

*This report was prepared based on the financial statements of Construcciones El Condor S.A., prepared in accordance with International Financial Reporting Standards (IFRS) and their corresponding interpretations (IFRIC) issued by the International Accounting Standards Board (IASB).*

## **Executive summary**

### **Second quarter 2023 milestones**

In June, Construcciones el Condor entered into a medium-term non-revolving Credit Agreement with Bancolombia S.A., for an amount of up to COP \$62,000,000,000, with the following characteristics: (i) exclusive use for the payment of suppliers, (ii) 4-year term, (iii) amortization of principal in 4 years, including a 1-year grace period.

On June 30, Construcciones el Condor entered into a Comprehensive Amendment to the Credit Agreement with Bancolombia S.A. and Davivienda. The purpose of this Comprehensive Amendment to the Credit Agreement is: (1) the capitalization of interest accrued, increasing the initial principal of the loan; (2) the extension of the maturity date set forth in the initial Credit Agreement to May 20, 2024.

The above points are part of the debt reprofiling plan that the Company is carrying out in order to improve its liquidity, strengthening its relationships with financiers, customers and suppliers.

## **Behavior of the infrastructure sector**

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Financial market analysts believe that a new contraction of economic activity could come in June (-0.6%), which is in line with a contraction of GDP in the second quarter of 2023 of 0.2% and a GDP growth for the year 2023 close to 1.1%.

To date, DANE has not released economic growth information for the second quarter of 2023. This information will be presented in our earnings conference call.

## **Reports - Accumulated Separate as of June 2023**

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### **Income statement**

*The operating results are expressed under IFRS and their comparison is made for the periods January - September 2022 versus January - September 2021 in accordance with the provisions of IAS - 1 and IAS - 34.*

- Revenues from ordinary activities totaled COP\$432,903 million, increasing 23% with respect to 2022, equivalent to an additional COP\$81,423 million pesos. The increase reflects the upward curve in the execution of the following works: EPC with Concesiones Autopista Rio Magdalena, public works El Toyo and Putumayo with Invias.
- Operating costs were COP\$445,085 million, increasing 47% with respect to the second quarter of 2022. There is a gross loss of COP(\$12,181) million, equivalent to a gross margin of -2.81%. This negative result in the year 2023 is mainly due to the losses contributed in the closing of the execution of the works of the following fourth generation (4G) projects; such as Consorcio Farallones, Pacifico 3, Ruta al Mar and Consorcio Aburra Norte. The company expects to reverse this trend with the start of the execution of San Agustín Zona Norte and Zona Sur, and the start of massive placement of asphalt mix in the Magdalena 2 project. Administrative expenses amounted to 3.95% of revenues, and grew by 12% with respect to the previous year, in line with the accumulated inflation of this year.
- There was an operating loss of COP\$20,508 million with a negative operating margin of -4.74%. EBITDA reached COP\$8.7 million equivalent to an EBITDA margin of 2.02%, decreasing with respect to the EBITDA margin of the second quarter of 2022 which was 18.98%.
- Interest expense increased 121.21% with respect to the second quarter of 2022; of this effect, 103.64% corresponds to the increase in interest rates, this being the main variable generating the net loss. The company expects that the evolution of inflation will allow interest rates to decrease in the medium term.

- The results recognized by the equity method generated a negative result of COP(\$-21,954) million. These items have accounting effects but do not have an impact on the Company's cash flow. Considering the above, the net result of the company was COP(-79,636), if this effect is discounted, the net result would change to COP(\$-57,682) million and the net margin would be -13.32%.

## ■ Statement of financial position

*The figures in the statement of financial position are expressed under IFRS and their comparison is made between September 2022 and December 2021, in accordance with the provisions of IAS 1 and IAS 34.*

- Total assets total COP\$2.45 trillion, of which our investment portfolio at book value is \$1 trillion. The ratio of current and non-current assets to total assets is 61% and 39%, respectively.
- Cash and cash equivalents amounted to COP\$47,416 million, liquidity increased in the second quarter of 2023 compared to the first quarter, due to the disbursement of the loan from Bancolombia for \$62,000 million and the advance received by INVIAS for \$40,000 million, for the Toyo project.
- Liabilities closed at COP\$1.54 trillion, where current liabilities represent 84% and non-current liabilities 17%. The high proportion of current liabilities over total liabilities is due to the maturity of the structured credit of the investment business, which is less than one year (May 2024); however, its source of payment is the sale of the participation in the Pacifico 3 Concession, which was classified as an asset held for sale.
- The Company's indebtedness increased with respect to the end of the second quarter of 2022 by 5.02%. At the end of June the debt was distributed as follows (figures in millions of pesos): debt that has as a source of payment the income related to the Investment Portfolio COP\$450,888, working capital debt in construction COP\$303,474, leasing of machinery and equipment COP\$99,718 and financial obligations and leasing of joint operations COP\$24,597 and other non-bank liabilities for COP\$37,898.
- The equity of Construcciones El Condor S.A. closed at COP\$912,937 million pesos.
- The Company's current ratio was 0.74x, decreasing with respect to the second quarter of 2022 whose indicator was 0.76x.

*The operating results are expressed under IFRS and their comparison is made for the periods January - September 2022 versus January - September 2021 in accordance with the provisions of IAS - 1 and IAS - 34.*

#### ■ Income statement

- Revenues from ordinary activities totaled COP\$450,011 million, increasing 27% with respect to the second quarter of 2022. It presents an operating loss of COP-\$9,436 million, equivalent to a negative operating margin of -4.35%.

The consolidated results do not present significant variations with respect to the separate income statement.

#### ■ Statement of financial position

*The figures in the statement of financial position are expressed under IFRS and their comparison is made between September 2022 and December 2021 in accordance with the provisions of IAS - 1 and IAS - 34.*

- Total assets amounted to COP\$2.5 trillion, of which 61% are current assets and 39% are non-current assets.
- Total liabilities amounted to COP\$1.47 billion. The consolidated financial indebtedness for the first quarter of the year 2023 corresponds to the same indebtedness of the separate financial statements.
- Equity attributable to controllers was COP\$9 billion pesos.

#### Backlog

As of June 30, 2023, the Backlog, understood as the balance of works contracted and to be executed, was COP\$2,576,020 million, according to the following calculation:

<b>BACKLOG</b>	<b>As of June 30, 2023</b>
Backlog (1Q 2023)	2.780.550
Cancellation or Termination of Contracts	0
Backlog Adjustments	0
Provision of Services	(204.530)
New Contracts (Marmato)	0
<b>Total Backlog</b>	<b>2.576.020</b>

*Amounts in millions of pesos*