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.

DocuSigned by:
1B38F81FD4604FC...

Gabriel Jaime Melguizo Posada
Interim CEO
(See attached certification)

DocuSigned by:
2DE4649A889C40C...

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**

Continue ▼

	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.

DocuSigned by:
1B38F81FD4604FC...

Gabriel Jaime Melguizo Posada
Interim CEO
(See attached certification)

DocuSigned by:
2DE4649A889C40C...

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.

			Reserves							
	Subscribed and paid-in capital	Premium for placement of shares	Legal reserve	Tax regulation reserve	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.

DocuSigned by:
1B38F81FD4604FC...

Gabriel Jaime Melguizo Posada
Interim CEO
(See attached certification)

DocuSigned by:
2DE4649A889C40C...

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**

Continue ▼

		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.

DocuSigned by:
1B38F81FD4604FC...

Gabriel Jaime Melguizo Posada
Interim CEO
(See attached certification)

DocuSigned by:
2DE4649A889C40C...

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.

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 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 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:

		%		$		%
Expected loss	=	Probability of Default	×	Exposed balance	×	Loss given default

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 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 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. Electrificadora 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 Transnexa 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

Continue ▼

	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
Consorcio 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

Continue ▼

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
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
Consorcio 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
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 INTERNEXA, 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 Nominal value	2023 Amortized cost value	2022 Nominal value	2022 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

Continue ▼

	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 Nominal value	2023 Amortized cost value	2022 Nominal value	2022 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**

	2023	2022
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		
Rate	Balance in COP	Share (%)
AAA	617,640	100

Surplus liquidity by international rating		
Rate	Balance in COP	Share (%)
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:

	2023			2022		
	Carrying value	Fair value		Carrying value	Fair value	
		Level I	Level II		Level I	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**

Continue ▼

	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 percent (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)

Continue ▼

	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 Mirolindo 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.

Type of guarantee	Beneficiary	Purpose		Balance of guarantee in original currency	Balance in COP million	End date
		GUARANTEES				
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, Carrieles 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 Sharehol-ders' Meeting	Results 2022	24/03/2023	170,000,000	169,997,741	169,998
ISA INTERCOLOM-BIA	COP	General Shareholders' Meeting	Results 2022	03/28/2023	42,732,786	42,731,616	42,732
ISA BOLIVIA	BOB	Ordinary General Sha-reholders' Meeting	Results 2022	03/22/2023	15,410	7,859	5,425
SISTEMAS INTELI-GENTES EN RED	COP	Ordinary General Sha-reholders' Meeting	Results 2022	03/27/2023	1,271,830	190,775	191
EMPRESA PROPIE-TARIA DE LA RED (EPR)	USD	Ordinary Sharehol-ders' Meeting	Results 2022	04/13/2023	4,156	462	1,988
ISA Inversiones Chile Vías SpA	CLP	Extraordinary Share-holders' 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 Share-holders' 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.

Building a better working world

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.

Ernst & Young Audit S.A.S.
Bogotá D.C.
Carrera 11 No 98 - 07
Edificio Pijao Green Office
Tercer Piso
Tel. +57 (601) 484 7000

Ernst & Young Audit S.A.S.
Medellín – Antioquia
Carrera 43A No. 3 Sur-130
Edificio Milla de Oro
Torre 1 – Piso 14
Tel: +57 (604) 369 8400

Ernst & Young Audit S.A.S.
Cali – Valle del Cauca
Avenida 4 Norte No. 6N – 61
Edificio Siglo XXI
Oficina 502
Tel: +57 (602) 485 6280

Ernst & Young Audit S.A.S.
Barranquilla - Atlántico
Calle 77B No 59 – 61
Edificio Centro Empresarial
Las Américas II Oficina 311
Tel: +57 (605) 385 2201

Building a better working world

Key Audit Matters

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.

Building a better working world

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.

Building a better working world

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 concessioned 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.

Building a better working world

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.

Building a better working world

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 elated 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.

Building a better working world

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