4,403
Loans with related parties	16.3	45,401	-
Net cash flows used in investment activities		(7,711)	(21,445)
Cash flows from financing activities			
Lease payments (principal and interest)		(5,636)	(3,298)
Interest paid in cash		(559,138)	(438,874)
Dividends paid		(1,929,575)	(829,652)
Increase in bonds and obligations		1,600,000	-
Bond payment		(180,000)	(120,000)
Net cash flows used in financing activities	16.3	(1,074,349)	(1,391,824)
Net increase (decrease) in cash and cash equivalents		150,261	(70,766)
Effect of change in foreign exchange rates on cash and cash equivalents	28	(4,257)	13,967
Cash and cash equivalents at the beginning of the period		489,038	545,837
Cash and cash equivalents at the end of the year		635,042	489,038

The accompanying notes are an integral part of the financial statements.

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Gabriel Jaime Melguizo Posada
 Interim CEO
 (See attached certification)

DocuSigned by:

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John Bayron Arango Vargas
 Certified Public Accountant
 P.C. No. 34420-T
 (See attached certification)



Andrés Camilo Morales Cortes
 Statutory Auditor
 P.C. No. 183027 - T
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 (See my report of February 22, 2024)

Interconexión Eléctrica S.A. E.S.P.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

As of December 31, 2023 and 2022 | Figures in COP millions, excluding nominal value of the share and net income per share or when otherwise indicated.

1. OVERVIEW

Interconexión Eléctrica S.A. E.S.P. (hereinafter, ISA), affiliate of Ecopetrol S.A., with headquarters in Medellín, was incorporated as a joint stock company by public deed No. 3057, issued by the 8th Notary Office of the Bogotá Circuit on September 14, 1967.

On November 22, 1996, by public deed No. 746 issued by the Sole Notary Office of Sabaneta, ISA changed its legal nature to Mixed Utility Company, incorporated as a joint stock company of commercial and national nature, linked to the Ministry of Mines and Energy, with indefinite term, and subject to the legal regime provided for by Law 142 of 1994.

According to the Constitutional Court, according to ruling C-736 dated September 19, 2007, ISA has a special legal nature, being defined as a Public-Private Utility Company, decentralized by services, who is part of the executive branch of the public power, under a special private law regime.

ISA is listed on the Colombian Stock Exchange and is part of Grupo Empresarial Ecopetrol, whose parent company is Ecopetrol S.A., with its main domicile in Bogotá, Colombia.

ISA's headquarters are in Medellín, Calle 12, Sur #18-168.

The principal activities of ISA and its subsidiaries are:

- The provision of the electric power transmission pursuant to Laws 142 and 143 of 1994 and the rules supplementing, amending, or replacing them, as well as the provision of similar and complementary services related to such activities, according to the legal and regulatory framework in force.
- The development of information and telecommunication technology systems, activities, and services.
- The direct or indirect participation in activities and services related to the transport of other energies.
- The provision of technical and non-technical services in activities related to its purpose.
- The development of infrastructure projects and their commercial operation, as well as the execution of activities related to the exercise of engineering according to Law 842 of 2003 and the regulations that supplement, modify, or replace it.
- The investment in national or foreign companies whose purpose is the exploitation of any legal economic activity; the investment in movable and immovable assets, and the investment in shares, quotas or stakes, bonds, commer-

cial papers, or fixed or variable rate instruments registered on the stock exchange market, or any other modality provided by Law, allowing the investment of resources.

- The design, construction, operation and maintenance of road infrastructure.
- The management of the ISA's companies, through the definition of strategic, organizational, technical and financial guidelines, among others.

2. BASIS OF PRESENTATION

The following are the main policies and practices adopted by ISA:

2.1 Accounting principles

ISA prepares its separate financial statements according to the Accounting and Financial Reporting Standards accepted in Colombia (NCIF), pursuant to Law 1314 of 2009, which are amended, compiled, and updated by Decree 1611 of 2022, 938 of 2021, Decree 1432 of 2020, and previous decrees and other legal provisions in force, which are applicable to the entities supervised and/or controlled by the Financial Superintendency of Colombia and the General Accounting Office of the Nation, which may differ in some aspects from those established by other controlling State agencies. The Financial Reporting Standards accepted in Colombia are based on the International Financial Reporting Standards (IFRS), together with their interpretations, translated into Spanish, in force, and issued by the International Accounting Standards Board (IASB).

In addition, the organization, in compliance with laws, decrees and other regulations in force, applies the following exceptions established by the regulation body:

- Decree 2496 of 2015. This decree establishes the application of article 35 of Law 222 of 1995, which dictates that investments in subsidiaries must be recognized in the separate financial statements by the equity method, in accordance with the provisions of IAS 28.
- Decree 2131 of 2016. This decree requires to disclose the calculation of pension liabilities according to parameters established in Decree 1625 of 2016 and, in the case of partial pension commutations, according to provisions of Decree 1833 of 2016, reporting the variables used and the differences with respect to the calculation made under the terms of the technical framework according to NCIF.

The accompanying separate financial statements have been prepared to comply with the statutory reporting requirements to which the company is subject as an independent legal entity and, therefore, do not include the adjustments and eliminations necessary for the presentation of the financial position and results of the company and its subsidiaries. These separate financial statements should be read together with the financial statements of the company.

The financial statements were approved and authorized for publication by the Board of Directors on February 15, 2024.

2.2 Basis of preparation

The financial statements, which are presented in millions of Colombian pesos, have been prepared on a historical cost basis except for cash, derivative financial instruments, variable income investments, certain fixed-income investments, non-current assets held for sale, and assets acquired and liabilities assumed in business combinations on the acquisition date, which are measured at fair value. ISA has prepared the financial statements on the basis that it will continue to operate as a going concern.

Accrual accounting basis

The company prepares its financial statements applying the accounting principle of accrual except the statement of cash flows, which is prepared on a cash or realization basis.

Reclassifications

For presentation purposes, ISA reclassified balances in items of "Other comprehensive" income to operating income and operating costs in the comparative figures as of December 31, 2022. These reclassifications had no impacts that changed the statement of financial position, gains and losses, comprehensive income, changes in equity, or cash flows.

3. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

3.1 New standards issued by the IASB and adopted in Colombia as of January 1, 2023

The IASB issued amendments to the following standards, which were included in Decree 938 of August 19, 2021, effective as of January 1, 2023:

3.1.1 Amendment to IAS 16 - Property, plant, and equipment, Proceeds before Intended Use

In May 2020, the IASB issued the amendment to IAS 16 - Property, plant and equipment: proceeds before intended use, which prohibits deducting from the cost of an item of property, plant, and equipment any revenue received from the sale of items produced while bringing that asset to the location and condition necessary for its intended use. Instead, a company will recognize such sales proceeds and related cost in P&L.

In full IFRS, the amendment is effective for annual periods beginning on January 1, 2022, and in Colombia it is effective from January 1, 2023. This amendment had no financial impact on ISA.

3.1.2 Amendment to IAS 37 - Provisions, Contingent Liabilities and Contingent Assets. Onerous Contracts: Costs of fulfilling a contract

In May 2020, the IASB issued an amendment to IAS 37 - Onerous contracts: cost of fulfilling a contract, to specify which costs an entity should include when assessing whether a contract is onerous. According to the amendments, a "directly related cost approach" shall be applied. The direct cost of fulfilling a contract to provide goods or ser-

vices includes (1) the incremental costs of fulfilling the contract, and (2) an allocation of other costs that relate directly to the fulfillment of the contract. General and administrative costs are not directly related to the contract and shall be excluded, unless those costs are explicitly chargeable to the counterparty under the contract.

In full IFRS, the amendment is effective for annual periods beginning on January 1, 2022, and in Colombia it is effective from January 1, 2023. This amendment had no financial impact on ISA.

3.1.3 Annual amendments to IFRS standards 2018-2020

In May 2020, the IASB issued Annual Improvements to IFRS Standards 2018–2020. These include the modification of four standards. In full IFRS, the amendment is effective for annual periods beginning on January 1, 2022, and in Colombia it is effective from January 1, 2023. This amendment had no financial impact on ISA.

- **Amendment to IFRS 1 - First-time Adoption of IFRS**

The amendment allows subsidiaries that elect to apply paragraph D16 (a) of IFRS 1 to measure cumulative translation differences (CTD) using the amounts reported by the controlling entity, based on the date of transition to IFRS of such entity. This amendment also applies to associates or joint ventures that choose to apply paragraph D16(a) of IFRS 1.

- **Amendment to IFRS 9 - Financial instruments. '10 per cent' Test for Derecognition of Financial Liabilities**

The proposed amendment would clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability (10 per cent test for derecognition of financial liabilities). The fees permitted to be included in this test are only those paid to, or received from, the lender (including fees paid or received by either the borrower or the lender on behalf of the other). Fees paid to third parties should not be included.

- **Amendment to IFRS 4 – Insurance Contracts**

The amendment considers 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 beginning before January 1, 2023 (due to a new international requirement contained in IFRS 17 as of that date).

- **Amendment to IAS 41 - Agriculture**

The amendment to IAS 41 removed paragraph 22 requirement to exclude cash flows from taxation when measuring the fair value of assets within the scope of IAS 41.

3.1.4 Amendment to IFRS 3 - Business Combinations. Reference to Conceptual Framework

In May 2020, the IASB issued the amendment to IFRS 3 - Business Combinations. Reference to Conceptual Framework. The amendment aims to replace the reference to the "Framework for the Preparation and

Presentation of Financial Statements" issued in 1989, with the reference to the "Conceptual Framework for Financial Reporting" issued in September 2018, without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential "day 2" gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21, if incurred separately.

Simultaneously, the Board decided to clarify the existing IFRS 3 guidelines with respect to contingent assets that would not be affected by the replacement of the reference to the "Framework for the Preparation and Presentation of Financial Statements."

In full IFRS, the amendment is effective for annual periods beginning on January 1, 2022, and in Colombia it is effective from January 1, 2023. This amendment had no financial impact on ISA.

3.1.5 Amendments to IFRS 9, IAS 39, and IFRS 7 - Interest Rate Benchmark Reform

The amendments provide several exemptions that apply to all hedging relationships that are directly affected by the Interest Rate Benchmark Reform. A hedging relationship is affected if the reform would cause uncertainty about the time and/or amount of cash flows based on benchmark rates of the hedged item or hedging instrument.

This amendment had no financial impact on ISA.

3.1.6 Amendment to IAS 1 - Presentation of financial statements. Classification of liabilities as current or non-current

In January and July 2020, the IASB issued the amendment to IAS 1, whereby liabilities are classified as current or non-current based on the rights that exist at the end of the reporting period and the classification should not be affected by management's expectations or events after the reporting date. It also determines the concept of "settlement" of a financial liability.

In full IFRS and in Colombia, the amendment is effective for annual periods beginning on January 1, 2023. However, in October 2022, the IASB issued the amendment to IAS 1 - Non-current liabilities with covenants, which defers the effective date of the amendments to IAS 1 - Classification of liabilities as current or non-current for one year to annual periods beginning on January 1, 2024. In Colombia, this new amendment has not yet been applied. ISA does not foresee any financial impact from its application.

3.2 New standards issued by the IASB and adopted in Colombia as of January 1, 2024

By Decree 1611 of August 5, 2022, the amendments issued by the IASB in 2021 become effective. In full IFRS, these amendments are effective for the annual periods beginning January 1, 2023; in Colombia, the modifications are

effective as of January 1, 2024 and are permitted to be applied early. These amendments will have no financial impact on ISA; they will only imply non-substantial changes in the information to be disclosed in the separate financial statements.

3.2.1 Amendments to IAS 1 and IFRS Practice Document No. 2

These amendments change the accounting policy disclosure requirements, as follows: (1) companies are required to only disclose material accounting policies, and (2) they provide a definition of materiality to assess what information must be disclosed: accounting policy information is material when it is considered that, together with other information included in the entity's financial statements, it may influence the decision making of the primary users of general purpose financial statements.

Additionally, it stresses that accounting policy disclosures should focus on how the entity has applied the requirements of IFRS to its own circumstances and provide specific information, as this is more useful to users of the financial statements than standardized data or data that merely duplicates or summarizes the requirements of IFRS.

3.2.2 Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. Definition of Accounting Estimates

In February 2021, the IASB issued amendments to IAS 8 - Definition of Accounting Estimates. These amendments contain a new definition of accounting estimates (monetary amounts in the financial statements that are subject to uncertainty during measurement) and clarifies how companies should differentiate changes in accounting policies from changes in accounting estimates. The amendments clarify the following:

- An accounting estimate is revised if there are changes in the circumstances on which the estimate is based, or as a result of new information obtained, new developments or more experience.
- By its very nature, a change in an accounting estimate is not related to prior periods nor is it a correction of an error.
- The effects on an accounting estimate of a change in an input or measurement technique are changes in accounting estimates, unless they result from the correction of prior period errors.

3.2.3 Amendments to IAS 12 - Deferred Taxes Related to Assets and Liabilities Recognized in a Single Transaction

In May 2021, the IASB issued amendments to IAS 12 - Deferred Taxes Related to Assets and Liabilities Arising from a Single Transaction, to address inconsistencies in the presentation of deferred taxes on leases and decommissioning obligations in the financial statements. The amendments require recognizing the deferred tax on transactions that, on initial recognition, result in equal amounts of taxable and deductible temporary differences. Also, the exemption from initial recognition of deferred taxes in IAS 12 does not apply to transactions in which an asset and a

liability are recognized at the same time and result in equal amounts of taxable and deductible temporary differences. Therefore, deferred tax assets and liabilities are required to be recognized for these types of transactions, the former being subject to an assessment of recoverability.

3.3 IFRS issued by the IASB and not implemented by decree in Colombia

Standards and interpretations that have been issued by the International Accounting Standards Board (IASB), but have not yet been implemented by decree in Colombia are disclosed below. ISA will adopt these standards on the date they become effective, according to the decrees issued by the local authorities. The company anticipates that the adoption of these IASB standards and interpretations, not yet effective in Colombia, will not have a material impact on the financial statements.

3.3.1 IFRS 17 - Insurance Contracts

In May 2017, the IASB issued IFRS 17, which is a new comprehensive accounting standard for insurance contracts that includes measurement, recognition, presentation, and disclosure. Once effective, IFRS 17 will replace IFRS 4 - Insurance Contracts, issued in 2005. IFRS 17 applies to all kinds of insurance contracts regardless of the type of issuing entity, as well as certain guarantees and financial instruments with discretionary participation features. Its main objective is to provide an accounting model for insurance contracts that is more useful and reliable for insurers. Unlike IFRS 4 requirements, which mainly seek to protect previous local accounting policies, IFRS 17 provides a comprehensive model for these contracts, including all relevant issues.

The essence of this standard is a general model, supplemented by:

- a specific adaptation for contracts with direct participation features (Variable Fee Approach),
- a simplified approach (the Premium Allocation Approach), especially for short-term contracts.

IFRS 17 is effective for reporting periods beginning on or after January 1, 2023, and comparative figures are required. Earlier application is permitted, provided that the entity also applies IFRS 9 and IFRS 15 on or before the date on which it first applies IFRS 17. This standard, although applicable to the subsidiary Linear Systems RE, will have no material financial impact on the separate financial statements.

3.3.2 Amendments to IAS 12 - Income tax. Organization for Economic Cooperation and Development (OECD) International Tax Reform

This amendment, which amends IAS 12 - Income Taxes, applies to income taxes arising from tax laws enacted to implement the Pillar II model rules published by the Organization for Economic Co-operation and Development (OECD). The rules of this model make it possible to ensure that large multinational companies are subject to a minimum tax rate of 15%. The minimum tax is calculated based on financial accounting standards and is based on two

main components: profits and taxes paid. The amendment grants companies temporary relief from accounting for deferred taxes arising from the OECD international tax reform.

The amendment is effective for annual periods beginning on or after January 1, 2023 and no material impacts are expected within the business group; however, to determine possible impacts, it will be reviewed in each jurisdiction if the internal regulations have already included it.

3.3.3 Amendments to IFRS 16 - Leasing Liabilities on a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 - Lease liabilities on a sale and leaseback. According to these amendments, in a sale and leaseback transaction, the lessee-seller (the one who sells an asset and then leases it) must subsequently measure the lease liability, specifically, calculate the lease payments in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The above does not prevent a seller-lessee from recognizing in profit or loss any gain or loss relating to the partial or full termination of a lease. However, these amendments do not establish specific measurement requirements for these lease liabilities. Therefore, the company shall develop and apply an accounting policy for these transactions, resulting in information that is relevant and reliable under IAS 8. The amendments do not change the accounting for leases not related to sale and leaseback transactions.

The amendments are effective for annual periods beginning on January 1, 2024 and early adoption is permitted. To date, these amendments have no financial impact on ISA.

3.3.4 Amendment to IAS 1 - Non-current Liabilities with Covenants

In October 2022, the IASB issued the Amendment to IAS 1 - Non-current liabilities with covenants. This amendment clarifies how to account for financial liabilities that are subject to covenants on a date subsequent to the reporting period. The amendment specifies that only covenants to be fulfilled by an entity in the reporting period or earlier should affect the classification of liabilities as current or non-current, and requires disclosures in the notes to allow users of financial statements to understand the risk that non-current liabilities with covenants may become repayable within twelve months. In addition, this amendment defers the effective date of the amendment to IAS 1 - Classification of Liabilities as Current or Non-current, published in 2020 for one year, applied to annual periods beginning on January 1, 2024.

The amendment must be adopted retroactively, is effective for annual periods beginning on January 1, 2024, and early adoption is permitted. To date, this modification is not expected to have a financial impact on ISA.

3.3.5 Amendments to IAS 7 and IFRS 7 - Supplier Finance Agreements

In May 2023, the IASB issued the amendment on disclosure requirements to improve the transparency of supplier finance agreements and their effects on a company's liabilities, cash flows, and exposure to liquidity risk. The term

applies to annual periods beginning on or after January 1, 2024. To date, this modification is not expected to have a financial impact on ISA.

3.3.6 Amendments to IAS 21 - Effects of Changes in Foreign Exchange Rates. Lack of Exchangeability

The amendment establishes criteria to assess whether a currency is exchangeable and when it is not, in order to determine the exchange rate to use and the disclosures to make. The term applies for annual periods beginning on or after January 1, 2025 and no financial impact is expected on ISA.

3.4 IFRS issued by the IASB and not implemented by decree in Colombia

The International Sustainability Standards Board (ISSB) issued the first international sustainability and climate standards in June 2023: IFRS S1 - General requirements for sustainability disclosures related to financial reporting and IFRS S2 - Climate-related disclosures. These standards aim for entities to disclose information about their sustainability and climate-related risks and opportunities that are useful to primary users of financial information for decision making. Entities will apply these standards for annual period reports beginning on or after January 1, 2024. ISA is validating the methodology for its implementation. Likewise, ISA pays attention to the guidelines issued by the country regarding such regulations through the Technical Council of Public Accounting. ISA is constantly monitoring changes in local accounting standards in order to evaluate the possible impacts of new standards issued by the international organization on their adoption in Colombia.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES, AND ASSUMPTIONS

The preparation of financial statements based on IFRS requires management to use judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosures in the notes to the financial statements, which include contingent liabilities. Uncertainty about these judgments and estimates could result in material adjustments to the carrying amounts of assets or liabilities in future periods. Management expects that variations, if any, would have no significant effect on the financial statements.

Whether the information is material is a matter of judgment and depends on the factors involved and the circumstances of ISA. These estimates are based on the best experience of the management, the best expectations regarding present and future events, and the best use of the information available on the date of issuance of these financial statements. Actual results may differ from these estimates, but are adjusted once they are known.

In the process of applying the accounting policies of ISA, management has made the following judgments, which have the most significant effects on the amounts recognized in the financial statements:

Identification of cash generating units (CGUs)

The CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the

cash inflows from the sale or provision of services, arising from other assets or groups of assets. The identification of CGUs involves significant judgment, mainly about how the company must allocate its assets.

Impairment of non-financial assets

An asset is impaired when its carrying amount exceeds its recoverable amount, which is the highest between its fair value less disposal costs and its value in use. The calculation of fair value less costs to sell is based on available data from binding arm's length sales transactions for similar assets or observable market prices, less incremental costs to sell the asset. The value in use calculation is based on a discounted cash flow (DCF) model and projections of expected future cash flows, which do not include restructuring activities to which ISA have not yet committed or significant future investments that will improve the performance of the assets being tested. The recoverable amount is sensitive to the discount rate used for the DCF model, as well as the expected future cash inflows and the growth rate used. These estimates are more relevant for the evaluation of the impairment of goodwill and other intangibles with indefinite useful life recognized by ISA.

Useful lives and residual values of property, plant, and equipment

The calculation of useful lives and residual values of the property, plant, and equipment components involves judgments and assumptions that could be affected if circumstances change. ISA reviews these assumptions annually and adjusts them prospectively if any changes are identified.

Provision for legal and administrative proceedings

ISA is subject to claims related to regulatory and arbitration proceedings, tax assessments, and other claims arising in the normal course of business. Management evaluates these claims based on their nature, the likelihood that they will materialize, and the amounts involved, in order to decide on the amounts recognized and/or disclosed in the financial statements.

This analysis, which may require considerable judgment, includes the evaluation of ongoing legal proceedings against ISA and claims not yet initiated. A provision is recognized when ISA has a present obligation arising from a past event, it is probable that an outflow of resources or economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Recovery of deferred tax assets

Professional judgment is required to determine whether deferred tax assets should be recognized in the statement of financial position. The recognition of deferred tax assets requires management to assess the likelihood that the enterprise will generate taxable revenues in future periods. Estimates of future taxable income are based on financial projections and the application of tax laws. Depending on how significantly they differ from estimates, future

cash flows and taxable income, there could be an impact on the ability of ISA to realize the deferred tax assets recognized in the statement of financial position.

In addition, future changes in tax laws could limit the ability of ISA to obtain tax deductions in future periods. Any difference between estimates and subsequent actual disbursements is recorded in the year in which it occurs.

Provision for biotic and similar environmental offsets

ISA is legally required to incur environmental costs for offsetting biodiversity loss caused by the construction of the transmission line projects after obtaining the environmental license, in order to offset the residual impact generated by the forestry exploitation of the projects. These obligations are formalized with National Environmental Licensing Authority (ANLA) and are executed during the project and/or after the start of operation of the transmission lines.

ISA calculates these obligations considering the number of hectares to be intervened, conservation initiatives, future costs expected to be incurred for the execution of these activities (which include biotic offset services, management, and control activities), and an estimate of future inflation rates. The value of the provision will correspond to the present value of future cash flows discounted at the zero-coupon TES rate, according to the term in which each provision is expected to be executed.

Employee benefits

The present value of defined benefit pension plans and other postemployment and long-term medical benefits is based on actuarial valuations. These valuations include formulating several hypotheses which could differ from future real events, such as the calculation of the discount rate, future salary increases, future pension increases, and mortality rates. Due to the complexity of the valuation, its long-term nature and the underlying hypotheses, the calculation of the defined benefit obligation is highly sensitive to changes in these hypotheses. ISA updates these estimates annually, at each closing date. The mortality rate is based on the country's public mortality rates. Future salary and pension increases are based on expected inflation rates.

Hedge accounting

The process of identifying the hedging relationships between hedged items and derivative and non-derivative hedging instruments (such as foreign currency long-term debt) and their corresponding effectiveness requires management judgments. ISA periodically evaluates the alignment between the identified hedges and its risk management policy.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies have been applied consistently by all subsidiaries, joint ventures, and associates of ISA for all periods presented in the financial statements.

5.1 Foreign currency transactions and balances

The financial statements are disclosed in Colombian pesos, which is the functional currency of the parent company. For each entity, its functional currency is determined based on the primary economic environment in which it operates.

The income statements and cash flows of subsidiaries with functional currencies different from ISA's functional currency are translated at the average exchange rate. Assets and liabilities are translated at the closing exchange rate and other equity items are translated at the exchange rates prevailing at the time of the transaction. All resulting exchange differences are recognized in other comprehensive income. Upon disposal of all or a significant portion of a foreign operation, the cumulative translation adjustment related to the foreign operation is reclassified to profit or loss.

Transactions in foreign currencies are initially recorded at the spot exchange rates on the transaction dates. Monetary items denominated in foreign currencies are translated at the exchange rates in effect at the reporting date. Exchange differences arising on the settlement or translation of monetary items are recognized in profit or loss, in net financial results, except for those arising from cash flow hedges, which are recognized in other comprehensive income in equity. When the hedged item affects financial results, the exchange differences accumulated in equity are reclassified to profit or loss as part of financial results.

Non-monetary foreign currency items measured at fair value are translated using the exchange rates in effect on the date the fair value is determined. The gain or loss arising from the translation of non-monetary items measured at fair value is accounted for in the same manner as the gain or loss from the change in the fair value of the item.

5.2 Classification of balances as current and non-current

ISA presents its current and non-current assets and current and non-current liabilities as separate categories in its statement of financial position.

ISA classifies an asset as current when:

- it expects to realize the asset, or intends to sell or consume it in its normal operating cycle;
- the asset is held primarily for trading purposes;
- it expects to realize the asset within twelve months after the reporting period, or
- the asset is cash or a cash equivalent (as defined in IAS 7), unless the asset is restricted and cannot be exchanged or used to settle a liability for at least twelve months after the reporting period.

ISA classifies a liability as current when:

- it expects to settle the liability in its normal operating cycle;
- the liability is held primarily for trading purposes;
- the liability must be settled within twelve months after the date of the reporting period, or
- does not have an unconditional right to defer settlement of the liability for at least twelve months following the date of the reporting period.

ISA classifies all other assets and liabilities as non-current.

5.3 Investments in subsidiaries, associates, and joint ventures

Subsidiaries are entities (including structured entities), over which ISA exerts direct or indirect control.

ISA classifies as joint ventures those investments in which it exercises joint control with one or more parties by virtue of a contractual agreement, which grants it rights over the net assets of the business and which exists only when decisions on the relevant activities of the business require unanimity, and classifies as associates those investments, other than subsidiaries, in which it has the power to exert significant influence over financial and operating policy decisions.

The considerations made to determine significant influence or joint control are similar to those required to determine control over subsidiaries. ISA's investment in its subsidiaries, associates, and joint ventures is accounted for using the equity method.

Under the equity method, an investment in a subsidiary, associate or joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the company's interest in the net assets of the subsidiary, associate or joint venture from the date of acquisition. Goodwill related to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The income statement reflects ISA's participation in the results of operations of the subsidiary, associate or joint venture. Any changes in the OCI of these investees are presented as part of the company's OCI. In addition, when there has been a change recognized directly in the equity of the subsidiary, associate or joint venture, ISA recognizes its share of any change, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between ISA and the subsidiary, associate or joint venture are eliminated to the extent of the interest in the subsidiary, associate or joint venture.

The accounting policies of subsidiaries, associates and joint ventures are applied in a uniform manner with those of ISA, in order to ensure comparability in ISA's financial information and for the proper application of the equity method.

After applying the equity method, the company determines whether it is necessary to recognize an impairment loss on its investment in the subsidiary, associate or joint venture. At each reporting date, ISA determines whether there is objective evidence that the investment in the subsidiary, associate or joint venture is impaired. If such evidence exists, ISA calculates the amount of impairment as the difference between the recoverable amount of the subsidiary, associate or joint venture and its carrying amount, and then recognizes the loss within "Share of the profit or loss of associates and joint ventures" in the statement of profit or loss.

In the event of loss of significant influence over the associate or joint control over the joint venture, ISA measures and recognizes any retained investment at fair value. Any difference between the carrying amount of the associate or joint venture for loss of significant influence or joint control and the fair value of the retained investment and the proceeds from disposal is recognized in profit or loss.

5.4 Property, plant, and equipment

Property, plant, and equipment is recognized by significant components and measured at acquisition or construction cost, less depreciation and accumulated impairment loss, if applicable. The cost also includes:

- import duties and non-recoverable indirect taxes associated with the acquisition, after deducting any discounts or rebates;
- all costs directly related to placing the asset in the place and under the conditions necessary for it to operate in the manner intended by management;
- borrowing costs attributable to the construction of a qualifying asset, which is an asset that requires a substantial period of time before it is ready for use or sale and from which future benefits are expected to be obtained, and;
- the initial estimate of the costs of dismantling, removal or rehabilitation of the areas affected by the construction of ISA's assets.

Expenditures for maintenance, upkeep, and repair of these assets are recorded in profit or loss as a cost for the period in which they are incurred.

Additions and costs of expansion, modernization or improvements are capitalized as an increase in the value of the asset, provided that they increase its useful life, expand its productive capacity and operating efficiency, improve the quality of services or allow for a significant reduction in costs.

Depreciation of property, plant, and equipment is calculated using the straight-line method over the estimated useful life of the assets. Lands are not depreciated as they have an indefinite useful life. Every year, ISA reviews the residual value, the depreciation method, and remaining useful life of assets, and accounts for any changes prospectively. The useful life in years by class of property, plant and equipment is as follows:

Type of asset	Useful life
Transmission lines	63 years
Buildings	100 years
Fiber optics	25 years
Machinery and equipment	15 years
Telecommunications equipment	15 years
Office furniture and equipment	10 years
Communications equipment	10 years
Transportation, traction, and lifting equipment	10 years
Supervision and Maneuvers Center Equipment	6 years
Computer equipment and accessories	5 years

An item of property, plant, and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal value and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

Property, plant, and equipment also includes assets acquired for environmental and safety purposes, major spare parts and permanent maintenance equipment that ISA expects to use for more than one year and property, plant, and equipment under construction and assembly for administration, production, supply, or undefined purposes; such assets are classified in the appropriate categories of property, plant, and equipment when they are ready for their intended use, and depreciation begins when they are in the location and condition necessary to operate as intended.

Interest costs directly related to the acquisition or construction of property, plant, and equipment that require a substantial period to get ready for their intended use are capitalized as part of the cost of such asset when it is probable that future economic benefits associated with the item will flow to ISA and the costs can be measured reliably. Other interest costs are recognized in financial results as financial expenses. Projects that have been suspended, but which ISA intends to continue to develop in the future, are not considered qualifying assets for interest cost capitalization purposes.

ISA measures interest costs depending on whether they arise from specific loans (those taken for the exclusive purpose of building a qualifying asset) or from generic loans. This interest on earmarked loans is capitalized directly to the cost of the asset less any return earned on the temporary investment of the funds, provided that activities to prepare the asset for use have commenced. Interest on generic loans is determined based on a weighted average capitalization rate of generic loans outstanding during the period, excluding specific loans.

ISA derecognizes an item of property, plant, and equipment upon disposal or when it is no longer expected to generate future economic benefits. The gain or loss arising from the derecognition of property, plant and equipment is determined as the difference between the selling price, net of any costs directly related to the sale and the carrying amount of the asset, and is recognized in the income statement.

ISA includes right-of-use assets arising from lease contracts when they act as lessees, in accordance with IFRS 16 in the property, plant, and equipment line.

Asset components

A fixed asset component is an item that can be considered as part of another asset but due to its own characteristics, the role it plays, and the type of strategies or activities followed during its technical or service life, it may be classified as a separate asset. Each significant property, plant, and equipment component shall be identified and separated from the other assets in order to depreciate them during their useful lives and make their treatment and accounting control easier. Important spare parts and permanent maintenance equipment that ISA expects to use for more than one period normally comply with specifications to be classified as property, plant, and equipment. Similarly, if spare parts and assisting equipment of a fixed asset could only be used for such asset, they will be classified as part of the property, plant, and equipment.

5.5 Other non-financial assets

They include advances paid to external service providers for the purchase of information technology services, which are amortized over the periods in which ISA receives the services. Prepaid expenses mainly include insurance premiums, which are recognized in income on a straight-line basis over the contractual term.

5.6 Intangible assets other than service concession arrangements

ISA recognizes an intangible asset when it is identifiable and separable, the item generates future economic benefits, and ISA has the ability to control these benefits. Intangible assets are recognized at acquisition or development cost, less amortization and accumulated impairment losses, if applicable. An intangible asset is derecognized upon disposal or when no future economic benefits are expected to arise from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal value and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

Amortization of intangible assets is calculated using the straight-line method over the useful life of the asset. Easements have an indefinite useful life and are not amortized. Every year, ISA reviews the residual value, the depreciation method, and the remaining useful lives of assets, and accounts for any changes prospectively.

The useful life by intangible asset class is:

	Useful life
Brands	5 years
Software	3 years
Licenses	3 years

Easements

Easements are rights obtained for the use of a strip of land for the installation of a transmission line. This involves restrictions on the use of the land by the landowner and authorizations to ISA to build, operate, or maintain the transmission lines. These intangible assets are permanent rights with an indefinite term of use; although the transmission lines to which these easements relate have a limited useful life, the rights do not expire and ISA may replace the transmission lines at the end of their useful life or make use of these rights for any other service related to electric power transmission and telecommunications. Easements have an indefinite useful life; therefore, they are not amortized and are reviewed for impairment annually.

Software and licenses

Software is amortized by the straight-line method over a maximum period of three years. Licenses are amortized by the same method over the periods in which benefits are expected to be received, based on recovery feasibility studies.

Research and development disbursements

Disbursements for project studies and research are recorded as expenses when incurred. ISA recognizes internally generated intangibles in its development phase, when they meet the following criteria: (i) it is technically feasible to complete the development of the asset so that it can be available for use or sale, (ii) ISA has the intention to complete the asset and the ability to use or sell it, (iii) it is considered probable that the asset will generate future economic benefits, (iv) ISA has the technical, financial, or other resources to complete its development and (v) the cost of the asset can be measured reliably. ISA measures these assets at cost, which is the aggregate of expenditures incurred from the time the asset meets the above conditions until it is available for use, less accumulated depreciation and impairment losses. Development expenditures incurred prior to the fulfillment of the conditions are recognized in retained earnings in the period in which they are incurred.

ISA derecognizes an intangible asset upon disposal or when it is no longer expected to generate future economic benefits. The gain or loss arising from the derecognition of the intangible asset is determined as the difference between the selling price, net of any costs directly related to the sale, and the carrying amount of the asset, and is recognized in the income statement.

5.7 Impairment of non-financial assets

ISA assesses, on each reporting date, whether there is any indication that an asset may be impaired. If any indication exists or when a mandatory annual impairment test is required, the companies estimate the recoverable amount of such asset. The recoverable amount is the highest of its fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those of other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss is recognized in income.

When an impairment loss is recorded, future amortization expense is calculated on the adjusted carrying value of the asset or CGU. Impairment losses may be recovered only if the reversal is related to a change in estimates used after the impairment loss was recognized in prior periods. These recoveries do not exceed the carrying value of the assets, net of depreciation or amortization that would have been determined had such impairment not been recognized.

Goodwill is tested annually for impairment in the last quarter of the reporting period and when circumstances indicate that its carrying value may be impaired. Goodwill is allocated to each CGU based on the expected synergies from the business combination. Goodwill impairment is determined by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses related to goodwill cannot be reversed in future periods.

5.8 Leases

At the beginning of a contract, ISA assesses whether a contract is or contains a lease. A lease arises if the contract transfers the right to control the use of an identified asset for a period in exchange for payment. To assess whether a contract conveys the right to control an identified asset, ISA applies IFRS 16.

ISA as lessee

At the lease commencement date, ISA recognizes lease liabilities that represent its obligation to make lease payments and right-of-use assets that represent the right to use the underlying asset during the lease term. The lease term is the non-cancelable period of the lease plus any period covered by extension options, provided that ISA is certain to exercise them. ISA elected to use recognition exemptions for leases that, at the inception date, have a lease term of twelve months or less and do not contain a purchase option (short-term leases) and leases for which the underlying asset is of low value (low-value assets). ISA recognizes these leases of low-value, short-term assets as a lease expense on a straight-line basis over the term of the agreement.

ISA recognizes right-of-use assets on the lease commencement date (i.e. the date on which the underlying asset is available for use) as part of property, plant and equipment. Right-of-use assets are initially measured at cost, which includes the initial measurement of the lease liability, lease payments made on or before the commencement date, less lease incentives received, initial direct costs incurred and, where applicable, an estimate of the costs to be incurred to dismantle and remove the asset or restore the site on which the asset is located to the condition required by the terms of the lease. Subsequently, right-of-use assets are measured at cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are amortized on a straight-line basis over the lease term and are subject to impairment assessments.

At the lease inception date, ISA recognizes lease liabilities at the present value of the lease payments to be made during the lease term, which include fixed payments less any incentive receivable, variable payments that depend on an index or rate and amounts expected to be paid under residual value guarantees. Variable payments that do not depend on an index or rate are recognized as expenses in the period in which an event or condition indicates that the payment will occur.

To calculate the present value of the lease payments, ISA uses the incremental borrowing rate on the lease commencement date.

After this date, the value of lease liabilities is increased to reflect the accrual of interest, reduced by lease payments made and remeasured when events occur such as: a) changes in the lease term, b) changes in lease payments, and c) a change in the valuation of an option to purchase the underlying asset. The value of the remeasurement of the obligation is recognized as an adjustment to the right-of-use asset.

Interest expense on the lease liability and depreciation expense on the right-of-use asset, which is determined by the straight-line method over the term of the lease, are recognized separately in the income statement.

ISA as lessor

Leases in which ISA does not transfer substantially all the risks and benefits inherent to ownership of an asset are classified as operating leases. Lease income is recognized in the income statement on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are included in the carrying amount of the leased asset and are recorded in profit or loss on a straight-line basis over the lease term.

Leases in which ISA transfers substantially all the risks and benefits inherent to ownership of an asset are classified as finance leases. ISA recognizes in their financial statements lease payments as a receivable, at a value equal to the net investment in the lease. The net investment is the sum of the payments to be received and any non-guaranteed residual value corresponding to ISA, discounted at the implicit interest rate of the lease. Initial direct costs are included in the initial measurement of the net investment in the lease and reduce the value of revenue recognized over the term of the lease.

Subsequently, ISA recognizes financial revenues over the term of the contract, applying a rate that reflects a constant rate of return on the net financial investment, and reduces the lease payments from the gross investment. The account receivable is subject to impairment assessment in accordance with IFRS 9.

5.9 Financial assets and liabilities

Financial assets

The classification of financial assets at initial recognition depends on the contractual characteristics of the cash flows of the financial assets and the business model used by ISA to manage them. ISA initially measures a financial asset at fair value plus transaction costs, except for trade receivables that do not contain a significant financing component or for which ISA has applied the practical expedient, which are measured at the transaction price determined in accordance with IFRS 15.

ISA classifies its financial assets in the following categories:

- a) Financial assets measured at fair value through profit or loss: financial assets are held for trading and are designated at the time of initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for sale or repurchase in the short term. These instruments are measured at fair value and changes in fair value are recognized in P&L.
- b) Financial assets at amortized cost: they include trade accounts receivable, other accounts receivable, loans to associates, and loans to employees.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed in an active market. Loans and receivables, including trade and other receivables, are measured initially at fair value and then at amortized cost using the effective interest rate method, less impairment.

ISA measures financial assets at amortized cost if the following two conditions are met:

- the asset is managed within a business model that has the objective of holding financial assets to collect contractual cash flows, and
- the contractual terms of the asset give rise, at specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment testing. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

ISA derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it has transferred its rights to receive those cash flows or has assumed an obligation to pay the cash flows received in full to a third party and (a) has transferred substantially all the risks and benefits inherent to ownership of the

financial asset or (b) has neither transferred nor retained substantially all the risks and benefits of ownership of the asset, but has transferred control of the asset. When ISA does not transfer or retain all the risks and benefits or transfer control, it continues to recognize the transferred asset, to the extent of its continuing involvement, and also recognizes the associated liability.

c) Financial assets at fair value through other comprehensive income: include investments in variable income that are not held for trading purposes and that ISA irrevocably designates to be measured at fair value through other comprehensive income upon initial recognition. Gains and losses arising from changes in fair value are recognized in other comprehensive income until the investment is derecognized.

Impairment of financial assets

ISA measures expected credit losses on its trade receivables on a collective basis by applying the simplified IFRS 9 model, which establishes that an allowance for expected credit losses is recognized for possible events of default during the life of the financial instrument. ISA updates the value of losses on each balance sheet date to reflect changes in credit risk since initial recognition, and in the calculation considers variables such as the historical payment behavior of the obligations, the geographical location of the debtor, and the guarantees that the counterparty has presented to cover any default on its obligations. Generally, the expected loss can be expressed as follows:

$$\text{Expected loss} = \begin{matrix} \% \\ \text{Probability} \\ \text{of Default} \end{matrix} \times \begin{matrix} \$ \\ \text{Exposed} \\ \text{balance} \end{matrix} \times \begin{matrix} \% \\ \text{Loss given} \\ \text{default} \end{matrix}$$

Where:

- Probability of default: is the probability that in a twelve (12) month period the debtors of a given obligation or portfolio will default.
- Exposed balance: is the current balance of principal, interest, and other accounts receivable.
- Loss given default (LGD): is the economic impairment that ISA and its companies would incur in the event that any of the default situations materializes. LGD for debtors within the default category will increase gradually according to the number of days passed after being classified in said category.

ISA considers an event of default to have occurred when the debtor is in breach of financial covenants or when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including ISA, in full.

Derecognition of financial assets

ISA derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and benefits of ownership of the asset to another entity. If ISA does not transfer or retain substantially all the risks and benefits of ownership and continues to control the transferred asset; the retained interest in the asset and an associated liability is recognized for the amounts payable. If ISA retains substantially all the risks and benefits of ownership of a transferred financial asset, it continues to recognize the financial asset and also recognizes a loan secured by the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the carrying value of the asset and the sum of the consideration received and receivable is recognized in profit or loss. In addition, upon derecognition of an investment in a debt instrument classified at fair value through other comprehensive income, the cumulative gain or loss in other comprehensive income is reclassified to profit or loss. In contrast, on derecognition of an investment in an equity instrument designated at fair value through other comprehensive income, the cumulative gain or loss in other comprehensive income is not reclassified to profit or loss, but transferred to retained earnings.

Cash and cash equivalents

Cash and cash equivalents include cash and bank balances and temporary investments with original maturities of less than 90 days, provided they are subject to a significant risk of changes in value. Bank overdrafts that are payable on demand and are an integral part of ISA's cash management are presented as part of cash and cash equivalents in the cash flow statement and as financial obligations in the statement of financial position.

ISA presents separately the cash that is restricted to specific and previously determined purposes, such as payment of debt, acquisition of capital assets, or to be used in case of an emergency and/or unforeseen losses and, therefore, has certain limitations to its availability, whether legal or contractual, and which cannot be freely used to cover financial commitments resulting from the normal activities of ISA.

Financial liabilities

Financial liabilities include financing obtained by ISA through bank credit lines and bonds and accounts payable to suppliers.

ISA initially recognizes bonds and financial obligations at fair value (amount of cash received), net of directly attributable transaction costs. After initial recognition, interest-bearing financial obligations and bonds are measured at amortized cost using the effective interest rate method. Amortized cost is calculated taking into account any discount or premium on the issue and attributable direct costs. Interest, calculated by the effective interest method, is

recognized as a financial expense in profit or loss. Accounts payable to suppliers are short-term financial liabilities recorded at nominal value, since they do not differ significantly from their fair value.

ISA derecognizes a financial liability when the obligation specified in the contract is settled, cancelled or matures. When an existing financial liability has been replaced by another from the same lender, under substantially different terms, or the terms of an existing liability are substantially modified, such modification is accounted for by derecognizing the original liability and recognizing the new liability. The difference between the corresponding values is recognized in the income statement.

ISA has no financial liabilities at fair value through profit or loss, except for financial derivatives.

Derivative financial instruments and accounting hedging transactions

ISA initially recognizes financial derivatives at fair value on the date on which a derivative contract is entered into and then remeasures them at fair value. Changes in the fair value of derivatives, which do not qualify or are not designated as accounting hedges, are recorded in profit or loss. Changes in the fair value of derivatives under hedge accounting are recognized as gains or losses in the income statement, except for the effective portion of cash flow hedges, which is recognized in other comprehensive income and then reclassified to income when the hedged item affects the gain or loss, and the fair value of derivatives used as hedging instruments of a net foreign investment which is recognized in other comprehensive income and then reclassified to income upon disposal of the foreign operation.

Derivatives embedded in the host contract are accounted for as separate derivatives at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in income.

At the inception of the hedge, ISA documents the hedging relationship, the objective, and the strategy of its hedge risk management, including how the effectiveness of the hedging instrument will be measured in order to offset the exposure to changes in the fair value of the hedged item or changes in cash flows attributable to the hedged risk. Hedge accounting is discontinued when: the hedging relationship is revoked, the hedging instrument expires or is sold, is terminated or exercised, or when the criteria for hedge accounting are no longer met. For hedge accounting purposes, hedges are classified as follows:

- **Fair value hedges:** hedges of the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment, or a component of any such item, that is attributable to a particular risk and could affect profit or loss.

ISA recognizes changes in the fair value of derivatives under this type of hedge in the income statement, in the same line of the income statement where changes in the fair value of the hedged asset or liability attributable to the hedged risk are recognized.

- **Cash flow hedges:** hedges of the exposure to variability in cash flows attributable to a particular risk associated with all or a component of a recognized asset or liability or a highly probable forecast transaction that could affect results.

ISA recognizes the effective portion of the changes in the fair value of the derivative in other comprehensive income and any ineffective portion in the income statement. Amounts accumulated in other comprehensive income are reclassified to profit or loss when the hedged transaction affects profit or loss; however, if the hedged transaction results in the recognition of a non-financial item, the value accumulated in equity is reclassified as part of the carrying value of the hedged asset or liability.

If the hedging instrument expires or is sold, cancelled or exercised without replacement or refinancing, or if its designation as a hedge is revoked or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss recognized in other comprehensive income remains in equity until the forecast transaction occurs, at which time it is reclassified to profit or loss. When the forecast transaction initially hedged is no longer expected to occur, the amounts of other comprehensive income are immediately reclassified to profit or loss.

- **Hedges of net investments in foreign businesses:** these hedges, including that of a monetary item that is accounted for as part of the net investment, are accounted for similarly to cash flow hedges.

Gains or losses on the hedging instrument related to the effective portion of the hedging instrument are recognized in other comprehensive income, while gains or losses on the ineffective portion are recognized in P&L. On disposal of a foreign operation, the cumulative value of such gains or losses recorded in equity is transferred to the income statement.

Offsetting assets and financial liabilities

ISA offsets its financial assets and liabilities in the statement of financial position only if the following two criteria are met: (i) there is, at the current time, a legally enforceable right to offset the recognized amounts, and (ii) there is an intention to settle the amounts on a net basis, or to realize the asset and settle the liability simultaneously.

5.10 Fair value measurement

The fair value of an asset or liability is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement assumes

that the transaction to sell an asset or transfer a liability takes place in the primary market, i.e., the market with the highest volume and level of activity for the asset or liability. In the absence of a primary market, it is assumed that the transaction is carried out in the most advantageous market to which ISA has access, that is, the one that maximizes the amount that would be received to sell the asset, or minimizes the amount that would be paid to transfer the liability.

In determining fair value, ISA uses valuation techniques that are appropriate in the circumstances and for which there is sufficient data to make the measurement, maximizing the use of relevant observable inputs and minimizing the use of unobservable input data. Taking into account the hierarchy of input data used in valuation techniques, assets and liabilities measured at fair value are classified at the following levels:

- Level I: quoting prices (unadjusted) in active markets for identical assets or liabilities.
- Level II: valuation techniques for which the data and variables that have a significant effect on the determination of the fair value recorded are observable, either directly or indirectly.

For derivative contracts that do not have a quoted market price, fair value estimates are generally determined using models and other valuation methods based on present value techniques, whose key inputs include future prices, volatility estimates, price correlation, counterparty credit risk, and market liquidity, as appropriate.

- Level III: internal valuation techniques, using variables estimated by the company, not observable for the asset or liability (there is no market information observable).

ISA, when measuring fair value, takes into account the characteristics of the asset or liability, in particular:

- For non-financial assets, a fair value measurement takes into account the market participant's ability to generate economic benefits by using the asset for its highest and best use or by selling it to another market participant that would use it for its highest and best use.
- For liabilities and own equity instruments, the fair value entails that the liability will not be settled, and the equity instrument will not be canceled or extinguished in any other way on the measurement date. The fair value of the liability reflects the effect of the default risk, i.e. the risk that a company does not meet an obligation, which includes but is not limited to the company's own credit risk.
- In the case of financial assets and liabilities with offset positions at market risk or counterparty credit risk, the fair value is measured on a net basis that is consistent with the way market participants would price the net exposure to risk on the measurement date.

For assets and liabilities that are recorded at fair value in the financial statements, ISA determines whether there have been transfers between hierarchy levels by reviewing their categorization at the end of each period.

5.11 Non-current assets held for sale and groups of assets for disposal

ISA measures non-current assets (and disposal groups) classified as held for sale at the lower of carrying value and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying value will be recovered through sale rather than through continuing use. This condition is considered met only when the sale is highly probable and the asset (or group of assets) is available for immediate sale in its present condition and management is committed to the sale, which must be completed no later than one year from the date of classification of the asset as held for sale.

When ISA is committed to a sale plan that involves the loss of control in a subsidiary, all assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether a non-controlling interest in the subsidiary will be retained after the sale.

When ISA is committed to a sale plan that involves the disposal of an investment (or a portion of an investment) in an associate or joint venture, the use of the equity method is discontinued for the investment or the portion of the investment that is classified as held for sale. Any retained interest of an investment in an associate or a joint venture that has not been classified as held for sale continues to be recognized through the equity method.

Impairment occurs when the carrying amount of non-current assets reclassified as held-for-sale assets is greater than fair value less disposal costs.

5.12 Provisions

ISA recognizes provisions when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. ISA measures its provisions at the best estimate of the disbursement required to settle the present obligation at the end of the reporting period, taking into account the related risks and uncertainties. When a provision is measured using the cash flows estimated to settle said obligation, its carrying amount reflects the present value of that cash flow (when the effect of the value of money over time is material).

ISA recognizes as a provision the present obligations arising from an onerous contract when the unavoidable costs of meeting the obligations of the contract exceed the economic benefits expected to be received under it. On the date of the statement of financial position, ISA has no provisions for onerous contracts.

Certain contingent conditions that may result in a loss for ISA and will only be resolved in the future, when one or more events that occur or may occur, may exist at the date of issuance of the financial statements. ISA, together

with its legal advisors, estimates the value of these contingencies. This estimate is a key management judgment and is a matter of opinion.

ISA recognizes in the separate statement of financial position contingencies for which a material loss is probable and its value can be reliably estimated. When the assessment indicates that a potential loss is not probable and its value is known or it is probable but the value of the loss cannot be estimated, the contingency is disclosed in the notes to the financial statements. Loss contingencies estimated as remote are not disclosed.

5.13 Income tax

The income tax expense for the period includes current and deferred income tax. Tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities, and income tax expense is recognized in profit or loss, except when it relates to items recognized directly in equity or in other comprehensive income, in which case it is recognized in equity or other comprehensive income or when it arises from the initial recognition of a business combination.

The tax rates and tax laws used to calculate taxable values are those enacted or substantively enacted at the reporting date in the countries where ISA operates and generates taxable income.

The current tax payable is based on taxable income for the period. Taxable income differs from income before income tax in the income statement due to permanent differences related to items of income or expense that are not taxable or deductible and temporary differences related to items of income or expense that are taxable or deductible in future periods. Current tax liabilities are calculated using tax rates in effect at the end of the period. ISA periodically evaluates positions taken in tax returns with respect to situations where tax laws are subject to interpretation and, where applicable, creates provisions on the amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on temporary differences between the carrying amounts of assets and liabilities included in the statement of financial position and the corresponding tax bases used to determine taxable income. Deferred tax assets are recognized for all deductible temporary differences, including tax losses, to the extent that it is probable that taxable income will be available against which the deductible temporary differences and unused tax credits and tax losses can be recovered.

ISA reviews the carrying amount of deferred tax assets at each reporting date and reduces their carrying amount when it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax related to items recorded directly in equity is recognized in equity.

ISA offsets deferred tax assets and liabilities if they have a legally enforceable right to offset current tax assets and liabilities, the deferred tax assets and liabilities are reported to the same tax authority for the same taxable entity, and it is intended to settle current tax liabilities and assets on a net basis or to realize the assets and settle the liabilities simultaneously.

5.14 Employee benefits

These benefits comprise all compensation to employees and former employees related to the provision of services to ISA and are classified into short-term benefits, long-term benefits, post-employment benefits, and termination benefits.

ISA recognizes short-term employee benefits when they have a legal or implicit obligation to pay as a result of past service rendered by the employee and when the obligation can be reliably estimated. The obligation is measured at the amount expected to be paid within one year from the measurement date and is recognized as an expense as the employee renders the service. At the end of each accounting period, the value of the liability is adjusted based on the legal provisions and labor agreements in force.

ISA grants its employees long-term benefits associated with their time of service, such as seniority premiums and five-year bonuses (quinquennium bonus). Long-term employee benefits are measured annually using the projected unit credit method, with independent actuarial valuations. Any actuarial gain or loss is recognized in income. When applicable, the fair value of plan assets is deducted from the present value of the long-term benefit obligation.

ISA classifies post-employment benefits into defined contribution plans and defined benefit plans. The defined contribution plan is a post-employment benefit in which the company pays fixed contributions to a pension fund, and by which it has no legal obligation to pay additional amounts. The obligations for payment of contributions to defined benefit pension plans are recognized as employment benefit expense in income for the periods in which employees provide the services.

Annually, ISA measures the defined benefit plans, the obligation and the cost of such benefits by the projected unit credit method, with independent actuarial valuations. Liabilities for defined benefit plans are measured at the present value of the obligation at the date of the statement of financial position, less the fair value of plan assets. The present value of the obligation is determined by discounting the estimated cash flows with interest rates calculated from the yield curve of Colombian Government bonds (TES B curve), denominated in Real Value Units (UVR), which have terms that approximate those of the pension obligation until maturity.

Actuarial gains and losses arising from experience-based adjustments and changes in actuarial assumptions are recorded in other comprehensive income in the period in which they arise. Past service costs are recognized imme-

diately in income, unless the changes in the pension plan are conditional upon the employee's continued service for a specified period. In this case, the past service costs are amortized by the straight-line method during the period that grants the right.

ISA measures plan assets at fair value. Plan assets are the assets allocated in accordance with the legal provisions in force or by own initiative, exclusively to meet pension obligations or other post-employment benefits. In some subsidiaries the minimum value of plan assets must correspond to the actuarial calculation of the pension liability.

Annually, ISA measures employee termination benefits, which are essentially post-employment benefits, using the projected unit credit method, with actuarial valuations performed. The remeasurement, which includes actuarial gains and losses, is recognized in other comprehensive income in the period in which it occurs. The remaining termination benefits are recognized as an expense in the period in which they are incurred.

5.15 Recognition of revenues, costs, and expenses

ISA records its revenues, costs, and expenses on an accrual basis.

ISA recognizes revenue from ordinary activities for the transfer of goods or services to customers in exchange for a value that reflects the consideration it expects to receive for those goods or services. Revenue is recognized only when all of the following criteria are met:

- Step 1: identify the contract with the customer
- Step 2: identify the performance obligations in the contract
- Step 3: determine the price of the transaction
- Step 4: allocate the price of the transaction to the performance obligations in the contract
- Step 5: recognize ordinary revenues when (or as) the entity satisfies a performance obligation.

ISA applies the following criteria for revenue recognition:

Revenues from contracts with customers for electric power transmission services and other associated services

ISA records revenues for electric power transmission services when performance obligations are met based on the terms of contracts that include the requirements established by the electricity market regulators in the countries in which it operates. This is generally achieved when the performance obligations agreed with the regulators are met, considering the execution period and the quality of service established in the contracts. The parent company ISA and its subsidiaries ISA Intercolombia, ISA Transelca and XM are providers of electric power transmission and other related services, and are regulated by the Energy and Gas Regulatory Commission (CREG).

Deferred income

ISA recognizes deferred income when payment is made or when payment is due (whichever occurs first) before the goods or services are transferred as performance obligations are met and satisfied, amortization of the liability is made, and the income is recognized in profit or loss.

Revenues from dividends and interest

ISA recognizes dividends from investments in financial instruments when it obtains the right to receive payment, provided that it is probable that the payment will be received and the income can be reliably measured, in profit or loss, in the line item financial income, net.

ISA recognizes interest income when it is probable that the economic benefits associated with the transaction will flow to ISA. Interest income is recognized on an accrual basis, by reference to the principal outstanding and the applicable effective interest rate, which is the discount rate that exactly matches the estimated cash flows receivable over the expected life of the financial instrument to the net carrying amount of the financial asset on initial recognition.

Costs and expenses are recorded at historical cost and recognized as incurred, regardless of the date on which payment is made and in the period in which they become known.

5.16 Income per basic and diluted share

ISA calculates basic earnings per share by dividing the profit attributable to ISA's controlling shareholders by the weighted average number of common shares outstanding during the year, which excludes common shares acquired and those held in treasury.

Diluted earnings per share is calculated by adjusting the average number of common shares outstanding to simulate the conversion of all dilutable potential common shares. ISA does not own any potentially dilutable common shares.

5.17 Capital stock, premium for placement of shares, and distribution of dividends

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new shares or options are presented in equity as a deduction from the value received, net of taxes. The premium on placement of shares corresponds to the overpricing in the placement of shares originated in capital increase transactions.

The repurchase of ISA shares is recognized directly in equity at acquisition cost, and the difference between this value and the nominal value of the shares is recognized as premium for placement of shares. Rights are suspended for own shares reacquired and, therefore, they do not take part in the distribution of dividends.

The distribution of dividends to shareholders is recognized as a liability in the statement of financial position in the period in which the General Shareholders' Meeting approves such dividends or when the corresponding obligation is established in accordance with the applicable legal provisions or policies defined by the General Shareholders' Meeting.

5.18 Related-party information

ISA considers as related parties those natural or legal persons in which it exercises control, joint control or significant influence, is a member of the key management personnel of ISA or its controlling company (or a close relative of the member) or is an entity controlled or jointly controlled by a member of the key management personnel. That is, investments in subsidiaries, associates (and their subsidiaries) and joint ventures (and their subsidiaries) of ISA, key management personnel of ISA, and the controlling shareholder of ISA.

Key management personnel are considered to be those persons who have the authority and responsibility for planning, directing and controlling the activities of ISA, directly or indirectly, including any director or administrator (whether executive or non-executive). It includes the members of ISA's Board of Directors, the members of ISA's senior management, which is comprised of ISA's CEO and the first level management employees who report directly to the CEO, and the directors with the power to make decisions with high financial impact.

Commercial transactions ¹ between ISA and the members of the Board of Directors, the Senior Management and other administrators and/or their permanent relatives, spouses or partners and legal entities where they hold stakes or hold directing positions pursuant to the law, are subject to the legal regime of inabilities or incompatibilities applicable to ISA's contracting as mixed utility company, which forbid them to be contracted with the company. The corporate website includes the informative list of such disqualifications and incompatibilities provided by Colombian legislation.

5.19 Other liabilities

ISA recognizes other liabilities for securities payable in accordance with the underlying commitments, including the effect of amortized cost when the payment obligations are long-term. Deferred revenue is recognized based on the amounts received, reflecting the assumed obligation to provide services in the future, and is recognized in income as the performance obligations are fulfilled.

5.20 Clearing of balances and transactions

ISA, as a general rule in the financial statements, does not offset assets and liabilities, nor income and expenses, except in those cases in which offsetting is required or permitted by some standard and this presentation reflects the essence of the transaction.

¹ Related-party transactions are those that involve: (i) the rendering of services, (ii) the transfer of assets or resources or (iii) the generation of obligations. The following are not considered related-party transactions: (a) management, monitoring and control activities, (b) capitalizations, distribution of dividends, capital reductions and other equity transactions typical of the dynamics of any company, (c) those that must be carried out by legal or regulatory mandate, (d) the remuneration and labor benefits of employees who are members of Senior Management, which are subject to the special guidelines defined for labor compensation, and (e) the remuneration of the members of the Board of Directors of ISA, which is subject to the Board of Directors Remuneration Policy approved by the General Shareholders' Meeting. Notwithstanding the above, said transactions except for (a) will be disclosed in the financial statements pursuant to the applicable international accounting standards.

Revenues and expenses arising from transactions that, contractually or by law, provide for the possibility of offsetting and it is intended and feasible to settle on a net basis or to realize the asset and settle the liability simultaneously are presented net in the income statement.

6. CASH AND CASH EQUIVALENTS

	2023	2022
Cash and bank balances, including restricted balances	634,980	488,356
Total cash	634,980	488,356
Trusts	62	682
Total cash equivalents	62	682
Total cash and cash equivalents	635,042	489,038

7. RESTRICTED CASH

	2023	2022
Current, included in cash and cash equivalent balances	1,721	1,721
Non-current ⁽¹⁾	11,547	8,714
Total restricted cash and cash equivalents	13,268	10,435

⁽¹⁾ Restricted cash consists of the following items: administration and payment trusts established for the projects granted by the Mining-Energy Planning Unit (UPME), for COP 4,443 (2022: COP 4,834); funds for the development of the Conexión Jaguar program for COP 2,150 (2022: COP 1,783); cash frozen in banks due to embargoes for COP 3,352 (2022: COP 2,097), and resources allocated for the implementation of the rural connectivity and energization innovation program for COP 1,602 (2022: COP 0).

8. DEBTORS AND ACCOUNTS RECEIVABLE

It is composed of the following:

	2023	2022
Dividends and interest receivable ⁽¹⁾	316,802	178,351
Customers and related parties ⁽²⁾	39,161	51,507
Joint accounts ⁽³⁾	145,473	74,293
Loans to employees ⁽⁴⁾	17,799	14,594
Other debtors	10,565	6,435
Interest receivable	141	26
Accounts receivable from related parties	-	-
Subtotal debtors and accounts receivable	529,941	325,206
Less - Portfolio impairment ⁽⁵⁾	(10,826)	(9,509)
Total debtors and accounts receivable	519,115	315,697
Current	489,113	288,334
Non-current	30,002	27,363

For more information on the measurement of debtors and accounts receivable, see Note 20.

⁽¹⁾ The outstanding dividends receivable correspond to the balance of equity capital (juros de capital) decreed by ISA Capital do Brasil for COP 316,802 (2022: COP 178,351).

⁽²⁾ This item includes accounts receivable of various types, such as use and connection revenues for COP 33,643 (2022: COP 47,780), engineering and project management services provided to subsidiaries for COP 5,224 (2022: COP 3,359) and telecommunications and fiber optics services for COP 294 (2022: COP 368).

For detailed information on accounts receivable from economic associates, see Note 10.1.

⁽³⁾ The balance corresponds to the account receivable from the affiliate ISA INTERCOLOMBIA, generated by the profits derived from the monthly settlement of the joint account agreement

⁽⁴⁾ Accounts receivable from employees including housing loans, vehicle loans, and other general purpose loans, granted at interest rates of 4% to 6% and terms of up to five years for vehicles and up to fifteen years for housing.

⁽⁵⁾ The movement in expected credit losses over the life of the loan, recognized on trade and other receivables, in accordance with IFRS 9, is detailed below:

	Expected credit losses			
	Customers	Quota shares	Other	Total
Total impairment under IFRS 9 as of December 31, 2021	8,146	617	807	9,570
Balances recovered	(598)	-	-	(598)
Change in the provision for expected losses	-	70	467	537
Total impairment under IFRS 9 as of December 31, 2022	7,548	687	1,274	9,509
Balances recovered	(1)	(32)	(150)	(183)
Change in the provision for expected losses	1,234	9	257	1,500
Total impairment under IFRS 9 as of December 31, 2023	8,781	664	1,381	10,826

As the company's credit loss historic experience does not show loss patterns significantly different for the various customer segments, the impairment from expected losses based on the maturity of the instruments is described below:

	0 to 30	31 to 90	91 to 180	More than 360	Total
As of December 2023					
Expected average credit loss rate	2.9%	21.9%	9.6%	77.6%	18.0%
Value at risk ⁽¹⁾	44,204	32	1,256	11,353	56,845
Credit losses expected during credit life	1,293	7	121	8,815	10,236
As of December 2022					
Expected average credit loss rate	0.0%	0.0%	0.0%	73.2%	20.3%
Value at risk	31,729	2	-	12,191	43,922
Credit losses expected during credit life	1	-	-	8,918	8,919

⁽¹⁾ As of December 31, the value at risk was comprised of customers and related parties for COP 32,661 (2022: COP 24,108); loans to employees for COP 17,833 (2022: COP 14,594); sundry debtors for COP 6,351 (2022: COP 5,195) and interest receivable for COP 0 (2022: COP 25).

In addition to expected loss impairment, ISA has recognized impairment of other accounts receivable of COP 590 (2022: COP 590).

As of December 31, 2023 and 2022, the analysis of trade receivables, overdue and unpaid, is as follows:

	2023	2022
Current	27,755	44,627
Overdue		
Overdue > 1 and <= 90 days	-	-
Overdue > 91 and <=180 days	1,256	-
Overdue > 181 and <= 360 days	4	6,880
Due > 360 days	10,146	-
Total overdue	11,406	6,880
Total accounts receivable	39,161	51,507

There are no relevant restrictions to the disposal of accounts receivable.

9. OTHER FINANCIAL ASSETS

	2023	2022
Carbon credits ⁽¹⁾	1,228	1,287
Investments in financial instruments ⁽²⁾	12,524	12,524
Total other financial assets	13,752	13,811
Current	-	-
Non-current	13,752	13,811

⁽¹⁾ As of December 31, this item reflected the balance of disbursements made in the projects that are part of the Conexión Jaguar program, which have been accounted for as financial assets at fair value through profit or loss. These assets will translate into future economic benefits, materialized as carbon bonds from projects supported by the Conexión Jaguar program.

⁽²⁾ The detail of these investments is as follows:

	Main activity	Place and creation of transactions	Shareholding (%)	2023	2022
Electricaribe S. A. E. S. P.	Electric Power Business Unit	Colombia	0.481%	-	-
EMPRESA PROPIETARIA DE LA RED ⁽¹⁾	Electric Power Business Unit	Costa Rica	11.110%	12,524	12,524
Total investments in financial instruments				12,524	12,524

⁽¹⁾ Dividends were received for investments recognized as financial instruments for COP 2,059 (2022: 1,763).

ISA holds these investments to develop the strategic business mobilization plan in different countries. Electrificación del Caribe S. A. E. S. P. is fully impaired, the investment cost is COP 12,113.

10. RELATED PARTIES

Related-party transactions are executed on market terms and at market prices, that is, in terms equivalent to those that would prevail in unrelated-party transactions.

As of the date of these individual financial statements, no guarantees linked to balances with related parties have been provided or impairment has been identified in accounts receivable, with the exception of the balance with Transnexus S. A E. M. A., which is 100% impaired.

10.1 Balances and transactions with related parties

The company's main balances and transactions with related parties are as follows:

	Parent company		Subsidiary		Joint control	
	2023	2022	2023	2022	2023	2022
Income-related transactions	(263)	-	1,459,005	1,411,684	-	-
Costs and expenses	448	-	88,469	56,180	-	-
Studies	-	-	36,282	28,021	-	-
Financial expenses	-	-	33,115	18,253	-	-
Fees	448	-	10,805	6,041	-	-
(Cost) Income from joint account agreement	-	-	7,034	3,162	-	-
Miscellaneous	-	-	814	703	-	-
Maintenance of intangible assets	-	-	419	-	-	-
Revenues	185	-	1,547,474	1,467,864	-	-
Income from joint account agreement	-	-	1,537,763	1,451,572	-	-
Services	-	-	9,500	10,432	-	-
Other revenues	185	-	211	5,860	-	-
Transactions related to the statement of financial position	(12)	-	74,819	(70,291)	313	394
Assets	218	-	472,473	267,484	313	394
Accounts receivable	218	-	472,473	267,484	313	394
Liabilities	230	-	397,654	337,775	-	-
Accounts payable	230	-	10,075	9,945	-	-
Loans payable	-	-	387,579	327,830	-	-

10.2 Board of Directors and Senior Management key staff

The key members of ISA's Management are the members of the Board of Directors, ISA's Senior Management (ISA's CEO and top executive employees who report directly to him) and other people holding a managerial position in ISA. In the case of Ecopetrol, as controlling shareholder, key staff are considered to be those who are part of the Board of Directors of ISA.

ISA is managed by a Board of Directors composed of nine (9) main members. The Board of Directors' report contains the information in regards to the election and composition of this body.

ISA's Senior Management is composed of the CEO and board-level employees reporting directly to the CEO.

a) Remuneration to the Board of Directors

For attending Board meetings and committees, the members received fees established by the General Shareholders' Meeting equivalent to 141 UVT per meeting (value of 1 UVT in 2023: 42,412 Colombian pesos).

The total remuneration to the Board of Directors for 2023 was COP 2,064 (2022: COP 2,091). At the end of December 2023, there are no transactions other than remuneration transactions between the company and members of its Board of Directors.

As of December 31, 2023 and 2022, there are no labor relations between the members of the Board and the company, nor business relations between the company and close relatives of the members of the Board of Directors. (See Note 5.18).

b) Accounts receivable from Senior Management

Accounts receivable from Senior Management in 2023 amounted to COP 2,439 (2022: COP 1,976).

There are no transactions other than remuneration transactions between the company and members of the Senior Management.

c) Remuneration to Senior Management key personnel

The remuneration received by the Senior Management key personnel is the following:

	2023	2022
Remuneration	18,071	15,071
Other short-term benefits	11,297	10,709
Total	29,368	25,780

There are no guarantees granted in favor of Senior Management key personnel.

There are no transactions other than remuneration transactions between the company and members of the Senior Management.

11. NON-FINANCIAL ASSETS

The composition of non-financial assets is as follows:

	2023	2022
Prepaid expenses ⁽¹⁾	18,443	34,721
Deposits delivered	609	753
Total non-financial assets	19,052	35,474
Current	18,452	34,757
Non-current	600	717

⁽¹⁾ Mainly includes insurance policies for: material damages, employee healthcare, civil liability, among others.

12. INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES, AND ASSOCIATES

	Main activity	Place and creation of transactions	Shareholding (%)	2022 balance	Capitalizations ⁽²⁾	Dividends declared	Profit sharing	Equity effect	Balance 2023
ISA TRANSELCA	Electric Power Business Unit	Colombia	99.999	1,133,329	-	(200,997)	199,449	(90,747)	1,041,034
INTERNEXA	Telecommunications and ICT Business Unit	Colombia	99.523	125,204	25,000	-	(142,808)	63,471	70,867
XM	Electric Power Business Unit	Colombia	99.730	45,213	-	-	18,259	(5,642)	57,830
ISA INTERVIAL COLOMBIA	Road Concessions Business Unit	Colombia	100.000	587	-	-	51	-	638
SISTEMAS INTELIGENTES EN RED	Sistemas de Gestión de Tiempo Real	Colombia	15.000	1,571	-	(191)	681	-	2,061
ISA INTERCOLOMBIA	Electric Power Business Unit	Colombia	99.997	130,622	-	(42,732)	52,373	(7,157)	133,106
ISA PERÚ	Electric Power Business Unit	Peru	45.137	117,280	-	(17,697)	19,437	(23,918)	95,102
ISA REP	Electric Power Business Unit	Peru	30.000	201,691	-	(93,510)	87,154	(31,517)	163,818
CONSORCIO TRANSMANTARO	Electric Power Business Unit	Peru	60.000	1,437,173	-	(210,188)	158,968	(254,569)	1,131,384
PROYECTOS DE INFRAESTRUCTURA DEL PERÚ	Electric Power Business Unit	Peru	99.970	15,284	-	-	7,771	(4,042)	19,013
ISA BOLIVIA	Electric Power Business Unit	Bolivia	51.000	71,611	-	(5,425)	5,245	(15,045)	56,386
ISA CAPITAL DO BRASIL ⁽¹⁾	Electric Power Business Unit	Brazil	99.899	5,373,693	-	(382,341)	841,993	(889,733)	4,943,612
ISA INVERSIONES CHILE	Electric Power Business Unit	Chile	100.000	1,949,222	-	-	157,503	(434,373)	1,672,352
ISA Inversiones Chile Vías SpA ⁽³⁾	Road Concessions Business Unit	Chile	100.000	4,025,948	-	(79,065)	534,044	(842,761)	3,638,166
LINEAR SYSTEMS RE	Reinsurances	Bermuda	100.000	36,506	-	-	7,232	(8,105)	35,633
ISA INTERCHILE	Electric Power Business Unit	Chile	0.100	1,493	-	-	121	(321)	1,293

[Continue ▼](#)

	Main activity	Place and creation of transactions	Shareholding (%)	2022 balance	Capitalizations ⁽²⁾	Dividends declared	Profit sharing	Equity effect	Balance 2023
ISA INVESTIMENTOS E PARTICIPAÇÕES	Electric Power Business Unit	Brazil	99.899	1,151,674	-	(123,819)	140,776	(173,918)	994,713
KILA - INTERCONEXIONES DEL NORTE S. A.	Electric Power Business Unit	Chile	99.900	-	4	-	167	(20)	151
Consorcio Eléctrico YAPAY S. A.	Electric Power Business Unit	Peru	59.993	-	12,348	-	(3,732)	(450)	8,166
Internexa Perú	Telecommunications and ICT Business Unit	Peru	26.666	-	101,645	-	(7,075)	(82,717)	11,853
Investments in subsidiaries⁽⁴⁾				15,818,101	138,997	(1,155,965)	2,077,609	(2,801,564)	14,077,178
INTERCONEXIÓN ELÉCTRICA COLOMBIA PANAMÁ - PANAMÁ	Electric Power Business Unit	Panama	50.000	19,066	-	-	(15,902)	(2,070)	1,094
INTERCONEXIÓN ELÉCTRICA COLOMBIA PANAMÁ - COLOMBIA	Electric Power Business Unit	Colombia	1.172	3	-	-	-	-	3
Investments in joint ventures⁽⁵⁾				19,069	-	-	(15,902)	(2,070)	1,097
ATP TOWER HOLDINGS	Telecommunications and ICT Business Unit	U. S.	24.695	456,954	-	-	(23,620)	(75,534)	357,800
Investments in associates				456,954	-	-	(23,620)	(75,534)	357,800
Total investments in subsidiaries, associates, and joint ventures				16,294,124	138,997	(1,155,965)	2,038,087	(2,879,168)	14,436,075

	Main activity	Place and creation of transactions	Shareholding (%)	2021 balance	Capitalizations	Dividends declared	Profit sharing	Equity effect	2022 balance
ISA TRANSELCA	Electric Power Business Unit	Colombia	99.999	1,058,032	-	(243,021)	222,942	95,375	1,133,328
INTERNEXA	Telecommunications and ICT Business Unit	Colombia	99.420	107,217	89,000	-	(92,057)	21,043	125,203
XM	Electric Power Business Unit	Colombia	99.730	32,528	-	(3,065)	10,844	4,907	45,214
ISA INTERVIAL COLOMBIA	Roads Business Unit	Colombia	100.000	567	-	-	20	-	587
SISTEMAS INTELIGENTES EN RED	Management of Real-Time Systems	Colombia	15.000	1,400	-	(259)	430	-	1,571
ISA INTERCOLOMBIA	Electric Power Business Unit	Colombia	99.997	93,032	-	(34,283)	47,480	24,394	130,623

	Main activity	Place and creation of transactions	Shareholding (%)	2021 balance	Capitalizations	Dividends declared	Profit sharing	Equity effect	2022 balance
ISA PERÚ	Electric Power Business Unit	Peru	45.137	94,967	-	(12,072)	15,581	18,803	117,279
ISA REP	Electric Power Business Unit	Peru	30.000	153,088	-	(67,984)	82,135	34,452	201,691
CONSORCIO TRANSMANTARO	Electric Power Business Unit	Peru	60.000	1,076,850	-	(45,848)	184,620	221,552	1,437,174
PROYECTOS DE INFRAESTRUCTURA DEL PERÚ	Electric Power Business Unit	Peru	99.967	7,341	-	4,444	2,253	1,246	15,284
ISA BOLIVIA	Electric Power Business Unit	Bolivia	51.000	59,152	-	(4,932)	5,598	11,793	71,611
ISA CAPITAL DO BRASIL ⁽¹⁾	Electric Power Business Unit	Brazil	100.000	3,701,570	-	(208,624)	650,721	1,230,025	5,373,692
ISA INVERSIONES CHILE	Electric Power Business Unit	Chile	100.000	3,741,258	-	-	(9,385)	(1,782,651)	1,949,222
ISA INVERSIONES CHILE VÍAS SPA ⁽³⁾	Roads Business Unit	Chile	100.000	-	-	-	438,011	3,587,936	4,025,947
LINEAR SYSTEMS RE	Reinsurances	Bermuda	100.000	25,713	-	-	4,802	5,991	36,506
ISA INTERCHILE	Electric Power Business Unit	Chile	0.100	983,704	-	-	(15,637)	(966,573)	1,494
ISA INVESTIMENTOS E PARTICIPAÇÕES	Electric Power Business Unit	Brazil	99.899	924,831	-	(206,797)	163,358	270,282	1,151,674
Investments in subsidiaries⁽⁴⁾				12,061,250	89,000	(822,441)	1,711,716	2,778,575	15,818,100
INTERCONEXIÓN ELÉCTRICA COLOMBIA PANAMÁ - PANAMÁ	Electric Power Business Unit	Panama	50.000	7,287	26,734	-	(15,998)	1,044	19,067
INTERCONEXIÓN ELÉCTRICA COLOMBIA PANAMÁ - COLOMBIA	Electric Power Business Unit	Colombia	1.172	3	-	-	-	-	3
Investments in joint ventures⁽⁵⁾				7,290	26,734	-	(15,998)	1,044	19,070
ATP TOWER HOLDINGS	Telecommunications and ICT Business Unit	U. S.	24.695	436,070	-	-	(54,327)	75,211	456,954
Investments in associates				436,070	-	-	(54,327)	75,211	456,954
Total investments in subsidiaries, associates, and joint ventures				12,504,610	115,734	(822,441)	1,641,391	2,854,830	16,294,124

⁽¹⁾ CTEEP, a subordinate of Interconexión Eléctrica S.A. E.S.P., through ISA Capital do Brasil has recorded an account receivable from the São Paulo government for labor benefits regulated by Law 4819 of 1958. This retirement supplementation plan governed by State Law 4819/58 provides for the creation of a State Social Assistance Fund for employees admitted until May 1974. The company reiterates the understanding of its legal department and its external legal advisors that the expenses derived from State Law 4819/58 and its respective regulations are the full responsibility of SEFAZ-SP (São Paulo State Treasury Department); therefore, it considers that it is likely to receive these amounts. Management monitors progress and developments related to the legal aspect of the matter and continually evaluates the potential impact on its financial statements. The gross value of these accounts

receivable is COP 2,279,637 (2022: COP 2,481,530) and the allowance for expected losses recorded, included in the allowance for expected credit losses line, is COP 407,567 (2022: COP 475,936), for a net book value of COP 1,872,070 (2022: COP 2,005,594). In September 2013, a reserve was created for expected losses in relation to the values of accounts receivable associated with the company's right with the Sefaz for COP 407,567 (2022: COP 475,936), due to a change in the expected time horizon for the realization of the asset. This loss reserve is reviewed at least once a year, in accordance with accounting standards, or in the event of any procedural development or new legal event that modifies the opinion of the company's legal advisors, evaluating the need to adjust or reverse said provision.

The company will continue to pay monthly dues in accordance with the law. In addition, it will continue with the process of collecting these amounts from the Government of the State of Sao Paulo.

The concession contracts of ISA CTEEP, a subordinate of Interconexión Eléctrica S.A. E.S.P. through ISA Capital do Brasil, were analyzed and classified in accordance with IFRS 15 - Revenue from Contracts with Customers within the contract asset model as of January 1, 2018. The value of the contract asset of electric power transmission concessionaires is determined by the present value of their future cash flows, which are determined at the beginning of the concession or at its extension, and are revalued in the Periodic Fee Review (Revisión Tarifaria Periódica -RTP-). At December 31, 2023, the balance of the company's contractual assets is COP 20,434,933 (2022: COP 21,746,542).

⁽²⁾ For 2023, ISA carried out capitalization processes for a total of COP 4 million, destined to KILA - Interconexiones del Norte S.A., a company that will be in charge of the construction of the Kimal-Lagunas project in Chile. ISA's stake in this company is 99.9%.

Likewise, a capitalization of COP 12,348 million was made for the constitution of Consorcio Eléctrico YAPAY S.A. in Peru. The new company will be responsible for the projects Huánuco-Tocache-Celendín-Trujillo 500 kV Junction and Celendín-Piura 500 kV Junction. As of December 31, ISA has control of this company with a stake of 59.99%.

Additionally, ISA made a capitalization of COP 101,645 million, to Internexa Perú S.A. to support its participation in the Peruvian market, to reach a 26.6% stake. These capitalization strategies reflect ISA's continued expansion and strengthening in various markets in the region. In December 2023, ISA capitalized COP 25,000 to Internexa Colombia.

⁽³⁾ The road concession contracts of ISA INTERVIAL CHILE, a subordinate of ISA, through ISA INVERSIONES CHILE VÍAS, will depend on whether or not there is traffic risk; that is, whether or not its revenues are guaranteed and whether or not they are sufficient to pay for the investment. If the concession contract has traffic risk, then said risk is recognized pursuant to IFRIC 12 as an intangible asset. This asset is amortized during the concession's term. On the other hand, if the contract sets forth revenue and compensation guarantee mechanisms, it is recognized as a financial asset. Currently, Chile's road concessions apply the financial asset model. This asset is extinguished by the payments received from road users through tolls or directly by payments from the Ministry of Public Works (Ministerio de Obras Públicas -MOP-). At December 31, 2023, the balance of the company's financial assets is COP 7,848,223 (2022: COP 9,569,786).

⁽⁴⁾ Companies controlled by ISA.

⁽⁵⁾ ISA has joint control in these companies, expressly defined in the bylaws.

As of December 31, 2023 and 2022, no operational and/or economic indications were identified that the recorded net value of the investments may not be recovered.

12.1 Financial information of investments in subsidiaries, associates, and joint ventures

Statement of financial position	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Cash and cash equivalents
2023					
Investments in subsidiaries					
ISA TRANSELCA	370,114	1,566,435	136,146	889,821	107,108
INTERNEXA	170,534	373,122	152,335	320,115	65,320
XM	202,240	243,001	152,104	235,150	135,464
ISA INTERVIAL COLOMBIA	614	24	-	-	604
SISTEMAS INTELIGENTES EN RED	17,112	8,140	7,782	3,727	9,495
ISA INTERCOLOMBIA	352,308	102,694	232,776	89,116	27,027

Continue ▼

Statement of financial position	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Cash and cash equivalents
ISA PERÚ	25,742	872,593	18,764	688,452	6,910
ISA REP	430,433	1,429,185	299,442	1,014,117	265,684
CONSORCIO TRANSMANTARO	302,637	7,042,116	211,449	5,370,006	72,595
PROYECTOS DE INFRAESTRUCTURA DEL PERÚ S. A. C.	21,203	1	2,185	-	6,776
ISA BOLIVIA	63,667	57,760	10,804	61	16,132
ISA CAPITAL DO BRASIL	382,536	4,916,087	354,972	39	24,077
ISA INVERSIONES CHILE	227,378	1,351,266	2,645	-	211,890
LINEAR SYSTEMS RE	84,668	8,879	46,932	10,983	37,942
ISA INTERCHILE	1,113,055	4,432,304	135,384	4,116,329	852,204
ISA INVESTIMENTOS E PARTICIPAÇÕES	33,293	962,625	202	-	5,662
INTERCONEXIONES DEL NORTE S. A.	391	29,730	29,970	-	4
Consortio Eléctrico YAPAY S. A.	19,109	-	5,498	-	19,109
Internexa Perú	101,108	204,638	105,164	156,132	56,147
Investments in jointly controlled entities					
INTERCONEXIÓN ELÉCTRICA COLOMBIA PANAMÁ - PANAMÁ	4,746	825	3,383	-	4,712
INTERCONEXIÓN ELÉCTRICA COLOMBIA PANAMÁ - COLOMBIA	266	-	1	-	265
Investments in associates					
ATP TOWER HOLDINGS	231,141	3,750,038	301,586	2,230,731	15,967
2022					
Investments in subsidiaries					
ISA TRANSELCA	276,779	1,512,094	126,947	659,048	200,087
INTERNEXA	189,614	418,130	146,319	335,491	100,352
XM	121,703	184,602	88,696	172,272	81,746
ISA INTERVIAL COLOMBIA	552	35	-	-	546
SISTEMAS INTELIGENTES EN RED	13,340	6,544	6,351	3,062	9,646
ISA INTERCOLOMBIA	264,889	92,303	155,137	71,429	15,762
ISA PERÚ	56,318	1,103,351	40,312	879,103	26,358
ISA REP	439,796	1,871,568	512,281	1,126,779	198,933
CONSORCIO TRANSMANTARO	379,710	8,705,647	327,167	6,485,242	42,007
PROYECTOS DE INFRAESTRUCTURA DEL PERÚ S. A. C.	114,126	753	81,483	18,107	11,169
ISA BOLIVIA	81,279	74,105	14,898	73	67,640
ISA CAPITAL DO BRASIL	263,353	5,343,502	233,086	76	24,997
ISA INVERSIONES CHILE	293,272	1,660,940	4,986	-	273,296
LINEAR SYSTEMS RE	117,604	23,422	77,345	27,175	36,014
ISA INTERCHILE	1,462,683	5,911,786	124,062	5,757,204	1,452,452
ISA INVESTIMENTOS E PARTICIPAÇÕES	15,740	1,137,210	116	-	6,528
Investments in jointly controlled entities					
INTERCONEXIÓN ELÉCTRICA COLOMBIA PANAMÁ - PANAMÁ	39,442	1,039	2,348	-	39,283

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Statement of financial position	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Cash and cash equivalents
INTERCONEXIÓN ELÉCTRICA COLOMBIA PANAMÁ - COLOMBIA	268	-	2	-	268
Investments in associates					
ATP TOWER HOLDINGS	217,176	4,333,942	380,390	2,320,343	23,312

Comprehensive income statement	Ordinary revenues	Comprehensive income (loss)	Depreciation and amortization expense	Interest expense	Income Tax
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2023

Investments in subsidiaries					
ISA TRANSELCA	360,385	199,452	43,984	80,826	54,785
INTERNEXA	258,684	(143,493)	85,448	40,600	(2,230)
XM	295,184	18,309	18,128	2,508	16,475
ISA INTERVIAL COLOMBIA	-	51	-	-	-
SISTEMAS INTELIGENTES EN RED	31,993	4,543	1,192	208	2,417
ISA INTERCOLOMBIA	2,113,161	52,374	675	8,057	28,696
ISA PERÚ	142,535	43,063	18,567	42,360	9,466
ISA REP	863,393	290,512	131,698	68,013	110,975
CONSORCIO TRANSMANTARO	1,266,160	264,947	329,132	178,653	113,971
PROYECTOS DE INFRAESTRUCTURA DEL PERÚ S. A. C.	23,811	7,773	155	57	1,808
ISA BOLIVIA	32,148	10,284	3,969	2,148	13
ISA CAPITAL DO BRASIL	-	841,993	20	44	539
ISA INVERSIONES CHILE	-	-	-	-	-
LINEAR SYSTEMS RE	27,687	7,232	-	-	-
ISA INTERCHILE	442,011	121,276	141,309	247,989	51,457
ISA INVESTIMENTOS E PARTICIPAÇÕES	-	140,918	-	69	287
INTERCONEXIONES DEL NORTE S. A.	-	167	-	-	62
Consortio Eléctrico YAPAY S. A.	-	(6,221)	-	-	-
Internexa Perú	146,912	(26,531)	35,122	7,373	7,288

Investments in jointly controlled entities

INTERCONEXIÓN ELÉCTRICA COLOMBIA PANAMÁ - PANAMÁ	-	(31,805)	-	12	-
INTERCONEXIÓN ELÉCTRICA COLOMBIA PANAMÁ - COLOMBIA	-	(2)	-	-	-

Investments in associates

ATP TOWER HOLDINGS	544,351	(95,648)	263,536	49,842	20,150
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2022

Investments in subsidiaries					
ISA TRANSELCA	353,391	222,945	40,062	60,300	61,710
INTERNEXA	245,482	(92,594)	66,645	31,855	7,656
XM	217,155	10,873	23,187	2,931	10,084
ISA INTERVIAL COLOMBIA	-	20	-	-	-
SISTEMAS INTELIGENTES EN RED	23,279	2,868	1,167	128	1,552

Continue ▼

Comprehensive income statement	Ordinary revenues	Comprehensive income (loss)	Depreciation and amortization expense	Interest expense	Income Tax
ISA INTERCOLOMBIA	1,928,047	47,481	497	5,931	25,631
ISA PERÚ	137,083	34,518	18,342	35,454	10,641
ISA REP	766,961	273,783	126,993	50,844	102,704
CONSORCIO TRANSMANTARO	1,546,116	307,699	219,971	165,848	137,105
PROYECTOS DE INFRAESTRUCTURA DEL PERÚ S. A. C.	17,721	2,254	580	95	(587)
ISA BOLIVIA	31,490	10,976	3,477	106	169
ISA CAPITAL DO BRASIL	-	650,721	11	(374)	894
ISA INVERSIONES CHILE	17,314	(9,385)	-	50	15,798
LINEAR SYSTEMS RE	29,185	4,802	-	-	-
ISA INTERCHILE	400,935	(19,966)	133,266	244,797	(7,583)
ISA INVESTIMENTOS E PARTICIPAÇÕES	-	163,525	-	63	888
Investments in jointly controlled entities					
INTERCONEXIÓN ELÉCTRICA COLOMBIA PANAMÁ - PANAMÁ	-	(31,996)	-	8	-
INTERCONEXIÓN ELÉCTRICA COLOMBIA PANAMÁ - COLOMBIA	-	(2)	-	-	-
Investments in associates					
ATP TOWER HOLDINGS	463,395	(219,990)	230,097	165,175	16,011

13. PROPERTY, PLANT, AND EQUIPMENT

The net balance of property, plant, and equipment as of December 31, 2023 and 2022 comprises:

	2023	2022
Property, plant, and equipment in operation		
Grids, lines, and cables	11,316,377	11,030,998
Plants and ducts	4,882,914	4,754,906
Buildings	371,211	369,327
Land	200,786	200,754
Machinery and equipment	46,658	46,069
Communication and computing equipment	42,762	33,818
Furniture, chattels, and office equipment	22,927	22,757
Transportation, traction, and lifting equipment	6,940	6,000
Subtotal property, plant, and equipment	16,890,575	16,464,629
Less accumulated depreciation	(9,726,512)	(9,596,163)
Total property, plant, and equipment	7,164,063	6,868,466
Construction in progress	1,414,454	1,016,716
Machinery, plant, and equipment under assembly	59,096	88,823
Total property, plant, and equipment	8,637,613	7,974,005
Total property, plant, and equipment	8,623,006	7,960,357
Total right-of-use assets⁽¹⁾	14,607	13,648

⁽¹⁾ These types of assets include assets acquired under right-of-use assets:

	2023	2022
Plants and ducts	10,675	9,964
Computer and communication equipment	5,939	6,724
Buildings	4,867	4,867
Land	390	390
Total	21,871	21,945
Less accumulated depreciation	(7,264)	(8,297)
Total right-of-use assets	14,607	13,648

At December 31, 2023, interest of COP 121,751 (2022: COP 21,433), attributable to the acquisition and construction of qualifying assets, was capitalized. The average capitalization rate used to calculate the amount of loan costs eligible for capitalization was 0.89% (2022: 0.76%).

ISA currently has combined material damage, terrorism, and consequential loss insurance policies to insure against losses and damage to its fixed assets, except for transmission towers and lines.

There are no restrictions, pledges, or guarantee deliveries regarding obligations on property, plant, and equipment.

As of December 31, 2023 and 2022, there were no operational and/or economic evidences indicating that the net recorded value of property, plant, and equipment could not be recovered.

13.1 Reconciliation of net carrying value of property, plant, and equipment

	Balance 2022	Additions ⁽²⁾	Transfers	Sales and/or derecognitions	Depreciation expense 2023	Balance 2023
2023						
Grids, lines, and cables	4,320,519	199,063	93,344	(6,767)	(101,348)	4,504,811
Plants and ducts	2,006,405	50,669	172,473	-	(116,906)	2,112,641
Construction in progress ⁽¹⁾	1,016,715	648,443	(238,954)	(11,750)	-	1,414,454
Buildings	299,855	231	1,650	-	(3,790)	297,946
Land	200,755	32	-	-	-	200,787
Machinery, plant, and equipment under assembly	88,823	15,073	(44,800)	-	-	59,096
Communication and computing equipment	16,277	14,560	(797)	-	(5,293)	24,747
Machinery and equipment	15,330	313	710	-	(1,967)	14,386
Furniture, chattels, and office equipment	7,633	212	121	-	(1,626)	6,340
Transportation, traction, and lifting equipment	1,693	-	940	-	(228)	2,405
Total	7,974,005	928,596	(15,313)	(18,517)	(231,158)	8,637,613

	Balance 2021	Additions	Transfers	Sales and/or derecognitions	2022 depreciation expense	2022 balance
2022						
Grids, lines, and cables	3,655,504	224,633	534,094	-	(93,712)	4,320,519
Plants and ducts	1,940,321	50,346	120,311	(30)	(104,543)	2,006,405
Construction in progress	1,203,354	488,964	(675,603)	-	-	1,016,715
Buildings	297,600	1,757	4,343	-	(3,845)	299,855
Land	194,126	(87)	6,716	-	-	200,755
Machinery, plant, and equipment under assembly	71,041	26,311	(8,529)	-	-	88,823
Machinery and equipment	18,136	49	(454)	-	(2,401)	15,330
Furniture, chattels, and office equipment	9,046	654	45	-	(2,112)	7,633
Communication and computing equipment	15,871	3,619	1,404	-	(4,617)	16,277
Transportation, traction, and lifting equipment	2,009	-	-	-	(316)	1,693
Total	7,407,008	796,246	(17,673)	(30)	(211,546)	7,974,005

⁽¹⁾ The balance of construction in progress as of December 31, 2023 mainly includes:

- UPME 09-2016 Copey–Cuestecitas, 500 kV, and Copey–Fundación, 220 kV, for COP 607,487 (2022: COP 374,737). Includes the design, acquisition of supplies, construction, testing, commissioning, operation and maintenance of the works linked to the Copey - Cuestecitas 500 kV and Copey - Fundación 220 kV transmission lines project. Expected entry into service: July 2024.
- UPME 04-2019 La Loma - Sogamoso 500 kV Transmission Line for COP 360,661 (2022: COP 190,839). Includes the design, supply procurement, construction, testing, and commissioning of a 500 kV single circuit transmission line from La Loma 500 kV Substation to Sogamoso 500 kV Substation line bay in both Substations and two line reactive compensation modules 141 MVar each. Expected entry into service: June 2025.
- Connection of Alpha and Beta Wind Farms to the Nueva Cuestecitas Substation, for COP 126,710 (2022: COP 81,427) Includes the commissioning and later operation and maintenance of the assets and connection equipment necessary to transfer the electric power of the Alpha and Beta Wind Farms and future wind farms or EDPR renewable plants connected to the Alpha 500 kV Substation to the Nueva Cuestecitas 500 kV Substation. Expected entry into service: July 2025.
- Asset Optimization Plan, for COP 120,573 (2022: COP 122,521). Includes asset upgrade activities, protection works, transmission line bypasses, and other activities aimed at preserving and/or improving the quality and reliability of the electric power transmission system. Whereas the aforementioned actions involve multiple assets along the entire electric power transmission system, according to the continuous monitoring of the assets, these projects are permanent and include design, supply, assembly, testing, and commissioning.
- Copey-Cuestecitas 500 kV Second Circuit Project, for COP 82,913 (2022: COP 61,396). Includes the supply procurement, construction, testing, and commissioning of the works, and will be installed in the double circuit structure of the Cuestecitas-Copey Transmission Line built under the UPME 09-2016 call. Expected entry into service: November 2024.
- Connection of Windpeshi wind project to the Cuestecitas 200 kV Substation, for COP 61,082 (2022: COP 26,267). Includes the design, supply procurement, construction, assembly, testing, commissioning, operation, and maintenance of the replacement of a 220 kV line bay at the Cuestecitas Substation and the replacement of a 220 kV single circuit line of approximately 36,64 km in length between the Cuestecitas Substation and the line crossing. Expected entry into service: October 2023.
- Telecommunications Resumption Project for COP 144 (2022: COP 16,288). Includes the implementation and commissioning of a proprietary mission-critical inter-company telecommunications network, as well as the purchase and commissioning of transmission and amplification equipment to illuminate the fiber optics. The project consists of the purchase and enabling of proprietary and third-party fiber optics to form nine telecommunications rings and the commissioning of data equipment and firewall to enable new cybersecurity perimeters. In addition, it includes the enabling of a new Telecommunications Center for 7x24 monitoring and management of telecommunications equipment and channels. Expected date for entry into service: December 2024.
- Toledo-Samoré 230 kV Line Variants, Tower 224 (TOSA); and San Carlos-La Virginia, 500 kV, Tower 240 (SAVI), for COP 14,608 (2022: COP 3,927). Includes the design, supplies, civil works, assembly, and entry into service; plus environmental, property, and social management of the definitive line variants of TOSA (approx. 5 km) and SAVI (approx. 2 km).

⁽²⁾ Additions at December 31, 2023 and 2022 include capitalizations of existing provisions, recorded as assets for COP 136,093 (2022: COP 102,608). See Note 22.

14. INTANGIBLE ASSETS

As of December 31, 2023 and 2022, the balances of intangible assets are as follows:

	2023	2022
Easements	248,756	232,035
Software	25,051	21,730
Rights	51,227	50,954
Licenses	13,196	12,629
Subtotal intangibles	338,230	317,348
Less intangible amortization	(45,238)	(41,125)
Total intangibles	292,992	276,223

14.1 Reconciliation of net carrying value of intangible assets

	Balance 2022	Additions	Transfers	Sales and/or derecognitions	Amortization expense 2022	Balance 2023
2023						
Easements ⁽¹⁾	232,035	3,473	13,248	-	-	248,756
Software ⁽²⁾	2,569	1,304	2,017	-	(817)	5,073
Licenses	1,621	567	-	-	(348)	1,840
Rights	39,998	223	48	-	(2,946)	37,323
Total	276,223	5,567	15,313	-	(4,111)	292,992

	Balance 2022	Additions	Transfers	Sales and/or derecognitions	Amortization expense 2022	Balance 2023
2022						
Easements	207,989	7,041	17,006	-	-	232,036
Software	2,596	104	667	-	(798)	2,569
Licenses	1,947	-	-	-	(326)	1,621
Rights	-	40,434	-	-	(437)	39,997
Total	212,532	47,579	17,673	-	(1,561)	276,223

⁽¹⁾ From the additions made as of December 2023, the easement of UPME 06-2013 Sabanalarga-Caracolí-Flores 220 kV Interconnection for COP 3,013 is highlighted. The transfer corresponds to the Bolivar-Sabanalarga 500 kV TL – 1 easement of UPME 07-2017 for entry into operation, for COP 13,248.

⁽²⁾ Of the additions made as of December 2023, the software Cisco Identity Services Engine ISE 3.3 and the transfer of the software BW/4HANA stand out.

As of December 31, 2023 and 2022, ISA's management considered that there are no operational and/or economic indicators that the recorded net value of intangible assets with indefinite useful lives may not be recoverable.

15. INVESTMENT PROPERTY

	2023	2022
Investment property		
Buildings	9,603	9,603
Land	1,839	1,839
Subtotal investment property	11,442	11,442
Less accumulated depreciation	(3,943)	(3,856)
Total investment property	7,499	7,586

Investment property corresponds to blocks II and V of ISA's headquarters, leased to its subsidiaries XM and INTER-NEXA, respectively. Revenues, costs, and expenses associated with the investment property are executed by ISA INTERCOLOMBIA, through the joint account agreement. Investment property also includes the Manizales site.

15.1 Reconciliation of net carrying value of investment property

	2021 balance	2022 depreciation expense	2022 balance	Depreciation expense 2023	Balance 2023
Buildings	5,834	(87)	5,747	(87)	5,660
Lands	1,839	-	1,839	-	1,839
Total	7,673	(87)	7,586	(87)	7,499

As of December 31, 2023 and 2022, there are no contractual obligations for repairs, improvements, maintenance, acquisition, construction, or development of investment properties that represent future obligations for the company,

16. FINANCIAL LIABILITIES

The balance of this item as of December 31, 2023 and 2022 is comprised of bonds and financial obligations, as shown below:

	2023	2022
Outstanding bonds ⁽¹⁾	5,000,577	4,990,949
Financial obligations ⁽²⁾	1,117,104	-
Total financial liabilities	6,117,681	4,990,949
Current	469,769	258,214
Non-current	5,647,912	4,732,735

⁽¹⁾) In November 2023, the Fifteenth Tranche of the Securities Program was issued for COP 500,000, of which COP 176,000 was placed in Series C7, maturing in November 2030; COP 224,000 in Series C14, maturing in November 2037; and COP 100,000 in Series C21, maturing in November 2044. The resources from the placement will be allocated to the investment plan 2022-2023.

In December, the total payment of the Series A Tranche 7 Bonds was made for COP 180,000.

⁽²⁾ In April and October 2023, disbursements of COP 450,000 and COP 150,000 were received from Bancolombia, respectively, to cover the needs of the investment plan 2022-2023.

Likewise, in December, disbursements were received from Bancolombia for COP 250,000 and from Davivienda for COP 250,000, also intended to cover the needs of the investment plan 2023.

Financing from the Colombian and foreign capital market does not involve guarantees and does not have financial covenants.

For more information on the measurement of financial liabilities, see Notes 17 and 20.

16.1 Outstanding bonds

Financing source	Original currency	Starting date	Date of maturity	Term (years)		Interest rate	2023		2022		
							Nominal value	Amortized cost value	Nominal value	Amortized cost value	
Tranche 7 Series A Program	COP	12/01/2011	12/01/2023	12	CPI	+	4.47 %	-	-	180,000	180,199
Tranche 7 Series B Program	COP	12/01/2011	12/01/2041	30	CPI	+	4.84 %	120,000	119,915	120,000	119,395
Tranche 8 Series C15 Program	COP	05/22/2013	05/22/2028	15	CPI	+	3.25 %	100,000	102,125	100,000	102,665
Tranche 9 Series C10 Program	COP	05/07/2015	05/07/2025	10	CPI	+	3.80 %	100,000	102,295	100,000	102,871
Tranche 9 Series C15 Program	COP	05/07/2015	05/07/2030	15	CPI	+	4.14 %	120,000	123,120	120,000	123,556
Tranche 9 Series C20 Program	COP	05/07/2015	05/07/2035	20	CPI	+	4.34 %	280,000	287,452	280,000	288,359
Tranche 10 Series C8 Program	COP	02/16/2016	02/16/2024	8	CPI	+	4.73 %	115,000	117,101	115,000	117,973
Tranche 10 Series C12 Program	COP	02/16/2016	02/16/2028	12	CPI	+	5.05 %	152,000	155,347	152,000	156,080
Tranche 10 Series C25 Program	COP	02/16/2016	02/16/2041	25	CPI	+	5.38 %	133,000	135,773	133,000	136,313
Tranche 11 Series A7 Program	COP	04/18/2017	04/18/2024	7	Fixed rate		6.75 %	260,780	264,192	260,780	264,148
Tranche 11 Series C15 Program	COP	04/18/2017	04/18/2032	15	CPI	+	3.81 %	196,300	203,063	196,300	203,913
Tranche 11 Series C25 Program	COP	04/18/2017	04/18/2042	25	CPI	+	4.00 %	242,920	251,417	242,920	252,381
Tranche 12 Series A8 Program	COP	11/28/2017	11/28/2025	8	Fixed rate		6.99 %	150,080	150,943	150,080	150,924
Tranche 12 Series C14 Program	COP	11/28/2017	11/28/2031	14	CPI	+	3.75 %	120,100	122,507	120,100	123,061
Tranche 12 Series C30 Program	COP	11/28/2017	11/28/2047	30	CPI	+	3.98 %	229,820	234,576	229,820	235,507
Tranche 13 Series C9 Program	COP	07/25/2018	07/25/2027	9	CPI	+	3.49 %	156,500	161,548	156,500	162,422
Tranche 13 Series C15 Program	COP	07/25/2018	07/25/2033	15	CPI	+	3.89 %	142,063	147,005	142,063	147,623
Tranche 13 Series C25 Program	COP	07/25/2018	07/25/2043	25	CPI	+	4.07 %	201,437	208,616	201,437	209,414
Tranche 14 Series A9 Program	COP	08/13/2020	08/13/2029	9	Fixed rate	+	6.33 %	160,000	161,095	160,000	161,080
Tranche 14 Series G20 Program	UVR	08/13/2020	08/13/2040	20	Fixed rate	+	3.67 %	182,416	184,693	165,369	167,429
International bonds	USD	11/26/2021	11/26/2033	12	Fixed rate	+	3.83 %	1,261,276	1,260,360	1,587,366	1,585,636
Tranche 15 Series C7 Program	COP	22/11/2023	22/11/2030	7	CPI	+	5.10 %	176,000	178,591	-	-
Tranche 15 Series C7 Program	COP	22/11/2023	22/11/2037	14	CPI	+	5.33 %	224,000	227,350	-	-
Tranche 15 Series C7 Program	COP	22/11/2023	22/11/2044	21	CPI	+	5.30 %	100,000	101,493	-	-
Total								4,923,692	5,000,577	4,912,735	4,990,949

The maturity of the bonds as of December 31, 2023 and 2022 is shown below:

	2023	2022
Current	452,665	258,214
Year 2	250,080	555,780
Year 3	-	70,080
Year 4	156,500	-
5 years and over	4,141,332	4,106,875
Total	5,000,577	4,990,949

16.2 Financial obligations

Financing source	Original currency	Date of issuance	Date of maturity	Term (years)	Interest rate	2023		2022	
						Nominal value	Amortized cost value	Nominal value	Amortized cost value
Bancolombia	COP	04/25/2023	04/25/2030	7	IBR6M + 2.44 %	600,000	614,788	-	-
Bancolombia	COP	12/14/2023	12/14/2034	11	IBR6M + 4.83 %	250,000	251,882	-	-
Davivienda	COP	12/27/2023	12/27/2035	12	CPI + 6.12 %	250,000	250,434	-	-
TOTAL						1,100,000	1,117,104	-	-

Maturities	2023	2022
Current	17,104	-
Year 2 (2025)	-	-
Year 3 (2026)	-	-
Year 4 (2027)	-	-
5 years and over	1,100,000	-
Total	1,117,104	-

16.3 Variations in liabilities resulting from financing activities

The variations in liabilities from financing activities as of December 31, 2023 and 2022 consist of financial liabilities, lease liabilities, dividend liabilities, and loans with related parties, as shown below:

	Financial liabilities	Lease liabilities, included in accounts payable	Dividend liabilities	Loans with related parties	Total
Total as of December 2022	4,990,949	12,501	-	327,830	5,331,280
Variations in cash flows from financing activities					
Capital payments	(180,000)	(4,597)	-	-	(184,597)
Interest payments	(549,404)	(1,039)	-	(9,733)	(560,176)
Additions	1,600,000	2,927	-	45,401	1,648,328
Ordinary stock dividends paid	-	-	(1,929,575)	-	(1,929,575)
Capitalized interest	121,751	-	-	-	121,751
Total variations in cash flows from financing activities	5,983,296	9,792	(1,929,575)	363,498	4,427,011
Exchange difference	-	(125)	-	(7,273)	(7,398)
Remeasurements	-	726	-	-	726
Financial restatement of debt by index	17,130	-	-	-	17,130
Interest accrual	443,345	1,039	-	33,118	477,502
Dividend declared	-	-	1,929,575	-	1,929,575
Valuation with respect to other comprehensive income	(326,090)	-	-	-	(326,090)
Transfers	-	-	-	(1,764)	(1,764)
Total as of December 31, 2023	6,117,681	11,432	-	387,579	6,516,692

	Financial liabilities	Lease liabilities, included in accounts payable	Dividend liabilities	Loans with related parties	Total
Total as of December 2021	4,779,054	12,602	-	335,960	5,127,616
Variations in cash flows from financing activities					
Capital payments	(120,000)	(3,298)	-	-	(123,298)
Interest payments	(410,243)	(981)	-	(27,650)	(438,874)
Additions	-	2,949	-	-	2,949
Ordinary stock dividends paid	-	-	(829,652)	-	(829,652)
Total variations in cash flows from financing activities	4,248,811	11,272	(829,652)	308,310	3,738,741
Exchange difference	-	248	-	-	248
Financial restatement of debt by index	18,650	-	-	-	18,650
Interest accrual	428,472	981	-	18,253	447,706
Dividend declared	-	-	829,652	-	829,652

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	Financial liabilities	Lease liabilities, included in accounts payable	Dividend liabilities	Loans with related parties	Total
Valuation with respect to other comprehensive income	273,583	-	-	-	273,583
Capitalized interest	21,433	-	-	-	21,433
Transfers	-	-	-	1,267	1,267
Total as of December 31, 2022	4,990,949	12,501	-	327,830	5,331,280

17. HEDGES

17.1 Hedging of net investments in foreign operations

As a risk management measure, and in order to stabilize the effect on equity of the volatility of exchange rates arising between the functional currency (US dollar) of foreign companies and the functional currency (Colombian peso) of ISA, in November 2021, the company implemented a hedge of net investments abroad.

The hedging instrument was the exchange rate component of the debt in international bonds for USD 330,000,000.

The hedged item consists of taking the net investments in Consorcio Transmantaro, ISA Peru, ISA REP and PDI, in order to allow the implementation of timely management measures in the event of eventual changes in the hedged asset; for example, distribution of retained earnings or capital reductions. A hedging margin of less than 100% of the nominal amount of the net investments abroad will be estimated.

The hedging relationship is structured based on the following:

- The hedging instrument is denominated in the functional currency of the hedged net investment.
- The notional USD amount of the debt matches the portion of the net investment designated as hedged.
- All exposure to the USD generated by the debt is used to hedge the foreign exchange risk in equity that resulted from net investments in Peru with a USD functional currency, generating a natural hedge.
- There is an economic relationship between the hedged item and the hedging instrument, since the securities move in the opposite direction due to the same risk, which is the hedged risk.
- In the event that net investments in Peru decrease due to incurring unbudgeted losses, impairment, share sales, capital reductions, or distribution of retained earnings, a rebalancing of the hedge will be carried out with other investments with USD functional currency, since the risk management objective for that designated hedging relationship remains unchanged, and the reason for hedging will be adjusted to again meet the criteria required under paragraph 6.5.5 of IFRS 9. At the date of presentation of these financial statements, the hedged items remain investments in the companies Consorcio Transmantaro, ISA Peru, ISA REP, and PDI.

There is an economic relationship between the hedged item and the hedging instrument, as the net investment generates a conversion risk that matches the exchange rate risk of the loan in USD. The company established a hedging index of 1:1, as the underlying risk of the hedging instrument is identical to the hedged risk component. The ineffective portion of the hedge will occur when the amount of the investment in the foreign subsidiary is less than the amount of the fixed-rate debt, in which case a rebalancing will be carried out, with other investments whose functional currency is the US dollar.

	December 2023	December 2022
Company	ISA Interconexión Eléctrica S. A.	ISA Interconexión Eléctrica S. A.
Hedged item	USD bonds	USD bonds
Value in original currency	USD 330,000,000	USD 330,000,000
Net book value	1,261,277	1,587,366
Accumulated fair value adjustments	48,655	(277,434)
Financial statement item	Non-current financial liabilities	Non-current financial liabilities
Change in fair value used to measure hedge ineffectiveness during fiscal year ⁽¹⁾	326,090	(273,583)

⁽¹⁾ (-) decrease in OCI, (+) increase in OCI.

18. ACCOUNTS PAYABLE

The breakdown of this item as of December 31, 2023 and 2022 is as follows:

	2023	2022
Loans payable to related parties ⁽¹⁾	387,579	327,830
Suppliers and contractors ⁽²⁾	101,430	163,950
Leases ⁽³⁾	11,432	12,501
Creditors	15,484	13,980
Total accounts payable	515,925	518,261
Current	294,783	181,466
Non-current	221,142	336,795

⁽¹⁾ Balance represented by the following loans received:

Maturity date	Company	Interest rate	2023		2022	
			Nominal value	Amortized cost value	Nominal value	Amortized cost value
12/10/2034	ISA Transelca	CPI+ 4.10 %	60,798	63,392	60,798	63,081
10/12/2024	ISA Transelca	Fixed rate of FTD A.E. of December 31, previous year	72,642	113,410	72,642	105,606
10/12/2024	ISA Transelca	Fixed rate of FTD A.E. of December 31, previous year	12,537	19,573	12,537	18,226
10/12/2025	ISA Transelca	Fixed rate of FTD A.E. of December 31, previous year	28,500	44,381	28,500	41,293
10/12/2025	ISA Transelca	Fixed rate of FTD A.E. of December 31, previous year	12,500	19,465	12,500	18,111
12/26/2026	ISA Transelca	Fixed rate of FTD A.E. of December 31, previous year	31,908	47,653	31,908	44,255
10/31/2027	ISA Transelca	Fixed rate of FTD A.E. of December 31, previous year	26,000	39,961	26,000	37,258
8/05/2024	ISA Bolivia	Term SOFR 12 M + 1.561%	38,221	39,744	-	-
Total			283,106	387,579	244,885	327,830
Current				175,321		-
Non-current				212,258		327,830

The Transelca loans have an interest rate of the FTD A.E. of December 31 of the previous year, and the ISA Bolivia loan has an international interest rate of Secured Overnight Financing Rate (SOFR) of 12 months; the value received for the loan was COP 45,401,211.

⁽²⁾ Accounts payable to suppliers and contractors are mainly for the acquisition of goods and services for the development of the company's operations. These liabilities do not bear interest and are paid according to the payment policies established by the company.

⁽³⁾ Lease liabilities include those associated with substation, computer and communication equipment, buildings and land. Below is the analysis of maturities of lease liabilities:

	2023	2022
Less than one year	2,738	3,536
Between one and five years	8,694	8,965
More than five years	-	-
Final balance	11,432	12,501

19. RISK MANAGEMENT

Given the nature of its activities, ISA is exposed to financial risks mainly related to investments in foreign subsidiaries, entering financial obligations, revenues indexed to macroeconomic variables, and the acquisition of goods and services abroad.

Therefore, a risk management methodology has been implemented, which together with ongoing monitoring of financial markets, seeks to minimize potential adverse effects on the financial information. ISA identifies, evaluates, and performs a comprehensive management of the financial risks the company could be exposed to, to minimize their impact on the financial results.

At ISA, the Chief Strategy Office is responsible for the application and administration of this system through its Corporate Risk Department, which, in turn, involves the company's Board of Directors in the administration of the system. Below are the financial risks to which the company is exposed.

19.1 Market risk

Market risk corresponds to unfavorable variations from expected fair value or future cash flows of a financial instrument caused by adverse changes in variables such as exchange rates, domestic and international interest rates, the Price of indicators (macroeconomic variables), commodities, among others.

Sensitivity analyses listed below are made based on the balances of financial instruments with cut-off date as of December 31, 2023.

a. Interest rate risk and macroeconomic variables

This risk corresponds to unfavorable changes in the fair value or future cash flows of financial instruments with respect to expectations, and is caused by the variation (volatility) of domestic and international interest rates and macroeconomic variables to which these flows are indexed, thus affecting their value. The purpose of the interest rate risk management is to find a balance in the revenues and debt structure which allows stabilizing the cost of the latter and minimizing the volatility in the income statement.

- **Financial obligations**

ISA's debt structure is mostly indexed to interest rates and macroeconomic variables. A portion of the debt is also maintained at a fixed rate, as described below:

Type of interest rate	2023
CPI	59.0%
Fixed interest rate	46.9%
FTD	3.4%
SOFR	0.7%

As of December 31, 2023, the obligations indexed to the DTF and SOFR correspond to loans with economic affiliates in Colombia and Bolivia. On the other hand, fixed rate obligations such as the ones indexed to the CPI and to Libor correspond to bank loans and issuance of corporate bonds.

Below are the effects before taxes in the statement of comprehensive income, compared with a reasonable variation in interest rates (to date it has not been necessary to hedge financial obligations indexed at interest rate):

Increase / Decrease of basic points	Effect on income statement before income tax
(+)100	(34,682)
(-)100	34,682

ISA currently maintains a natural hedge of the financial debt instruments that are indexed to the CPI, because most of its revenues come from its affiliate INTERCOLOMBIA, which, at the same time, are associated to a greater extent to the behavior of both the Colombian producer price index (IPP) and the consumer price index (IPC) ¹ and to a lesser extent to the behavior of the American Producer Price Index (USPPI)². These variables are related, which allows minimizing the impacts of the interest rate risk linked to macroeconomic variables.

- Financial instruments (surplus liquidity)**

As of December 31, 2023, ISA does not maintain financial instruments (surplus liquidity) indexed to interest rates.

Since the financial instruments that may compose the surplus liquidity portfolio are acquired with the intention to maintain them until their maturity, these investments are not exposed to the interest rate risk (investments measured at amortized cost).

b. Exchange rate risk

ISA is mainly exposed to exchange rate risk (US Dollar) due to the translation effect of dividends received from companies abroad; revenues associated with projects that have been awarded in UPME's public tenders, calculated in US dollars and paid in Colombian pesos; expenses associated with debt service incurred in US dollars; equipment purchases and/or execution of new projects, capitalizations to affiliates and loans granted to related parties.

As of December 31, 2023, ISA held the following financial instruments, assets, and liabilities:

	USD	EUR	BRL	Total
Assets	40,769	431	316,802	357,991
Liabilities	(1,333,867)	(4,311)	-	(1,338,177)
Nominal values of accounting hedges - net foreign investment (NFI) hedges, monetary items that are part of an NFI, cash flow hedges	1,261,277	-	-	1,261,277
Net monetary position	(31,821)	(3,880)	316,802	281,091

In November 2021, ISA issued external public debt bonds in the international capital market in the amount of USD 330 million for debt replacement. This issuance does not affect the income statement and is offset in equi-

² According to the revenue remuneration scheme established by the Energy and Gas Regulatory Commission (Comisión de Regulación de Energía y Gas (CREG)).

ty accounts, since it is structured as an accounting hedge of the net investment in foreign countries held by the company.

Accordingly, the effects are presented in the income statement before taxes, in the event of a reasonable variation in the exchange rate of foreign currency (US dollar), keeping all other variables constant:

Devaluation / revaluation	Effect on income statement before income tax
(+) 10 %	28,109
(-) 10 %	(28,109)

c. Mitigation measures

Market risk mitigation tools are the hedging operations carried out for financial risks, which aim to stabilize, over a time horizon, the financial statements and the cash flow against fluctuations in the risk factors.

Thus, once the existence of exposure to a risk market is identified with certainty, the use of natural or synthetic hedges is chosen. The closing is carried out through ISA's treasury department, following corporate guidelines that establish a hedging, non-speculation criterion.

As part of the hedging of market risk (exchange rate, interest rate, and price risks) ISA can carry out standardized derivative transactions e.g. commodity future agreements and non-standardized derivatives, such as forwards, swaps, and options in accordance with the best conditions of each market, which qualify as financial hedging instruments to be recorded in the financial statements.

As of December 31, 2023, ISA does not maintain any hedge operation for foreign exchange risk.

19.2 Credit and counterparty risk

The credit and counterparty risk is defined as the contractual default, arrears or doubtful collection with respect to obligations incurred by the company's customers, as well as by counterparties of financial instruments acquired or used, which would result in financial losses.

a. Credit risk (customers):

For ISA, this risk refers to arrears or doubtful recovery of the portfolio by agents who pay usage fees for the National Transmission System (STN), customers connected to the STN, economic related parties, dark fiber customers, and other related services.

The main measures taken to manage this risk are:

- Mechanisms and instruments defined in the regulation to cover payments made by agents in the Wholesale Energy Market –guarantees, notes, and prepayments, as well as the supply limitation scheme–, which include those corresponding to usage fees for the STN service, settled and managed by XM, under the contract of mandate defined in the regulation for this effect.
- Withdrawal fee clauses, included in STN connection agreements.
- Management of collections.
- Analysis of financial statements of new customers connecting to the STN.

b. Credit risk (surplus liquidity):

In bank deposits and financial investments, including the procurement of derivative instruments, credit and counterparty risk is mitigated by choosing institutions widely recognized in the market, with risk ratings performed by locally or internationally approved agencies; additionally, a counterparty quota is assessed for these transactions through an allocation model that keeps both quantitative –financial indicators– and qualitative (risk ratings) variables, which is reviewed quarterly.

Furthermore, issuer concentration policies are maintained both at individual and economic group levels, which allow decreasing the exposure to credit risk. Such policies are monitored regularly to ensure their effective implementation.

As of December 2023, ISA received the following risk rating due to its surplus liquidity:

Surplus liquidity in COP by local risk rating			Surplus liquidity by international rating		
Rate	Balance in COP	Share (%)	Rate	Balance in COP	Share (%)
AAA	617,640	100	A+	28,132	100

19.3 Liquidity risk

Liquidity risk is defined as the inability to obtain sufficient funds to meet obligations when due without incurring unacceptably high costs.

Currently, ISA constantly monitors short-term cash flow, which allows it to identify liquidity needs during the periods analyzed. Furthermore, liquidity indicators are used, such as the monthly and accumulated liquidity hedging ratio, which is calculated periodically. These ratios aim to verify whether the company's current and non-current cash flow revenues cover its outflows.

Likewise, ISA has tools for achieving additional liquidity, such as the issuance of commercial papers and credit lines with local and foreign entities, which allow it to meet temporary funding needs when required.

Below is a description of the future maturity profile expected for the company's financial liabilities:

2023	0 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Financial obligations and bonds	190,609	279,160	818,580	4,829,332	6,117,681
Principal	115,000	260,780	818,580	4,829,332	6,023,692
Interest ⁽¹⁾	75,609	18,380	-	-	93,989
Accounts payable to economic related parties ⁽²⁾	-	175,321	151,460	60,798	387,579
Accounts payable	11,106	108,356	8,884	-	128,346
Total	201,715	562,837	978,924	4,890,130	6,633,606

⁽¹⁾ Payment of interest projected over time.

⁽²⁾ Accounts payable to economic related parties in loans taken from Group companies.

20. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The carrying value of financial assets and liabilities measured at amortized cost approximates their fair value. Fair value is presented based on the categories of financial assets, compared to their current and non-current carrying amounts included in the financial statements.

The breakdown of financial instruments assets and liabilities, classified by nature and category, as of December 31, 2023 and 2022 is as follows:

	2023		2022	
	Amortized cost	At fair value	Amortized cost	At fair value
Financial assets				
Cash	-	634,980	-	488,356
TDs, bonds, and securities	-	-	-	-
Trusts	-	62	-	682
Debtors and accounts receivable	489,113	-	288,334	-
Total current	489,113	635,042	288,334	489,038
Restricted cash	-	11,547	-	8,714
Debtors and accounts receivable	30,002	-	27,363	-
Other financial assets	-	13,752	-	13,811
Total non-current	30,002	25,299	27,363	22,525
Total financial assets	519,115	660,341	315,697	511,563
Financial liabilities				
Financial liabilities	469,769	-	258,214	-
Accounts payable	294,783	-	181,466	-
Total current	764,552	-	439,680	-
Financial liabilities	5,647,912	-	4,732,735	-
Accounts payable	221,142	-	336,795	-
Total non-current	5,869,054	-	5,069,530	-
Total financial liabilities	6,633,606	-	5,509,210	-

Financial instruments recognized at fair value in the statement of financial position are classified hierarchically; no changes have been presented according to the criteria set forth in Note 5.10 Fair value measurement. The following table shows the financial assets measured at fair value as of December 31, 2023 and 2022:

	Carrying value	2023		Carrying value	2022	
		Fair value Level I	Fair value Level II		Fair value Level I	Fair value Level II
Financial assets						
Cash	634,980	634,980	-	488,356	488,356	-
Trusts	62	62	-	682	682	-
Restricted cash	11,547	11,547	-	8,714	8,714	-
Other financial assets	13,752	-	13,752	13,811	-	13,811
Fair value of financial assets	660,341	646,589	13,752	511,563	497,752	13,811
Current	635,042	635,042	-	489,038	489,038	-
Non-current	25,299	11,547	13,752	22,525	8,714	13,811

Fair values have been classified at Level II, based on input data of valuation techniques used. (See Note 5.10 Fair value measurement).

21. EMPLOYEE BENEFITS

ISA grants its active and retired employees benefits that are subject to actuarial calculation, among which are pension, medical plan benefits, education assistance and seniority benefits.

The composition of employee benefits is as follows:

	Note	2023	2022
Short-term benefits			
Bonuses		10,588	6,874
Vacations		4,005	3,601
Provision for social benefits		107	69
Extra-legal payments		1,465	1,159
Severance and severance interest		963	594
Other employee benefits		390	382
Total short-term benefits		17,518	12,679
Post-employment benefits			
Retirement pensions	21.1	114,603	92,038
Health plans, prepaid medicine, and medical assistance	21.3	67,261	56,283
Educational assistance	21.4	13,673	7,634
Total post-employment benefits		195,537	155,955

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	Note	2023	2022
Long-term benefits			
Seniority and five-year bonus (quinquennium bonus)	21.5	2,189	1,984
Total long-term benefits		2,189	1,984
Total benefits measured using actuarial calculation		197,726	157,939
Current		17,518	12,679
Non-current		197,726	157,939

21.1 Retirement pensions

ISA, according to collective and individual labor agreements, must pay retirement pensions to employees who meet certain requirements of age and length of service. The Social Security Institute (ISS), today called Colpensiones, and the pension management companies assume most of this obligation, in accordance with the fulfillment of legal requirements.

The present value of the pension obligation as of December 31, 2023 and 2022 was determined based on actuarial studies in accordance with IAS 19, using the actuarial valuation method. The projected credit unit is used to determine the present value of the defined benefit obligation and, when appropriate, the cost of services and the cost of past services.

According to this method, benefits are attributed to periods in which the obligation to provide them is created by directly applying the formula of the plan benefit, based on the service at the time of the valuation. When the benefit is based on compensation or salary or salary increases, they are applied until the date on which the participant is expected to end the service. However, if the service in recent years leads to significant additional benefits with respect to previous years, benefits are linearly attributed from the date on which the service provided by the employee entitles him to such benefit, until the date on which subsequent services entitle him to additional amounts that are not significant for the benefit, according to the plan.

The main actuarial assumptions used in the valuation are:

	2023	2022
Discount rate	11.7%	14.4%
Future salary increase	3.5%	5.5%
Increase in pensions in payment	3.5%	4.5%
Increase in deferred pensions	3.5%	4.5%
Inflation rate	3.5%	4.5%
Minimum wage increase	5.5%	5.5%
Rate of return on assets	N/A	N/A
Mortality chart	2008 valid rentiers	2008 valid rentiers
Number of people covered by pension plan	393	398

21.2 Local pension liability

The results of the calculation as of December 31, 2023 of the mathematical reserve for retirement pensions payable by ISA, taking into account the requirements of local regulations, are presented below:

	2023		2022	
	Number of people	Value of mathematical reserve	Number of people	Value of mathematical reserve
Personnel fully retired by the company	13	5,674	4	2,271
Retired employees with shared pension	285	103,013	309	96,259
Employees retired by the company and waiting for the ISS (Colpensiones)	-	-	3	476
Beneficiary employees covered by the company	4	1,443	2	347
Beneficiary employees shared with the ISS (Colpensiones)	90	27,843	76	21,557
Employees voluntarily retired, affiliated to the ISS (Colpensiones)	-	-	1	645
Employees with temporary rents, shared with the ISS (Colpensiones)	1	405	2	415
Disability pension (replacement) shared with the ISS (Colpensiones)	-	-	1	282
Pension liability	393	138,378	398	122,252

	2023	2022
Local pension liability	138,378	122,252
NCIF pension liability	(114,603)	(92,038)
Difference	23,775	30,214

The main actuarial assumptions used in the valuation are:

	2023	2022
Technical real interest rate	4.80%	4.80%
Salary increase rate	8.7%	3.98%
Pension increase rate	8.7%	3.98%
Inflation rate	8.7%	3.98%
Mortality chart	2008 valid rentiers	2008 valid rentiers
Number of people covered by pension plan	393	398

21.3 Health, prepaid medicine, and medical assistance plans

ISA will pay the following percentages on premiums for health plans corresponding to prepaid medical assistance and hospitalization policy:

- For salaries and pensions up to four point three (4.3) legal monthly minimum wages (SMLMV), ninety percent (90%) of the value of the premium.
- For wages and pensions above four point three (4.3) and up to five point five (5.5) current minimum legal monthly wages (SMLMV), eighty percent (80%) of the premium value.

- For wages and pensions above five point five (5.5) current minimum legal monthly wages (SMLMV), seventy per cent (70%) of the premium value.

ISA recognizes 1.70 SMLMV as medical assistance benefit. This benefit is granted to the employee and his beneficiaries.

The main actuarial assumptions used in the valuation are:

	2023	2022
Discount rate	11.77%	14.40%
Minimum wage increase	5.50%	5.5%
Initial increase rate for benefit cost	5.50%	12.44%
Final increase rate for benefit cost	4.50%	5.50%
Rate of return on assets	N/A	N/A
Mortality chart	2008 valid rentiers	2008 valid rentiers
Turnover rate	"2003 SOA Pension Plan Turnover Study" with an adjustment factor of 85%.	"2003 SOA Pension Plan Turnover Study" with an adjustment factor of 85%.
Number of people covered by the medical assistance plan	881	954

21.4 Educational aid

Employees are entitled to the recognition of the educational aid, as well as children of active employees and pensioned employees, who are younger than 18 years old, and who are between 18 and 25 years old, provided they are single and are not working.

The values to recognize will be stipulated in the collective agreements in effect:

Educational level	Amount to be recognized for each period Beneficiaries of the Collective Labor Agreement
Daycare, kindergarten, primary, and secondary for each child	4.5 SMLMV (annual)
Technical, technology, professional, and specialization, for each child	2.25 SMLMV (semiannual)
Children with learning disabilities, whatever age	4.5 SMLMV (annual)

The main actuarial assumptions considered for the valuation are:

	2023	2022
Discount rate	11.87%	14.50%
Minimum wage increase	5.50%	5.50%
Rate of return on assets	N/A	N/A
Mortality chart	2008 valid rentiers	2008 valid rentiers
Turnover rate	"2003 SOA Pension Plan Turnover Study" with an adjustment factor of 85%.	"2003 SOA Pension Plan Turnover Study" with an adjustment factor of 85%.
Number of people covered by education plan	135	154

These benefits are valued annually. The reconciliation of the movements presented is shown below:

	Pension	Medical assistance plan	Educational assistance	Total
Balance as of December 31, 2022	92,038	56,283	7,634	155,955
Current period service costs	-	216	168	384
Interest expense/revenue	12,459	7,654	1,061	21,174
Actuarial (gain) loss from experience	8,815	(126)	1,604	10,293
Actuarial (gain) loss from financial assumptions	12,472	9,047	3,738	25,257
Actuarial (gain) loss from change in demographic assumptions	-	-	-	-
Benefits directly paid by the company	(11,181)	(5,813)	(532)	(17,526)
Balance as of December 31, 2023	114,603	67,261	13,673	195,537

	Pension	Medical assistance plan	Educational assistance	Total
Balance as of December 31, 2021	117,218	71,331	10,147	198,696
Current period service costs	-	398	291	689
Interest expense/revenue	9,648	5,968	874	16,490
Actuarial (gain) loss from experience	3,847	2,976	1,001	7,824
Actuarial (gain) loss from financial assumptions	(28,606)	(21,135)	(4,157)	(53,898)
Actuarial (gain) loss from change in demographic assumptions	-	2,212	(100)	2,112
Benefits directly paid by the company	(10,069)	(5,467)	(422)	(15,958)
Balance as of December 31, 2022	92,038	56,283	7,634	155,955

The quantitative analysis of sensitivity regarding a change in a key assumption would generate the following effect on the net obligation from defined benefits:

	Pension	Medical	Education
Change in discount rate			
Discount rate increase by +1%	(7,403)	(5,635)	(1,589)
Discount rate decrease by -1%	8,396	6,639	1,956
Benefit increase change			
Increase in benefit increase by +1%	-	-	2,055
Decrease in benefit increase by -1%	-	-	(1,681)
Change in medical trend			
Increase in medical trend by +1%	-	7,116	-
Decrease in medical trend by -1%	-	(6,075)	-
Obligation base	114,603	67,261	13,673
Duration of the plan	6.21	8.05	10.51

The sensitivity analysis estimates the effect on the post-employment benefit obligation as a result of reasonably possible changes in key assumptions used on each reporting date.

21.5 Quinquennium bonus and seniority premium

The following are the long-term benefits:

- Quinquennium bonus: the benefit is provided for every five years of service in the company. It consists of paying a fixed amount when the employee reaches a five-year length of service.
- Seniority premium: the benefit consists of the annual payment of one day's salary for each year of service in the Company, in the month in which each year of service is completed. The benefit begins to be paid when the employee reaches five years working for the company.

The main actuarial assumptions used in the valuation of these benefits are:

	2023	2022
Discount rate	11.6%	14.2%
Minimum wage increase	4.5%	4.5%
Rate of return on assets	N/A	N/A
Mortality chart	2008 valid rentiers	2008 valid rentiers
Turnover rate	"2003 SOA Pension Plan Turnover Study" with an adjustment factor of 85%.	"2003 SOA Pension Plan Turnover Study" with an adjustment factor of 85%.
Number of people covered by seniority premium and quinquennium bonus	142	107

These benefits are calculated annually. The reconciliation of the movements presented is shown below:

Seniority premium and quinquennium bonus	
Balance as of December 31, 2022	1,984
Current period service costs	171
Interest expense/revenue	257
Actuarial (gain) loss from experience	(67)
Actuarial (gain) loss from financial assumptions	203
Actuarial (gain) loss from change in demographic assumptions	-
Benefits directly paid by the company	(359)
Balance as of December 31, 2023	2,189

Seniority premium and quinquennium bonus	
Balance as of December 31, 2021	2,489
Current period service costs	243
Interest expense/revenue	190
Actuarial (gain) loss from experience	(27)

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Seniority premium and quinquennium bonus	
Actuarial (gain) loss from financial assumptions	(394)
Actuarial (gain) loss from change in demographic assumptions	(71)
Benefits directly paid by the company	(446)
Balance as of December 31, 2022	1,984

The quantitative analysis of sensitivity regarding a change in a key assumption would generate the following effect on the net obligation from long-term benefits:

2023	
Change in discount rate	
Discount rate increase by +1%	(59)
Discount rate decrease by -1%	62
Change in salary increase	
Increase in salary increase by +1%	65
Decrease in salary increase by -1%	(62)
Obligation base	2,189
Duration of the plan	5.0

The sensitivity analysis estimates the effect on the long-term benefit obligation as a result of reasonably possible changes in key assumptions used on each reporting date.

22. PROVISIONS

	2023	2022
Environmental ⁽¹⁾	241,098	108,453
Pending for projects ⁽²⁾	8,914	12,159
Disputes and claims ⁽³⁾	769	1,072
Total provisions	250,781	121,684
Current	61,897	45,868
Non-current	188,884	75,816

⁽¹⁾ Specific commitments have been acquired to obtain environmental licenses from various regional autonomous entities, as well as biotic offsets associated with licenses granted for projects. Provisions for biotic offsets are recognized when the environmental authority issues the resolution approving the biotic offset plan. Environmental authority obligations impacting costs are addressed and the final offset areas are adjusted according to the actual intervention for the construction and operation of the assets.

As of December 31, 2023, for the UPME 09-2016 Cuestecitas-Copey-Fundación 500/220 kV, Windpeshi Wind Farm connection to Cuestecitas 220 kV Substation, and UPME 04-2019 La Loma - Sogamoso 500 kV Transmission Line, no environmental provisions are recognized since these are still in the construction stage, and it is not possible to reliably estimate the amount necessary to offset the environmental effects. Once the environmental authority issues the resolution indicating the offset conditions and characteristics, ISA will estimate and recognize a provision to cover environmental obligations.

⁽²⁾ The recognition of biotic offsets and pending project offsets are estimates that depend on management's judgment and assumptions, influencing the company's revenues, expenses, assets, and liabilities at the time of financial settlement of the project. These transactions follow an established accounting procedure, recognizing expected future costs of biotic offsets or pending projects as part of the cost of the fixed asset, provided that there is an obligation (legal or constructive).

⁽³⁾ The estimated liabilities for legal proceedings against the company, considered probable, correspond to the provision for proceedings where a probability of outflow of resources is estimated according to an expert assessment and a reliable estimate. For the estimate

of the provision for litigation and claims, ISA uses the methodology established in Resolution No. 353 of November 2016, issued by the National Agency for Legal Defense of the State. This methodology involves determining the value of the claims by indexing the actual appraisal and calculating the value of the entry, applying the formulation defined in the resolution.

The movement of provisions is as follows:

2023	Environmental	Disputes and claims	Other provisions	Total
Initial balance	108,453	1,072	12,159	121,684
Increase in existing provisions, recorded in P&L	409	-	-	409
New provisions, recorded in assets ⁽¹⁾	131,873	-	4,220	136,093
Reversal of provisions, not used in P&L	-	(303)	-	(303)
Use or payments of provisions	(9,143)	-	(7,461)	(16,604)
Update financial expense arising over time	9,502	-	-	9,502
Other changes	4	-	(4)	-
Final balance	241,098	769	8,914	250,781
Current	52,402	769	8,726	61,897
Non-current	188,696	-	188	188,884

⁽¹⁾ The environmental provisions, related to environmental licenses and biotic offsets, of the following projects are highlighted: UPME 05-14 Cerromatoso-Chinú-Copey Line, 500 kV, COP 71,351; Betania Mirolando Line second circuit, COP 22,016, and UPME 03-14 Ituango and Medellín 500 kV Substations and associated lines, COP 23,408.

2022	Environmental	Disputes and claims	Other provisions	Total
Initial balance	8,682	11,654	-	20,336
New provisions, recorded in P&L	495	75	-	570
Increase in existing provisions, recorded in assets	90,449	-	12,159	102,608
Reversal of provisions, not used in P&L	-	(1,830)	-	(1,830)
Transfers	8,827	(8,827)	-	-
Final balance	108,453	1,072	12,159	121,684
Current	33,439	1,072	11,357	45,868
Non-current	75,014	-	802	75,816

22.1 Disputes and claims

ISA is currently a procedural party, acting as defendant, plaintiff or intervening third party in administrative, civil and labor judicial proceedings. None of the proceedings in which it has been sued or has been summoned as intervening party may undermine the stability of the company. Also, on its own behalf, it has instituted legal actions required for the defense of its interests.

The following is a summary of the probable lawsuits against ISA:

Probability of winning or losing	Case No.	Best estimate
Eventual in favor	37	35,545
Eventual against	60	4,569
Likely against	1	769
Likely against - Civil ⁽¹⁾	518	54,873

⁽¹⁾ In compliance with the concept issued by the General Accounting Office in 2018, the provisions related to imposed easement processes are recognized only at the time of payment.

The main litigation process involving the company is **Labor Process - Plaintiff: Jorge Eliécer Reyes Plata**. Plaintiff seeks a declaration stating that between him and Interconexión Eléctrica S.A. E.S.P. there was a labor relation, ended without justifiable reason. As of December 31, 2023, a provision of COP 769 is recognized.

23. NON-FINANCIAL LIABILITIES

	2023	2022
Deferred revenues ⁽¹⁾	97,772	112,826
Revenues received in advance from sales	4,219	4,069
Collections in favor of third parties	699	223
Total other non-financial liabilities	102,690	117,118
Current	16,043	1,955
Non-current	86,647	115,163

⁽¹⁾ Deferred revenues from the National Transmission System (STN) for COP 81,965 (2022: COP 111,972), assets from UPME calls, deferred revenues for infrastructure project construction services for COP 287 (2022: COP 250), and infrastructure use rights for COP 0 (2022: COP 604).

24. INCOME TAX

The current tax legislation applicable to the company establishes that:

- The nominal income tax rate is 35%. On September 14, 2021, Law 2155 on Social Investment was enacted, establishing that as of 2022 the income tax rate will be 35%.
- Law 1819 of 2016 established, as of the tax year 2017, the use of international accounting standards applicable for Colombia as the basis for the calculation of taxable income for the income tax, and the different tax treatments were made explicit.
- As of taxable year 2017, an anti-deferral regime for passive income obtained abroad by Colombian residents, called Empresas Controladas del Exterior -ECE- (Foreign Controlled Companies), came into force, whereby passive income obtained by foreign companies or other entities that are controlled by Colombian residents must be immediately declared in Colombia, when the ECE regime is applicable. This regime establishes as a presumption that when 80% or more of the revenues of the affiliate are active (operating) revenues, it will be understood that all the income is active and, consequently, it will not be necessary to attribute any proportion of passive income of the foreign controlled entity.

- As of the taxable year 2019, for those liable for sales tax, the VAT paid for the acquisition, construction or formation and importation of capital goods of any industry may be deducted from income tax. With respect to formed assets, the discount can only be considered from the moment the asset is activated and its depreciation begins.
- The Financing Law of 2018, and later, the Economic Growth Law of 2019, created a regime of Colombian Holding Companies (CHC) for companies whose main activities include securities holding, investment in shares or stakes abroad, and investment management. Decentralized entities, like ISA, are understood to be included in the CHC regime. In application of this regime, dividends received by the CHC coming from abroad are considered exempt income; likewise, income derived from the sale or transfer of a CHC's stake in entities not domiciled in Colombia is considered exempt income.
- To determine the income tax, it is necessary to consider the following situations:
 - a)** On June 27, 2008, ISA and the Nation (Ministry of Mines and Energy) signed a legal stability contract for the electric power transmission activity for a period of twenty years. This contract basically provided for stabilization of income tax regulations, including income tax rate, deduction of the inflationary component of financial expenses, special deduction of 40% for new investments in real productive fixed assets, tax discount for VAT paid on the import of machinery for electric power transmission and presumptive income as 3% of net worth, as well as the time limit of the equity tax.

This contract guarantees that, in the event of adverse changes to the standards stabilized in the contract, they will continue to apply during the term thereof.

b) Decision No. 578 of the Andean Community of Nations (Comunidad Andina de Naciones -CAN-), seeks the elimination of double taxation for income earned in any country that is a member (Ecuador, Peru, Bolivia, and Colombia) through the exoneration mechanism.

In the determination of the net income for 2023 and 2022, the value of the income obtained in the countries of the Community of Andean Nations (Peru, Ecuador and Bolivia) is included as exempt income; this value being the net result of the income generated by the activity benefiting from the exemption minus the corresponding costs and deductions.

c) Occasional gains are cleared separately from ordinary income. Occasional gains are those obtained from the sale of fixed assets owned for two years or more, profits from the liquidation of companies and profits from inheritances, bequests and donations.

Law 2277 of December 13, 2022

Law 2277 was approved in December 2022 and became effective in 2023. Some of the most relevant aspects for ISA, arising from this tax reform, are:

- General income tax rate for national companies, starting in 2022: 35%
- **Minimum tax rate:** a minimum tax rate is established for income taxpayers, to be calculated based on the adjusted financial profit, which may not be less than 15% and will result from dividing the adjusted tax (impuesto depurado -ID-) by the adjusted profit (utilidad depurada -UD-).
- **Effective administrative headquarters:** effective administrative headquarters of a company or entity shall be understood to be the place where the business and executive decisions necessary to carry out their day-to-day activities are materially made, i.e., the places where the directors usually perform their responsibilities and the day-to-day activities.
- **Industry and commerce tax deduction:** as from 2023, the income tax deduction for the payment of the industry and commerce tax and the tax on notices and boards that are liquidated and paid by taxpayers will be eliminated. As of taxable year 2023, it will be 100% deductible.
- **Dividend tax:** a ten percent (10%) withholding is established on dividends and shares paid or credited to domestic companies, which shall be transferable and imputable to the individual resident or investor residing abroad. Companies that belong to the CHC regime will not be subject to this withholding for dividends received from national companies.
- The income tax rate applicable to dividends and equity paid or credited to permanent establishments in Colombia belonging to foreign companies and non-resident individuals will be twenty percent (20%) (10% for 2022).
- The dividend tax rate when paid to natural persons resident in Colombia becomes 15% (10% for 2022) for dividends over COP 46,229.
- **Discount for investments in research, technological development or innovation:** investments in projects qualified by the National Council for Tax Benefits in Science and Technology in Innovation will be entitled to deduct from their income tax payable 30% of the value invested in such projects in the taxable period in which the investment was made. It is not possible to apply the cost or deduction simultaneously with the discount.
- **Limits on tax benefits and incentives:** for income tax payers other than individuals and unliquidated successions, a limit is established for certain revenues that do not constitute income or occasional profit, special deductions, exempt income, and tax discounts, which may not exceed 3% per year of their ordinary net income before subtracting the special deductions stipulated in the regulations.
- **Concurrent benefits:** the prohibition to take concurrent tax benefits is extended to exempt income, revenues not constituting income or occasional gains, and income tax rate reductions.

24.1 Tax assets

Tax assets as of December 2023 and 2022 are as follows:

	2023	2022
VAT advances and deferred withholding taxes(1)	106,444	73,850
Advances on taxes and contributions	58,864	3,919
Total tax assets	165,308	77,769

Continue ▼

Current	165,308	77,468
Non-current	-	301

⁽¹⁾ Includes deductible VAT on fixed assets referred to in articles 258-1 and 258-2 of the Tax Statute for COP 106,444 (2022: COP 73,549), and withholding tax advances deferred in 2022 for COP 301.

24.2 Reconciliation of income tax expense

The reconciliation between (i) income tax expense and (ii) the proceeds of accounting profit multiplied by the company's local tax rate (35%) is presented below:

	2023	2022
Income before taxes	2,752,214	2,501,518
Statutory income tax rate in Colombia	35%	35%
Income tax expense at nominal rate	963,275	875,531
Adjustments for the calculation of the effective rate		
Application of fixed asset benefit	(71,350)	(70,851)
Non-deductible expenses	35,743	7,545
Taxable dividends, CAN dividends, CFC income	245,925	131,963
Equity method	(713,330)	(574,487)
Exempted income	(196,001)	(100,844)
Tax in other jurisdictions	28,975	44,458
Current and deferred rates difference and adjustments	1,209	(3,389)
Income tax expense at effective rate	294,446	309,926
Income tax effective rate	10.70%	12.39%

For the above reconciliation, the equity method was included within the accounting profit and removed from the income tax calculation because it has no effect on the determination of income tax.

Excluding the equity method from the accounting profit yields the following result:

	2023	2022
Income before taxes	2,752,214	2,501,518
Equity method	(2,038,087)	(1,641,391)
Net earnings before income tax excluding equity method	714,127	860,127
Statutory income tax rate in Colombia	35%	35%
Income tax expense at local rate	249,944	301,044
Increase (decrease) in the tax provision resulting from:		
Application of fixed asset benefit	(71,350)	(70,851)
Non-deductible expenses	35,743	7,545

Continue ▼

Taxable dividends, CAN dividends, CFC income	245,925	131,963
Exempted income	(196,001)	(100,844)
Tax in other jurisdictions	28,975	44,458
Current and deferred rates difference and adjustments	1,210	(3,389)
Income tax expense	294,446	309,926
Income tax effective rate	41.23 %	36.03 %

It should be noted that the equity method results are recorded net of taxes, because they are already affected by the income tax accrued by the company receiving the investment.

For this reason, as supplementary information, the following table calculates the effective tax rate under the equity method taking into account the taxes accrued by the company receiving the investment. The consolidated effective rate is 26.99% for 2023 and 24.63% for 2022.

	2023			
	Individual ISA	ISA without equity method	Equity method ⁽¹⁾	Total
Income before equity method	714,127	714,127	-	714,127
Equity method	2,038,087	-	2,652,092	2,652,092
Income before taxes	2,752,214	714,127	2,652,092	3,366,219
Taxes	(294,446)	(294,446)	(614,006)	(908,452)
Net income	2,457,768	419,681	2,038,086	2,457,767
Effective rate	10.70%	41.23%	23.15%	26.99%

	2022			
	Individual ISA	ISA without equity method	Equity method ⁽¹⁾	Total
Income before equity method	860,127	860,127	-	860,127
Equity method	1,641,391	-	2,047,819	2,047,819
Income before taxes	2,501,518	860,127	2,047,819	2,907,946
Taxes	(309,926)	(309,926)	(406,427)	(716,353)
Net income	2,191,592	550,201	1,641,392	2,191,593
Effective rate	12.39%	36.03%	19.85%	24.63%

⁽¹⁾ This value includes the equity method and taxes accrued by the companies where the investment is made.

24.3 Composition of effective rate and reconciliation against nominal income tax rate

The composition of the effective rate is presented below under two scenarios: (i) maintaining the results from the equity method in the accounting profit and (ii) excluding those results from the accounting profit:

	2023		2022	
	With equity method	Without equity method	With equity method	Without equity method
Nominal rate	35.00%	35.00%	35.00%	35.00%
Equity method ⁽¹⁾	-25.92%	0.00%	-22.97%	0.00%
Application of fixed asset benefit ⁽²⁾	-2.59%	-9.99%	-2.83%	-8.24%
Foreign taxes ⁽³⁾	1.05%	4.06%	1.78%	5.17%
Costs and expenses associated with exempt income ⁽⁴⁾	1.81%	6.99%	1.24%	3.62%
Non-deductible expenses ⁽⁵⁾	1.20%	4.64%	0.30%	0.88%
Current and deferred rate difference and adjustments ⁽⁶⁾	0.15%	0.53%	-0.13%	-0.40%
Effective rate	10.70%	41.23%	12.39%	36.03%

The effective rate, discounting the impact of the equity method in 2023, was 41.23% (2022: 36.03%), compared to a nominal rate of 35%. This effective rate and the variation in relation to 2022 is explained by the following reasons:

- By eliminating the equity method in the accounting profit, the effective rate is increased because the value of the profit base for the calculation is decreased.
- Corresponds to the application of the deduction for investment in productive real fixed assets. Reduces the effective income tax rate versus the nominal rate by 9.99% (2022: 8.24%).
- The effective rate for taxes paid abroad in 2023 was 4.06% (2022: 5.17%), mainly due to withholdings on dividends received by the company that cannot be treated as a tax discount, pursuant to the Colombian Holding Company (CHC) regime.
- It originates from the non-deductibility of costs and expenses associated with dividends that are received as exempt income under Decision 578 of the Andean Community (CAN) and the Colombian Holding Company Regime (CHC). It causes an increase in the effective rate, which amounts to 6.99% in 2023 (2022: 3.62%), due to an increase in non-deductible costs and expenses.
- It originates mainly from the non-deductibility of the exchange difference expense recorded for accounting purposes for dividends received from abroad. It results in an increase in the effective rate, which amounts to 4.64% in 2023 (2022: 0.88%).
- It arises from a difference in deferred tax rates and adjustments; for 2022 it was -0.54% (2022: 0.39%).

24.4 Minimum tax rate

In December 2022, Law 2277 was approved, which came into force in 2023, establishing a minimum tax rate for income tax payers, which will be calculated based on the adjusted financial profit, which may not be less than 15% and will be the result of dividing the adjusted tax (ID) by the adjusted profit (UD).

According to numeral 2 of paragraph 6 of Article 240 of the Tax Statute, taxpayers resident in Colombia whose financial statements are subject to consolidation must calculate the adjusted tax rate (tasa de tributación depurada -TTD-) on a consolidated basis.

For the taxable year 2023, the minimum tax rate for companies of the Ecopetrol Group with tax residence in Colombia is higher than 15%; therefore, the company did not recognize an expense for this concept.

24.5 Deferred tax

The company's deferred tax is related to the following:

- In property, plant, and equipment, to differences in the recognition of the deemed cost, inflation adjustments for tax purposes, recognition of finance leases, and the use of different useful lives for tax and accounting purposes.
- In liabilities, by differences for determining financial liabilities, the recognition of finance leases, non-deductible provisions, and the difference between the amortization of the actuarial calculation.

Below is the detailed balance of the company's net deferred tax:

	2023		2022	
	Beginning of the period	End of the period	Beginning of the period	End of the period
Deferred tax assets				
Labor liabilities	11,797	20,010	28,243	11,797
Estimated liabilities and provisions	23,894	33,778	32,579	23,894
Intangibles and other assets	6,135	6,016	6,547	6,135
Accounts payable	4,991	3,736	4,437	4,991
Financial liabilities	99,522	-	(635)	99,522
Accounts receivable	253	443	634	253
Total deferred tax asset	146,592	63,983	71,805	146,592
Deferred tax liability				
Property, plant, and equipment	(1,176,613)	(1,232,017)	(1,123,374)	(1,176,613)
Financial liabilities	(636)	(18,730)	-	(636)
Total deferred tax liabilities	(1,177,249)	(1,250,747)	(1,123,374)	(1,177,249)
Net deferred tax	(1,030,657)	(1,186,764)	(1,051,569)	(1,030,657)

Annual variations in the deferred tax balance were recognized as shown below:

	2023	2022
Deferred tax variation		
Beginning of the period (net)	(1,030,657)	(1,051,569)
End of the period (net)	(1,186,764)	(1,030,657)
Variation of the period	156,107	(20,912)

Continue ▼

	2023	2022
Detail of the deferred tax variation		
Variation recognized in income	57,095	52,548
Variation recognized in other comprehensive income	99,012	(73,460)
Total deferred tax variations	156,107	(20,912)

The company has permanent investments that contain accounting and tax differences resulting from the application of the equity method for accounting purposes and their fiscal cost. Deferred taxes have not been calculated on these differences, as they are not expected to be realized. The non-recognized deferred tax would be determined by applying the rate at which capital gains would be taxed depending on the country where the investment is located, to the differences between the accounting cost and the tax cost of the investment.

Dividends obtained from Colombian affiliates during the year were received as non-taxable, and dividends received from the foreign affiliates as Colombian Holding Company were received as exempt.

Should the company decide to create deferred tax on its permanent investments, the effect on the deferred tax liability would be COP 1,901,529 and the effect on the deferred tax asset would be COP 231,515. Therefore, the net effect would be a deferred tax liability of COP 1,670,014.

The company has no tax losses or excess of presumptive income pending to be used in future tax assessments and, therefore, has not recognized any amount of deferred tax for this concept.

24.6 Tax liabilities

	2023	2022
Income tax	24,545	72,156
Other tax liabilities ⁽¹⁾	33,568	20,752
Total other tax liabilities	58,113	92,908
Current	58,113	92,908
Non-current	-	-

⁽¹⁾ They include tax withholdings at source, sales tax, industry and commerce tax, contributions payable, among others. The variation compared to 2022 is mainly due to higher tax withholdings at source made on the dividends paid by ISA in December 2023.

The current income tax provision is determined by the estimated income tax for the year, reduced by the application of tax discounts such as the discount for industry and commerce tax paid, the discount for investments in technological development and innovation, and the discount for VAT on acquisition of fixed assets referred to in Article 258-1 of the Tax Statute, among others, and the application of withholding taxes paid during the year and advances paid in tax returns for the previous year.

	2023	2022
Current income tax	207,191	224,175
Discounts, withholdings, and advances	(182,646)	(152,019)
Total income tax liability	24,545	72,156

Tax liabilities comprise the following balances: withholding and self-withholding at source payable, sales tax of the last two months of the year, withholding at source from industry and commerce tax, withholding of Universidad National's stamp, withholding corresponding to the contribution for public works, and the contributions pending payment. These amounts are paid in the next year.

25. EQUITY

ISA's authorized capital consists of 1,371,951,219 common shares with a nominal value of COP 32.800000005352. The subscribed and paid-in capital is COP 36,916 and consists of 1,125,498,016 shares, of which 1,107,677,894 are outstanding and 17,820,122 are repurchased shares of treasury stock.

Of the outstanding shares, 51.41% (569,472,561 shares) are owned by the parent company Ecopetrol S.A., 39.77% (440,480,920 shares) are privately owned, and 8.82% (97,724,413 shares) are owned by Empresas Públicas de Medellín, a public utility company controlled by the authorized shares of the state of Antioquia in Colombia.

All issued shares are fully paid and there are no potential dilutive shares.

	2023	2022
Authorized capital		
1,371,951,219 common shares, nominal value COP 32.800000005352	45,000	45,000
Subscribed and paid-in capital		
1,125,498,016 common shares, nominal value COP 32.800000005352	36,916	36,916

The premium for placement of shares is COP 1,428,128 as of December 31, 2023 and 2022.

Shareholders holding common shares are entitled to receive dividends, as declared from time to time, and are entitled to one vote per share at the Shareholders' Meetings. ISA is listed on the Colombia Stock Exchange (BVC).

The Colombian Centralized Deposit of Securities (Deceval) is the entity that receives securities in deposit, for their administration and custody, contributing to facilitate and expedite the operations of market agents.

25.1 Earnings per share

Earnings per share are calculated based on the weighted average annual number of shares outstanding at the date of the statement of financial position. The company has no instruments with possible dilution effects.

	2023	2022
Net income for the period	2,457,768	2,191,592
Average of outstanding shares for the period	1,107,677,894	1,107,677,894
Net income per share (expressed in COP)	2,218.85	1,978.55

25.2 Reserves

	2023	2022
Equity strengthening ⁽¹⁾	6,998,122	6,736,104
Legal under tax provisions	898,802	898,802
Rehabilitation and repair of STN assets ⁽²⁾	37,434	37,434
Legal	18,458	18,458
Total	7,952,816	7,690,798

⁽¹⁾ At the General Shareholders' Meeting held on March 29, 2023, it was approved to create an occasional reserve for equity strengthening for COP 1,204,651 to meet investment commitments already acquired and to maintain financial strength. At the same Meeting, the payment of the extraordinary dividend for COP 851 per share was approved, releasing from this reserve COP 942,633. Likewise, the General Shareholders' Meeting approved the partial change in the allocation of the equity strengthening reserve for the years 1998 and 2005 to 2021, in order to distribute it as an extraordinary dividend, for COP 942,634 million. This partial distribution of the occasional reserve corresponds to an extraordinary dividend of COP 851 per share.

⁽²⁾ On March 30, 2000, the General Shareholders' Meeting approved an appropriation for COP 24,933 for the rehabilitation and replacement of the National Transmission System assets, and on March 18, 2002 an addition to this reserve was approved for COP 12,501, for a total of COP 37,434.

25.3 Dividends

Dividends declared in 2023 and 2022, on income of the previous year, are detailed below:

	2023	2022
Net income of previous period	2,191,592	1,658,959
Outstanding shares	1,107,677,894	1,107,677,894
Ordinary dividend per share (in COP)	891	749
Extraordinary dividend per share (in COP)	851	-
Total dividends declared per share	1,742	749
Dividends declared	1,929,575	829,652

26. REVENUES FROM CONTRACTS WITH CUSTOMERS

	2023	2022
Joint accounts ⁽¹⁾	1,537,763	1,451,572
Electric power transmission services ⁽²⁾	144,507	204,744
Technology transfer	9,511	10,215
Project management services	9,981	5,835
Connection to the STN	3,320	3,150
Telecommunications and ICT	217	217
Total revenues from contracts with customers	1,705,299	1,675,733

⁽¹⁾ Since 2014, ISA INTERCOLOMBIA, ISA's affiliate, is responsible for the representation of energy assets and therefore it receives most of the revenues from the Existing Grid, UPME, and connection to the STN. Periodically and with the settlement of the joint account agreement, ISA, as inactive partner, receives 95% of the income, as revenue from the joint account agreement.

⁽²⁾ Lower revenues due to the transfer of representation of UPME 05-14, UPME 07-17, and UPME 06-18 from ISA to ISA INTERCOLOMBIA.

Ordinary revenues from ISA's activities are not seasonal.

The company does not have any customers with whom it records sales representing 10% or more of its revenues for the periods ended December 31, 2023 and 2022.

27. OPERATING COSTS AND ADMINISTRATIVE EXPENSES

Operating costs and administrative expenses are detailed below:

	Operating costs		Administrative expenses		Total costs and expenses	
	2023	2022	2023	2022	2023	2022
Personnel costs and expenses	49,518	38,175	69,251	54,589	118,769	92,764
Contributions and taxes	32,376	23,401	7,246	6,245	39,622	29,646
Fees	13,209	6,854	31,374	17,947	44,583	24,801
Insurances	18,640	14,311	7,793	7,008	26,433	21,319
Studies	3,361	2,397	1,000	1,738	4,361	4,135
Maintenance of intangibles	6,745	4,774	4,310	5,064	11,055	9,838
Environmental - Social	2,732	2,390	7,207	2,482	9,939	4,872
Advertising, printed material, and publications	56	-	9,806	5,422	9,862	5,422
Miscellaneous	896	1,290	2,514	1,310	3,410	2,600
Services	1,505	965	1,860	1,218	3,365	2,183
Communications	291	364	761	577	1,052	941
Materials and maintenance	199	89	1	6	200	95
Total costs and expenses before depreciation and amortization	129,528	95,010	143,123	103,606	272,651	198,616
Depreciations	223,612	204,632	7,633	7,001	231,245	211,633
Amortizations	3,407	881	704	680	4,111	1,561
Provisions	-	-	1,749	1,108	1,749	1,108
Total depreciations, amortizations, and provisions	227,019	205,513	10,086	8,789	237,105	214,302
Total operating costs and administrative expenses	356,547	300,523	153,209	112,395	509,756	412,918

28. NET FINANCIAL RESULTS

The breakdown of financial income and expense as of December 31, 2023 and 2022 is as follows:

	2023	2022
Returns on other assets ⁽¹⁾	81,779	69,253
On financial assets	2,097	795
Returns from monetary readjustment	-	2
Valuation of investments	991	1,397
Dividends	2,059	1,763
Trade discounts, conditional discounts, and agreements	2,151	488
Total financial revenues	89,077	73,698
Interest on bonds ⁽²⁾	(337,711)	(372,812)
Interest on public credit financial obligations ⁽²⁾	(107,228)	(56,641)
Actuarial calculation	(30,933)	(16,680)
Interest on loans	(33,118)	(18,253)
Commissions and other bank expenses	(1,864)	(1,811)
Other interest	(8)	(18)
Management of issuance of securities	(2,036)	(1,939)
Total financial expenses	(512,898)	(468,154)
Accounts payable	33,719	(12,612)
Cash	(4,257)	13,967
Debtors	(56,134)	4,990
Loans	(41,303)	(18,650)
Financial liabilities	7,271	-
Total net exchange difference	(60,704)	(12,305)
Total financial results, net	(484,525)	(406,761)

⁽¹⁾ The increase is due to higher revenues from yields on liquidity surpluses.

⁽²⁾ The variation is mainly due to the increase in the CPI and DTF in local debt as compared to the previous year and higher interest expenses on the international bonds issued by ISA in November 2022.

29. CONTINGENT LIABILITIES AND ASSETS

As of December 31, 2023 and 2022, ISA and its companies are involved as defendants in administrative, civil and labor lawsuits, none of which have the potential to cause significant impacts on the company's financial position and results of operations.

Disputes and claims to which the company is exposed are managed by the legal department. Lawsuits are periodically evaluated and classified according to their probability of loss for ISA. For those proceedings in which an outflow of resources is likely to occur and a reliable estimate can be made, ISA and its companies recognize the corresponding provisions in the financial statements (see Note 22.1).

The company is a defendant in labor, civil, social security and tax lawsuits involving risks of loss that, based on management's assessment supported by internal and third-party legal counsel, are classified as possible loss, for which no provision was recognized. ISA monitors the probability of loss periodically. The following is a summary of the eventual proceedings against ISA:

Probability of winning or losing	#	Best estimate
Possible against	23	4,569

The main proceeding currently being carried out by the company is:

- **Labor Proceeding - Plaintiff: various**

This proceeding seeks that Interconexión Eléctrica S.A. E.S.P., ISA, is declared civilly liable for not paying to Empresas Públicas de Medellín E.S.P. the amount that corresponds to it of the revenues received by ISA between 1995 and 1999 from the line modules belonging to STN transmission assets in the Playas and Guatapé substations, represented by it. As of December 2023, ISA values this process at COP 2,039, without recognizing a provision because it considers the probability of losing is remote.

30. GUARANTEES

At the end of 2023, the following bank guarantees are in force to comply with the obligations acquired by the company.

GUARANTEES						
Type of guarantee	Beneficiary		Purpose	Balance of guarantee in original currency	Balance in COP million	End date
Guarantees Bank	XM (Energy Mining Planning Unit UPME)	Support compliance with obligations incurred in the award of the following public calls:	UPME 09-2016, Cuestecitas Project	COP 71,132,455,396	71,132	06-19-24
			UPME 4-2019, Loma Sogamoso Project	COP 75,897,414,163	75,897	03-22-24
			UPME 03-2021, Carreiles Project	COP 9,291,398,224	9,291	06-11-24
	Transelec	Ensure compliance with the contract and correct execution of the works established in the Project SNA3019:	KILA-Expansion Works-Work Contract	USD 398,000	1,521	07-04-24
	Ministry of Energy	Ensure compliance with the Milestone No. 1: Calculation memories and technical design documents that determine the main specifications of the project:	KILA new Kimal line	USD 3,889,247	14,865	07-05-24
	Ministry of Energy	Ensure compliance with the contract and correct execution of the works:	KILA- KIMAL Substation	USD 15,556,989	59,460	07-06-24
	Transelec	Ensure compliance with the contract and correct execution of the works:	KILA-Expansion Works-Work Contract	USD 262,100	1,002	07-07-24

GUARANTEES TO ISA COMPANIES					
Joint and Several Guarantee Bond	Banco Centroamericano de Integración Económica - BCIE (Central American Bank of Economic Integration)	Guarantee the fulfillment of payment obligations with lenders of the Empresa Propietaria de la Red - EPR Bond indenture between EPR and BCIE of up to USD 44,500,000, backed by Joint and Several Guarantee to finance the SIEPAC Project.	USD 11,156,795	52,987	06-29-27

31. SUBSEQUENT EVENTS

ISA evaluated subsequent events from December 31, 2023 through February 15, 2024, the date on which the separate financial statements were approved by the Board of Directors for publication. During this period, the following subsequent events considered significant have taken place:

- ISA Extraordinary General Shareholders' Meeting**

At Extraordinary General Shareholders' Meeting of ISA held on January 29, 2024, the election of the Board of Directors for the remaining statutory period (January 2024 - March 2024) was approved.

- **UPME project award**

In February 2024, the Mining-Energy Planning Unit (UPME) awarded ISA the first energy transmission project tendered this year in Colombia. The project comprises the design, construction, operation, and maintenance of the fourth transformer of the Sogamoso Substation. The expected date of entry into commercial operation is October 31, 2025. The benchmark investment is COP 50,571 million.

TABLE OF REFERENCE FOR ACRONYMS

COP :	Colombian peso
BCIE:	Banco Centroamericano de Integración Económica (Central American Bank of Economic Integration)
BOB:	Bolivian peso
BRL:	Brazilian real
CAN:	Comunidad Andina de Naciones (Andean Community of Nations)
CDT:	Certificado de Depósito a Término (Term Deposit Certificate)
CHC:	Colombian Holding Companies
CINIIF (IFRIC):	Comité de Interpretaciones de Normas Internacionales de Información Financiera (International Financial Reporting Interpretations Committee)
CLP:	Chilean peso
COP:	Colombian peso
CREG:	Energy and Gas Regulatory Commission
CSM:	Centro de Supervisión y Maniobras (Supervision and Maneuvers Center)
DECEVAL:	Depósito Central de Valores (Central Securities Depository)
DTF:	Depósito a Término Fijo (Fixed-Term Deposit)
E.A.	Effective Annual Rate
E. S. P:	Depósito Central de Valores (Central Securities Depository)
ECE:	Empresas Controladas del Exterior (Companies Controlled Abroad)
EUR:	Euro
IASB:	International Accounting Standards Board
IPC (CPI):	Índice de Precios al Consumidor (Consumer Price Index)
IPP (PPI):	Precios al Productor Colombiano (Colombian Producer Price Index)
ISS:	Instituto de Seguros Sociales (Social Security Institute)
IVA (VAT):	Impuesto al Valor Agregado (Value Added Tax)
NCIF:	Accounting and Financial Reporting Standards
NIIF (IFRS):	Normas Internacionales de Información Financiera (International Financial Reporting Standards)
ROA:	Return on Assets
S. A.:	Sociedad Anónima (Limited Liability Company)
S. A. C.:	Sociedad Anónima Cerrada (Close Stock-held Company)
S.A.S:	Sistema Automatización de Subestaciones (Substation Automatization System)
SMLMV:	Salarios Mínimos Legales Mensuales Vigentes (Legal Minimum Monthly Wage in Force)
STN:	Sistema de Transmisión Nacional (National Transmission System)
UGE (CGU):	Unidades Generadoras de Efectivo (Cash Generating Units (CGUs))
UPME:	Unidad de Planeación Minero Energética (Energy Mining Planning Unit)
USD:	US dollar
UVR:	Unidad de Valor Real (Real Value Unit)
UVT:	Unidad de Valor Tributario (Tax Value Unit)

CERTIFICATION OF SEPARATE FINANCIAL STATEMENTS

Medellin, February 15, 2024

To the shareholders of Interconexión Eléctrica S. A. E. S. P.

We, the undersigned Legal Representative and Certified Public Accountant of Interconexión Eléctrica S. A. E. S. P., in compliance with the Accounting and Financial Reporting Standards accepted in Colombia (NCIF) and adopted by the National General Accounting Office, and the provisions of Article 37 of Law 222 of 1995 and Article 46 of Law 964 of 2005, certify that:

1. ISA's Separate Financial Statements as of December 31, 2023 and 2022 have been faithfully taken from the books and before being made available to you and to third parties, we have verified the following statements contained therein:
 - a. The events, transactions and operations have been recognized and realized during the years ended on those dates.
 - b. The economic events are disclosed pursuant to the accounting and financial reporting standards accepted in Colombia (NCIF), enforced by the National General Accounting Office of Colombia.
 - c. The total value of assets, liabilities, equity, revenues, expenses, and costs, has been disclosed by the company in the basic accounting statements up to the cut-off date.
 - d. Assets represent potential future economic services or benefits, while liabilities represent past events that imply an outflow of resources, during the development of their activities, at each cut-off date.
2. The separate financial statements and other reports relevant to the public for the periods ended December 31, 2023 and 2022 do not contain inaccuracies, errors, or omissions that prevent knowing the true financial condition or operations of ISA and its companies.

DocuSigned by:

1B38F81FD4604FC
Gabriel Jaime Melguizo Posada
Interim CEO

DocuSigned by:

2DE4649A889C40C...
John Bayron Arango Vargas
Certified Public Accountant
P.C. No. 34420-T

BOARD OF DIRECTOR'S REPORT

ARTICLE 466 OF THE COMMERCE CODE

DECEMBER 31, 2023 | Amounts expressed in COP and USD million

Dear Shareholders:

According to the legal and statutory provisions, we submit for your consideration the report for 2023, which includes, in addition to the financial statements as of December 31, 2022, compared with those of 2022, the reports referred to in Article 446 of the Commerce Code and 29 of Law 222 of 1995.

I. REPORTS

1. Depreciations and amortizations

See the breakdown of losses and gains as of December 31, 2023 in the Management Report presented by the CEO.

Below is the description of depreciations and amortizations:

2023	
Depreciations	231,245
Amortizations	4,111
Total	231,245

2. Economic and financial situation

See the analysis of the economic and financial situation of ISA in the Management Report presented by the CEO.

3. Remuneration to Senior Management

ISA's Senior Management is composed of the CEO and board-level employees reporting directly to the CEO. The remuneration received by the Senior Management key personnel is the following:

2023	
Remuneration	18,071
Short-term benefits	11,297
Total	29,368

Payments related to fees, travel expenses, and representation expenses are directly covered by the company, represented by third parties providing goods and services.

4. Remuneration to advisors or consultants

During 2023, the following payments were made to advisors or consultants, as fees:

	2023
Technical advisory	24,476
Legal, financial, and administrative advisory	13,917
External and internal audits	2,587
Statutory Auditor	1,540
Total	42,520

5. Transfers of money and other assets

No donation was made in 2023.

6. Advertising and publicity expenses

Advertising and publicity expenses as of the year ended December 31, 2023 amounted to COP 7,511.

7. Net monetary position

As of December 31, 2023, ISA held the following financial instruments, assets, and liabilities:

	USD	EUR	BRL	Total
Assets	40,769	431	316,802	357,991
Liabilities	(1,333,867)	(4,311)	-	(1,338,177)
Nominal values of accounting hedges - net foreign investment (NFI) hedges, monetary items that are part of an NFI, cash flow hedges	1,261,277	-	-	1,261,277
Net monetary position	(31,831)	(3,880)	316,802	281,091

8. Investments

See details of investments in domestic and foreign companies in Note 12 to the financial statements.

9. Statements

In accordance with Law 1314 of 2009 and Decree 2784 of 2012 and its amendments, it is confirmed that the information and statements related to the financial statements have been duly verified and obtained from the company's accounting books, which also include all internal controls allowing a timely and clear disclosure, which contain no material deficiencies that affect the financial situation of the company.

SPECIAL REPORT ON TRANSACTIONS WITH GROUP COMPANIES

(Values expressed in thousands in foreign currency and in millions in COP).

ISA is part of the business group whose parent company is Ecopetrol S.A. (hereinafter "Ecopetrol"). According to Article 5 of the Corporate Bylaws, ISA is in charge of the strategic organization, supervision, and coordination of the companies in which it has a direct or indirect majority shareholding and in companies in which it has the capacity to influence management decisions, disseminating or implementing, as the case may be, the general policies, strategies, guidelines, and instructions of the parent company of the Group, taking into account the characteristics and singularities of the countries and/or businesses in which such companies participate.

For the purposes of this report, the term "its companies" or "ISA companies" refers to the companies indirectly controlled by Ecopetrol through ISA, that is, the subsidiaries of Ecopetrol.

In accordance with the provisions of article 29 of Law 222 of 1995, the special report on economic relations between ISA and the companies that are part of the Ecopetrol business group is presented to the General Shareholders' Meeting during 2023.

1. Major transactions were completed during the respective fiscal year, directly or indirectly, between Ecopetrol or its affiliates or subsidiaries and ISA as a controlled company.

Within the framework of the synergies sought between ISA and Ecopetrol, its parent company, business opportunities have been identified, including the management of connection and associated services. To this end, Framework Agreement No. VSE-GEN-003-2023 for the connection and provision of connection services associated with new projects of the Ecopetrol Group was signed between ISA, ISA INTERCOLOMBIA, and ECOPETROL on March 10, 2023 (hereinafter the "Framework Agreement").

The Framework Agreement establishes the parameters and general conditions to be considered for the contracting of the services foreseen in its scope, which are performed through service orders, in which the specific conditions for the execution of each project are determined.

The Framework Agreement contains a methodology for defining Ecopetrol's remuneration to ISA for the services that are the subject of this agreement under market conditions. This condition was confirmed by Deloitte in a statement issued to Ecopetrol and shared with ISA's Audit and Risk Committee.

In execution of the aforementioned Framework Agreement, on December 7, 2023, a service order was signed between ISA and ISA INTERCOLOMBIA with ECOPETROL for the execution of the project for the backup connection

of Ecopetrol's Orinoquia Regional Vice-Presidency facilities from the existing Suria 230 kV Substation, owned by DELSUR, to the planned CDS 2 Substation, owned by ISA, with a transport capacity of 209 MW. This project, located in the municipality of Villavicencio, department of Meta, will increase the reliability of Ecopetrol's CDS 2 field.

Since it is a material transaction with a related party of ISA, the subscription of the referred service order was authorized by the Board of Directors of ISA, following the favorable opinion of the Audit and Risk Committee, and was disclosed to the market as relevant information in accordance with the provisions of Decree 151 of 2021.

2. Major transactions completed during the respective fiscal year between ISA as a controlled company and other entities, by influence or for the benefit of its controlling company Ecopetrol, as well as major transactions completed during the respective fiscal year between the controlling company and other entities for the benefit of the controlled company.

The transactions between ISA and Ecopetrol and the transactions between ISA and other entities were in the best interest of ISA.

3. Major decisions that ISA, as a controlled company, has made or has failed to make due to influence or for the benefit of Ecopetrol as a controlling company, as well as major decisions that the controlling company has made or has failed to make for the benefit of the controlled company.

The decisions made by the ISA Board of Directors, Board Committees, and Senior Management in 2023 were made in the best interest of ISA.

Taking into account the role of ISA within the Ecopetrol business group, below is a list of the commercial transactions between ISA and its companies during 2023, which comply with the provisions of current transfer pricing regulations under Law 1607 of 2012, Law 1819 of 2016, and Decree 1625 of 2016, as well as the Corporate Guideline, for transactions with related parties of ISA and its companies and the procedure for the identification, valuation, approval, disclosure, and supervision of transactions between ISA and its related parties.

The aforementioned Guideline and procedure are compiled in the ISA Code of Good Corporate Governance, published on the corporate website: <https://www.isa.co/es/grupo-isa/gobierno-corporativo/>

The main transactions between ISA and its companies correspond to:

- dividend payment;
- capitalizations;

- project management;
- provision of operation and maintenance services;
- leasing of facilities and venues for the operation;
- provision of installation services and assembly of information systems;
- money lending;

It is worth mentioning that the following situations have not arisen between ISA and its companies for the period:

- offset free services;
- loans without interest or any consideration by the borrower;
- loans involving an obligation to the borrower that does not correspond to the essence or nature of the loan agreement;
- loans with different interest rates to those normally paid or charged to third parties;
- operations whose characteristics differ from those made with third parties;

ISA makes efforts to ensure that commercial transactions carried out with its companies generate benefits and meet strategic objectives, respecting the rights of all shareholders and creditors of the group's companies.

Commercial transactions take place under market conditions and prices, i.e., under the terms and conditions that would apply to unrelated third parties, honoring the transparency principles of the Code of Good Corporate Governance, and in accordance with the Corporate Bylaws and applicable accounting, tax, and commercial standards.

Regarding the equity in its companies, ISA updates its investments by applying the equity method, upon approval of accounting standards and practices and conversion of its financial statements into Colombian pesos, using the US dollar as primary currency for investments in foreign currency.

The financial information of ISA and its companies is consolidated by the global integration method, by which all significant balances and transactions between ISA and its subsidiaries are eliminated, and the minority interest corresponding to equity and results for the period is recognized and disclosed in the financial statements.

Balances with ISA companies are disclosed in the financial statements of ISA according to the regulations in force. See Note 10.1 Balances and transactions with related parties.

Regarding the transactions made with the parent company, during 2023, ISA and its companies provided connection services for COP 2,456 (2022: COP 1,977) and other services and returns for COP 1,990 (2022: COP 664) to Ecopetrol and subsidiaries, and acquired services for COP 448 (2022: COP 0).

In addition to those indicated above and the dividends paid by ISA to Ecopetrol as shareholder, there are no other material transactions with Ecopetrol and its affiliates and subsidiaries.

The following decisions made during 2023, regarding capitalizations and distribution of dividends, are highlighted:

Company	Currency (LT)	Body	Concept	Date declared	Total dividends declared (LT) in thousands	Total dividends declared to ISA (LT) in thousands	COP Dividends declared ISA in millions
ISA INVESTIMENTOS E PARTICIPAÇÕES	BRL	Board of Directors	Results 2022	01/23/2023	68,400	68,331	60,954
ISA REP	USD	Mandatory Annual Shareholders' Meeting	Results 2022	03/16/2023	64,461	19,338	93,510
ISA PERÚ	USD	Mandatory Annual Shareholders' Meeting	Results 2022	03/21/2023	8,127	3,668	17,697
CONSORCIO TRANS-MANTARO	USD	Mandatory Annual Shareholders' Meeting	Results 2022	03/16/2023	72,446	43,468	210,188
ISA TRANSELCA	COP	Ordinary Shareholders' Meeting	Results 2022	24/03/2023	170,000,000	169,997,741	169,998
ISA INTERCOLOMBIA	COP	General Shareholders' Meeting	Results 2022	03/28/2023	42,732,786	42,731,616	42,732
ISA BOLIVIA	BOB	Ordinary General Shareholders' Meeting	Results 2022	03/22/2023	15,410	7,859	5,425
SISTEMAS INTELIGENTES EN RED	COP	Ordinary General Shareholders' Meeting	Results 2022	03/27/2023	1,271,830	190,775	191
EMPRESA PROPIETARIA DE LA RED (EPR)	USD	Ordinary Shareholders' Meeting	Results 2022	04/13/2023	4,156	462	1,988
ISA Inversiones Chile Vías SpA	CLP	Extraordinary Shareholders' Meeting	Accumulated earnings	07/20/2023	16,043,108	16,043,083	79,065
ISA INVESTIMENTOS E PARTICIPAÇÕES	BRL	Board of Directors	Results 2022	08/31/2023	3,900	3,896	3,234
ISA INVESTIMENTOS E PARTICIPAÇÕES	BRL	Board of Directors	Results 2023	08/31/2023	14,400	14,386	11,940
ISA INVESTIMENTOS E PARTICIPAÇÕES	BRL	Board of Directors	Juros 2023	08/31/2023	29,200	29,171	24,213
ISA INVESTIMENTOS E PARTICIPAÇÕES	BRL	Board of Directors	Results 2023	23/11/2023	1,000	999	836
ISA INVESTIMENTOS E PARTICIPAÇÕES	BRL	Board of Directors	Juros 2023	23/11/2023	27,100	27,073	22,642
ISA TRANSELCA	COP	Extraordinary Shareholders' Meeting	Results 2023	12/15/2023	31,000,000	30,999,588	31,000
ISA CAPITAL DO BRASIL	BRL	Board of Directors	Juros 2023	21/12/2023	472,100	472,100	382,341

And the capitalizations made in 2023:

Company	Currency (LT)	Date	Capitalizations in ML in thousand	Capitalizations in COP in million
Internexa Perú	USD	08/23/2023	3,312	13,645
INTERCONEXIONES DEL NORTE S. A.	CLP	09/11/2023	999	4
Internexa Perú	USD	11/02/2023	21,371	88,000
Consorcio Eléctrico YAPAY S. A.	USD	11/20/2023	3,000	12,348
Internexa	COP	12/5/2023	25,000,000	25,000

In 2023, none of ISA companies stopped making decisions because of ISA's or Ecopetrol's benefit or because of ISA's or Ecopetrol's influence. The decisions were made in the best interest of each of the companies that make up the business group.



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Statutory Auditor's Report

To the Shareholders meeting of:
Interconexión Eléctrica S.A. E.S.P.

Opinion

I have audited the accompanying financial statements of Interconexión Eléctrica S.A. E.S.P., which comprise the statement of financial position as of December 31, 2023, and the related statements of income, of comprehensive income, of changes in Shareholders' equity and of cash flows for the year then ended, and the summary of significant accounting policies and other explanatory notes.

In my opinion, the accompanying financial statements, taken from the accounting records, present fairly, in all material respects, the Company's financial position as of December 31, 2023, the results of its operations and the cash flows for the year then ended, in accordance with the Accounting and Financial Information Standards accepted in Colombia adopted by the National Accounting Office (Contaduría General de la Nación).

Basis of Opinion

I have carried out my audit in accordance with International Auditing Standards accepted in Colombia. My responsibilities in compliance with such standards are described in the section Auditor's Responsibilities in the Audit of the Financial Statements of this report. I am independent from the Company, and in accordance with the Code of Ethics Manual for accounting professionals, together with the ethical requirements relevant for my audit of financial statements in Colombia, and I have complied with all other applicable ethical responsibilities. I consider that the audit evidence obtained is enough and appropriate to base my opinion.

Emphasis of Matter

As described in Note 12 to the financial statements, Companhia de Transmissão de Energia Elétrica Paulista (CTEEP), a subsidiary of Interconexión Eléctrica S.A. E.S.P. through ISA Capital do Brasil, has accounts receivable from the State of Sao Paulo (Brazil) of \$1.872.070 million of Colombian pesos. This accounts receivable relates to the impacts of Law 4.819 of 1958, which granted to employees of companies while under the control of the State of Sao Paulo, benefits that had already been granted to other public servants. CTEEP has undertaken legal actions against the State to collect these accounts receivable. The accompanying financial statements do not include adjustments that could result from the outcome of this uncertainty. My opinion is not modified in respect of this matter.

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Key audit matters are those matters that, according to my professional judgment, were most significant in my audit of the accompanying financial statements. These matters were included in the context of my audit of the financial statements taken as a whole, and at the time of justifying the related opinion, but not for providing an independent opinion on these matters. Based on the foregoing, I detail below how each key matter was treated during my audit.

I have fulfilled my responsibilities as described in the Auditor's Responsibilities for the Audit of Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performing of procedures designed to manage the risks of material misstatement assessed in the financial statements. The results of my audit procedures, including those procedures performed to deal with the matters referred to below, provide the basis for my audit opinion on the accompanying financial statements.

Account Receivable for Complementary Retirement Plan Governed by Law 4.819/58 (CTEEP Brazil)

Description of the Key Audit Matter

As indicated in Note 12 to the financial statements, ISA CTEEP has an account receivable from the Government of the State of São Paulo for labor benefits regulated by Law 4,819 of 1958, which ordered the creation of a State Social Assistance Fund for employees admitted until May 1974 and granted to employees of companies under the control of the State of São Paulo, benefits already granted to other public servants. CTEEP has undertaken legal actions against the respective state authorities, to collect these accounts receivable since, in the opinion of the Company and its external legal advisors, all expenses derived from State Law 4,819 of 1958 and its respective regulations are full responsibility of the Ministry of Finance of the State of São Paulo (SEFAZ-SP). As of December 31, 2023, accounts receivable present a net balance of \$1.872.070 million of Colombian pesos.

The recognition of the receivable and its recoverability analysis required the use of significant judgments, for the execution of audit procedures to evaluate the reasonableness of the amount of the account receivable recorded, as well as the provision for expected losses based on the estimate of probability of success determined by the Company and its advisors, including the need to involve internal litigation and dispute specialists to evaluate and analyze the opinion of the Company's legal counsel. Therefore, I have considered this area as a key audit matter.

Audit Response

The audit procedures included: (i) evaluation and analysis of the provision constituted on the account receivable, which included the review of the assumptions used to determine the reasonableness of the amount recorded and the correct valuation of the long-term receivable; (ii) confirmation procedures of the legal counsels involved in the process at the cut-off date of the financial statements and analysis of the qualification made on the litigation; (iii) analysis of the reasonableness of the probability of success of the process, with the support of internal specialists in litigation and controversies, as well as the analysis of the legal opinion issued by the legal counsels involved; (iv) analytical procedures for the changes and correlations in accounting items, to identify possible unforeseen distortions in the expectations of the balances recorded.



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As well as the adequate conversion of the balance of their foreign currency to the presentation currency of the financial statements; (v) review of subsequent event procedures during January and February 2024 with respect to the balance of assets at closing date, through review of recorded items and legal opinion of legal counsels; and (vi) the evaluation of disclosures made by the Company and its subordinate in the individual and consolidated financial statements.

Recognition and Valuation of Contractual Assets (CTEEP Brazil)

Description of the Key Audit Matter

As indicated in Notes 5 and 12 of the financial statements, ISA CTEEP, a subordinate of Interconexión Eléctrica S.A. E.S.P. through ISA Capital do Brasil, evaluates the moment of recognition of concession assets according to the economic characteristics of each of the contracts. The contract asset arises to the extent that the concessionaire complies with the obligation to build and implement the transmission infrastructure, recognizing the revenues throughout the life of the project with the receipt of cash flow conditioned on the satisfaction of the performance obligation of operation and maintenance.

The value of the contract assets of ISA and its companies is measured by the present value of future cash flows that will be received for the annual allowable remuneration. The future cash flow is established in the contract at the beginning of the concession or in its extension, and the premises of its measurement are adjusted in the Periodic Tariff Revision (RTP). Cash flows are defined from the remuneration scheme established in the contract, which is the consideration that ISA and its companies receive for the provision of the public transmission service to users.

The contract asset is recorded offsetting infrastructure revenue, which is recognized in proportion to the expenses incurred, with an estimated construction profit margin based on total construction expense budgets. The portion of the compensable contractual good, existing in some contract modalities, is identified when the implementation of the infrastructure is completed. As of December 31, 2023, the balance of concession assets in the financial statements amounts to \$20,563,719 million of Colombian pesos.

The recognition of contract assets and the Company's income in accordance with CPC 47 - Client Contract Revenue (IFRS15 - Revenue from Ordinary Activities from Client Contracts) required the exercise of significant judgments for determining the time the client gains control of the asset; in the estimation of the efforts or contributions necessary to comply with the performance obligation, such as materials and labor, expected profit margins in each identified performance obligation and expected income projections and in the identification of the discount rate that represents the financial component incorporated in the future receipt flow when dealing with a long-term contract. Due to the relevance of the amounts and the significant judgment involved, we consider measuring customer contract revenue is a key audit matter.



Audit Response

The audit procedures included, (i) analysis of the concession contract and its modifications to identify the performance obligations foreseen in the contract, in addition to the aspects related to the variable components, applicable to the contract price; (ii) evaluation of the margin determination in the projects under construction, related to the new concession contracts, and to the projects of reinforcements and improvements of the existing electric transmission facilities, evaluating the methodology and assumptions adopted by the Company, to estimate the total cost of construction, and the present value of the future collection flows, minus the implied interest rate represented by the financial component incorporated in the collection flows; (iii) with the assistance of specialists in financial valuation, methodology analysis and calculations to determine such implied discount rate; (iv) analysis of the framework of the infrastructure already built under the concept of contractual assets, including the concession asset of Law No. 12,783 (RBSE); (v) analysis of the allocation of income to each of the performance obligations present in the concession contracts and analysis of the possible existence of an onerous contract; (vi) analytical procedures of the items of contractual assets, revenues and costs, between the years 2022 and 2023; (vii) Inspection of the technical notes and public consultations issued by the regulatory entity, recalculation of the present value of the contractual flow of the concession assets, based on the new annual income allowed (RAP) and verification of rejections and remuneration bases of the project; (viii) analysis of communications with regulatory bodies related to electricity transmission activity and the securities market; (ix) documental inspection through sampling of the additions made to the projects as of December 31, 2023; and (x) the evaluation of disclosures made by the Company and its subordinates in the individual and consolidated financial statements.

Measurement of Financial Assets for Road Concessions

Description of the Key Audit Matter

As indicated in Notes 5 and 12, the concessionaire companies in Chile, Ruta del Maipo, Ruta del LOA, Ruta de la Araucanía, Ruta de los Ríos, Ruta del Bosque and Ruta del Maule, are part of concession agreements that are within the scope of interpretation IFRIC 12 - Service Concession Arrangements, because they have their total income guaranteed according to the Revenues Distribution Mechanism (MDI) which sets - at present value - the total income during the concession periods. In addition, some of the companies have Guaranteed Minimum Revenues (IMG), which ensures a minimum income during each year and subsidies, which are part of the unconditional rights to receive cash as part of the consideration for construction services under concession contracts. Likewise, the company Concesión Costera Cartagena Barranquilla S.A.S. is part of a concession agreement under the financial asset model for investment in construction (construction services). The concession receives revenues from different sources of remuneration such as: contributions from the grantor, collection of tolls and income from commercial exploitation. As part of the agreement, there are certain revenue guarantees that represent an unconditional contractual right to receive cash or other financial assets for the construction services provided. Contractually guaranteed payment is a specific and determinable amount. As of December 31, 2023, the balance of road concession assets in the financial statements amounts to \$9,814,135 million of Colombian pesos.



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The recognition of assets in accordance with the scope defined by IFRIC 12 required the use of significant judgments for the execution of audit procedures to evaluate the reasonableness of the estimate and assumptions such as traffic studies, projections of operating and maintenance costs and Internal Rate of Return used by Management to determine the amount of the concession financial asset at the cut-off date. Therefore, I have considered this area as a key audit matter.

Audit Response

The audit procedures included: (i) evaluation of the assumptions and projections used by the companies for the calculation of the Internal Rate of Return, through the review and analysis of traffic projections and operating costs and maintenance determined by the specialists hired by Management, as well as the recalculation of the Internal Rate of Return; (ii) documentary review of operating costs affecting recognition of ordinary revenue; payments for pre-existing infrastructure; payments received from the grantor; and journal entries in financial assets and financial income accounts; (iii) documentary review through sampling of concession collection billing and confirmation of balances as of December 31; (iv) analytical review procedures of the correlation between Financial Assets by IFRIC 12 and the associated income statements; (v) analysis of the possible existence of changes in contracts; and (vi) the evaluation of disclosures made by the Company and its subordinates in the individual and consolidated financial statements.

Responsibilities of Management and of the Parties Responsible for the Entity's Governance Regarding the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting and Financial Information Standards accepted in Colombia (NCIF) adopted by the National Accounting Office (Contaduría General de la Nación); of designing, implementing and maintaining the internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements whether due to fraud or error; of selecting and applying appropriate accounting policies; and of establishing accounting estimates that are reasonable in the circumstances.

Upon preparing the financial statements, Management is responsible for evaluating the entity's capacity to continue as a going concern, disclosing, as appropriate, the matters related with this issue and using the accounting base of the going concern, unless Management has the intention to liquidate the Company or to cease its operations, or does not have any realistic alternative other than doing so.

The parties responsible for the entity's governance are responsible for the supervision of the Company's financial information process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain a reasonable assurance on whether the financial statements taken as a whole are free from material errors, either due to fraud or due to error, and issue a report that includes my opinion. The reasonable assurance is a high level of assurance but does not guarantee that an audit performed in accordance with the International Auditing Standards accepted in Colombia will always detect a material misstatement, if any.



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Misstatements could arise due to fraud or error and are considered material if, individually or accumulated, it could be expected that reasonably exercise influence on the economic decisions that users make based on the financial statements.

As part of an audit in accordance with International Auditing Standards accepted in Colombia, I should exercise my professional judgment and maintain my professional skepticism along the audit, in addition to:

- Identify and evaluate the risks of material misstatement in the financial statements, either due to fraud or due to error, design and execute audit procedures that respond to those risks and obtain audit evidence enough and appropriate to base my opinion. The risk of not detecting a material misstatement due to fraud or error is higher than that resulting from an error, since the fraud could involve collusion, falsification, intentional omissions, and false declarations or surpass of the internal control system.
- Obtain an understanding of the internal control relevant for the audit, to design audit procedures that are appropriate in the circumstances.
- Evaluate the accounting policies used, the reasonableness of the accounting estimates and the respective disclosures made by Management.
- Conclude on whether it is appropriate that Management uses the accounting base of going concern and, based on the audit evidence obtained, if there is material uncertainty related with events or conditions that could generate significant doubts on the capacity of the Company to continue as a going concern. If I conclude that a significant uncertainty exists, I should draw the attention in the auditor's report on the new related disclosures, included in the financial statements or, if such disclosures are inadequate, change my opinion. The auditor's conclusions are based on the audit evidence obtained up to the date of my report; however, subsequent events or conditions could make that an entity may not continue as a going concern.
- Evaluate the general presentation, the structure, the content of the financial statements, including the disclosures, and if the financial statements represent the transactions and underlying events in order that, a reasonable presentation is achieved.

I communicated to the parties responsible for the entity's governance, among other matters, the scope planned and the time of the performance of the audit, the significant findings thereof, as well as any significant deficiency of internal control identified during the audit.

I also provided to those responsible for the governance of the Company a statement that I have complied with the applicable ethical requirements in relation to independence and communicated all relationships and other matters that could reasonably be expected to affect my independence, and, where appropriate, the corresponding safeguards.

As part of the matters that have been subject to communication with those in charge of the Company's governance, I indicated those that have been of the greatest significance in the audit of the current period's financial statements and that are, consequently, key audit matters.



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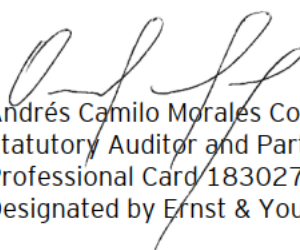
I described those matters in my audit report unless legal or regulatory provisions either forbid public disclosure about the matter or, in extremely unusual circumstances, it is determined that a matter should not be communicated in my report as it can reasonably be expected that the adverse consequences of doing so would overcome the public interest benefits of doing so.

Other Issues

The separate financial statements under Accounting and Financial Information Standards accepted in Colombia (NCIF), adopted by the National Accounting Office (Contaduría General de la Nación), of Interconexión Eléctrica S.A. E.S.P. as of December 31, 2022, which are part of the comparative information of the attached financial statements, were audited by me, in accordance with International Auditing Standards accepted in Colombia, on which I expressed my unqualified opinion on February 28, 2023.

Other Legal and Regulatory Requirements.

Based on the scope of my audit, I am not aware of situations indicating that the Company has not complied with the following obligations: 1) keep the minute books, the shareholders' register and the accounting records according to the legal accounting technique; 2) carry out its operations in accordance with the by-laws and the decisions of the Shareholders' and the Board of Directors' meetings, 3) the information contained in the integrated social contribution settlement forms, and in particular that related to the affiliates, and that corresponding to their contribution base income, has been taken from the accounting records and supports as of December 31, 2023, likewise, as of the aforementioned date, the Company has no pending contributions to the Comprehensive Social Security System; and; 4) retain correspondence and accounting vouchers; 5) Count on the existence and functioning of the financial risk department and the risk management and mechanisms for its administration, as well as the Comprehensive System for the Prevention of Money Laundering and the Financing of Terrorism (SIPLA); and 6) in addition, there is agreement between the accompanying financial statements and the accounting information included in the management report prepared by the Company's management, which includes management's representation on the free circulation of invoices with endorsement issued by vendors or suppliers. In accordance with the requirements of Article 1.2.1.2 Decree 2420 2015, I issued a separate report on February 22, 2024.


Andrés Camilo Morales Cortés
Statutory Auditor and Partner in Charge
Professional Card 183027 -T
Designated by Ernst & Young Audit S.A.S. TR-530

Medellín, Colombia
February 22, 2024