

*This report was prepared on the basis of the financial statements of Construcciones El Cóndor S.A., according to the International Financial Reporting Standards (IFRS) and the respective interpretations (CINIIF) published by the International Accounting Standards Board (IASB).*

## **Executive Summary**

### **Major milestones for Q4 2022**

For the seventh year in a row, the IR Committee of the Colombian Stock Exchange (or BVC), approved granting the Issuer Recognition IR, which will be valid for one year as of October 18, 2022, the date in which the committee met. This recognition is granted to companies that voluntarily adopt better disclosure standards, seeking to strengthen their relations with investors. This places Construcciones el Cóndor as a leader in good practices, focused on ensuring that its investors and other stakeholders are aware in a transparent fashion of the financial status of the Company as well as every situation that must be duly disclosed to the market.

During the quarter, approval was received from the Financial Superintendence of Colombia for the renewal and extension of the public offering terms for bonds and/or commercial papers issued under the Program for the Issuance and Placement of Ordinary Bonds and Commercial Papers in the secondary market, for five (5) additional years. It is worth underscoring that the Company currently has no active issues or bonds outstanding, and hence, does not require a credit rating.

On December 21, 2022, IDEA (Instituto para el Desarrollo de Antioquia) obtained a working capital liquidity line for COP \$50 billion, which was made effective in two disbursements: COP 30 billion this year and COP \$20 billion disbursed in January 2023, for the access roads to the Guillermo Gaviria Echeverry Tunnel project – Tunnel of Toyo – sector 01. The above, was framed in highly effective progress of the works, which were completed in September, with the budgetary validity of INVIAS for this contract in the year 2022. The source of payment of this liquidity line corresponds to the invoicing of the foregoing project and the repayment term is three (3) months after the first disbursement, with the chance of extending it.

As mentioned in the previous teleconference, concessions in Colombia, in compliance with IFRIC 12 of Service Concessions Agreements, must recognize in income 100% of the financial expense generated by the indebtedness after each functional unit is delivered. For a significant period of time, the revenue generated by concessions is not sufficient to cover this expense, so each concession results in net losses. This effect is known financially as the 'liquidity trap', which affects all long-term investment projects. This does not mean that concessions fail to meet their profitability margins, but rather that given the nature of "project finance", this profitability is built financially throughout the life of the agreement. Construcciones el Cóndor incorporates in its financial statements by the equity method the results of the concessions, that is to say, the accounting losses of its participations in the concessions; this generates accounting effects but has not impact on the Company's cash. Consequently, the report will show the adjusted figures without this effect, in order to reflect the operational reality of the Company.

### Performance of the Infrastructure Sector

According to market analysts, Colombia's annual GDP growth was 7.5%.

This last quarter featured the expected slowdown as a stabilization effect following the recovery from the COVID-19 crisis. As to the performance of the construction sector, it is worth noting the quarterly increase of the highway segment within the IPOC (civil works indicator), which was +2.8% for roads, streets, railways and runways, bridges, elevated highways and tunnels.

### Separate Accumulated Reports as of December 2022

#### ■ Income Statement

*Operating results are expressed according to the IFRS, and the comparison is made for the periods of January - September 2022 against January - September 2021, as provided by IAS – 1 and IAS – 34.*

- Revenue from ordinary activities totaled \$876.741 million, up 55% compared with 2021. This increase reflects the rising curve in the execution of the following works: EPC with Concesiones Autopista Rio Magdalena, Ruta al Mar and Pacífico Tres, public work El Toyo and Putumayo with Invias and the standardization agreement with Concesión Ruta al Sur. The Company exceed the invoice of 2021 reported by \$566.393 million.
- Operating costs were \$790.243 million, up 50% compared to the same period in 2021. Gross profit was \$86.497 million, equivalent to a gross margin of 10%, which is higher than the gross margin displayed in 2021, while new projects gain relevance in revenues over the EPC of 4G. Administrative expenses reached 3.89% of revenue.
- Operating profit climbed to \$57.509 million, with an operating margin of 6.56%. The EBITDA reached \$128.705 million, equivalent to an EBITDA margin of 14.68%, higher than the EBITDA margin of 2021 of 12.50%.
- Expense for interests increased 72.44% compared with 2021. From this figure, 54.30% is due to higher interest rates while 18.13% is explained by the Company's increased indebtedness.
- The results recognized through the equity method, and the net difference in the rate of other exchanges did not produce a net result of (\$69.762) million. These items present accounting effects but have no impact whatsoever on the cash position of the Company. If this effect is discounted, net profit is \$(14.164) million and net margin is -1.62%.

This effect has been seen and will continue to be seen for several periods until the concessions begin to show accounting profits, which is the normal performance for concessions due to the nature of Project Finance.

## ■ Financial Situation Statement

*The figures in the financial situation statement are expressed according to the IFRS and the comparison is made between the months of September 2022 and December 2021, as provided by IAS 1 and IAS 34.*

- Total assets were \$2.45 billion which, according to the book value of our investment portfolio, is \$1 billion. The ratio of current and non-current assets is 61% and 39%, respectively.
- Cash and cash equivalent climbed to \$53.607 million, up 127% compared with December 2021. This increased cash is due to the liquidity events that the Company has been managing.
- Liabilities closed at \$1.47 billion, with current liabilities at 86% and non-current at 14%. Current liabilities increased due to the expiration of the structured loan that takes place in less than one year. This does not create a negative effect on the liquidity of the Company and Concesión Pacífico 3 was rated as an asset kept for sale and a source of payment for the structured loan.
- The indebtedness of the Company increased compared to the end of December 2021, reaching 8.94% due to the need for working capital for new projects. As of the end of December, the debt was distributed as follows (figures in millions of pesos): Debt with a source of payment of revenue related to the investments portfolio of \$435.935, working capital debt in construction of \$296.826, leasing of machinery and equipment of \$96.582, and financial obligations and leasing of joint operations of \$43.427.
- The equity of Construcciones El Cóndor S.A. closed at \$1 billion pesos.
- The current ratio of the Company was 1.20x, slightly decreasing compared to December 2021, which displayed 1.38x.

## Consolidated Accumulated Reports as of December 2022

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*Operating results are expressed under IFRS and the comparison is made for the periods of January-September 2022 against January - September 2021, as provided in IAS – 1 and IAS – 34.*

## ■ Income Statement

- Revenue from ordinary activities totaled \$900.344 million, up 54.41% compared to 2021. Operating profits climbed to \$58.934 million, equivalent to an operating margin of 6.55%.

Consolidated results did not display significant changes compared to the separate income statement.

## ■ Financial Situation Statement

*Figures on the financial situation statement are expressed according to IFRS and the comparison is made between the months of September 2022 and December 2021, as provided in IAS – 1 and IAS – 34.*

- Total assets were \$2.42 billion – 61% are current assets and 39% are non-current.
- Total liabilities were \$1.47 billion. The consolidated financial indebtedness for 2022 corresponds to the same indebtedness of the separate financial statements.
- The equity attributable to the controllers was \$1 billion pesos.

## Backlog

As of December 2022, the Backlog, defined as the balance of works that have been contracted for and pending execution, was \$2.939.171 million, according to the following calculation:

<b>BACKLOG</b>	<b>As of September 2022</b>
Backlog (Q3 2022)	2.991.199
Cancellation or termination of agreements	0
Backlog adjustments	220.498
Services provided	(272.526)
New agreements	0
<b>Total Backlog</b>	<b>2,939,171</b>

*Figures in millions of Colombian Pesos*

Construcciones El Cóndor S.A. invites you to the teleconference of results held on **Monday, March 13, 2023, at 2:00 PM COT.** Instructions to join the teleconference will be published on: [www.elcondor.com](http://www.elcondor.com)