UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(MARK ONE)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2020

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number: 001-35436

TECNOGLASS INC.
(Exact Name of Registrant as Specified in Its Charter)

Cayman Islands (State or other jurisdiction of incorporation or organization)	**98-1271120** (I.R.S. Employer Identification No.)

Avenida Circunvalar a 100 mts de la Via 40, Barrio Las Flores Barranquilla, Colombia
(Address of principal executive offices)

(57)(5) 3734000
(Issuer's telephone number)

N/A
(Former name, former address and former fiscal year, if changed since last report):

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Ordinary Shares	TGLS	The NASDAQ Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirement for the past 90 days.

Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes [X] No [ ]

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definition of "large accelerated filer", "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.:

Large accelerated filer [ ]	Accelerated filer [X]
Non-accelerated filer [ ]	Smaller reporting company [X]
	Emerging growth company [ ]

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes [ ] No [X]

As of October 31, 2020, there were **47,674,773** ordinary shares, $0.0001 par value per share, outstanding.

TECNOGLASS INC.

FORM 10-Q FOR THE PERIOD ENDED SEPTEMBER 30, 2020

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

Tecnoglass Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(In thousands, except share and per share data)
(Unaudited)

	September 30, 2020	December 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	$ 69,431	$ 47,862
Investments	1,684	2,304
Trade accounts receivable, net	87,794	110,558
Due from related parties	8,667	8,057
Inventories	73,763	82,714
Contract assets – current portion	28,416	42,014
Other current assets	12,171	29,340
Total current assets	**$ 281,926**	**$ 322,849**
Long-term assets:		
Property, plant and equipment, net	$ 134,643	$ 154,609
Deferred income taxes	11,681	4,595
Contract assets – non-current	7,814	7,059
Due from related parties - long term	726	1,786
Long-term trade accounts receivable	1,101	-
Intangible assets	5,323	6,703
Goodwill	23,561	23,561
Long-term investments	46,385	45,596
Other long-term assets	2,914	2,910
Total long-term assets	**234,148**	**246,819**
Total assets	**$ 516,074**	**$ 569,668**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term debt and current portion of long-term debt	$ 174	$ 16,084
Trade accounts payable and accrued expenses	46,605	61,878
Accrued interest expense	2,911	7,645
Due to related parties	4,056	4,415
Dividends payable	1,309	67
Contract liability – current portion	18,381	12,459
Due to equity partners	10,900	10,900
Other current liabilities	14,355	15,563
Total current liabilities	**$ 98,691**	**$ 129,011**
Long-term liabilities:		
Deferred income taxes	$ 447	$ 411
Long-term payable associated to GM&P acquisition	-	8,500
Long-term liabilities from related parties	639	622
Contract liability – non-current	883	187
Long-term debt	246,206	243,727
Total long-term liabilities	**248,175**	**253,447**
Total liabilities	**$ 346,866**	**$ 382,458**
SHAREHOLDERS' EQUITY		
Preferred shares, $0.0001 par value, 1,000,000 shares authorized, 0 shares issued and outstanding at September 30, 2020 and December 31, 2019 respectively	$ -	$ -
Ordinary shares, $0.0001 par value, 100,000,000 shares authorized, 47,117,631 and 46,117,631 shares issued and outstanding at September 30, 2020 and December 31, 2019, respectively	5	5
Legal Reserves	2,273	1,367
Additional paid-in capital	208,390	208,283
Retained earnings	17,181	16,213
Accumulated other comprehensive (loss)	(59,150)	(39,264)
Shareholders' equity attributable to controlling interest	**168,699**	**186,604**
Shareholders' equity attributable to non-controlling interest	**509**	**606**
Total shareholders' equity	**169,208**	**187,210**
Total liabilities and shareholders' equity	**$ 516,074**	**$ 569,668**

The accompanying notes are an integral part of these condensed consolidated financial statements.

Tecnoglass Inc. and Subsidiaries
Condensed Consolidated Statements of Operations and Other Comprehensive Income
(In thousands, except share and per share data)
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2020	**2019**	**2020**	**2019**
Operating revenues:				
External customers	$ 102,980	$ 106,741	$ 270,676	$ 323,808
Related parties	329	1,729	1,873	5,713
Total operating revenues	103,309	108,470	272,549	329,521
Cost of sales	63,188	72,729	170,205	223,051
Gross profit	**40,121**	**35,741**	**102,344**	**106,470**
Operating expenses:				
Selling expense	(10,534)	(11,334)	(29,163)	(32,115)
General and administrative expenses	(9,381)	(8,855)	(24,601)	(26,303)
Total operating expenses	(19,915)	(20,189)	(53,764)	(58,418)
Operating income	**20,206**	**15,552**	**48,580**	**48,052**
Non-operating income (expenses), net	(138)	450	(232)	1,078
Equity method (loss) income	695	295	789	273
Foreign currency transactions gains(losses)	(3,066)	(12,006)	(22,223)	(9,921)
Interest expense and deferred cost of financing	(6,147)	(5,876)	(17,236)	(17,220)
Income (Loss) before taxes	11,550	(1,585)	9,678	22,262
Income tax provision	(3,279)	266	(4,021)	(8,590)
Net income (loss)	**$ 8,271**	**$ (1,319)**	**$ 5,657**	**$ 13,672**
Loss (Income) attributable to non-controlling interest	52	144	97	(30)
Income (Loss) attributable to parent	**$ 8,323**	**$ (1,175)**	**$ 5,754**	**$ 13,642**
Comprehensive income:				
Net income (loss)	$ 8,271	$ (1,319)	$ 5,657	$ 13,672
Foreign currency translation adjustments	(4,024)	(8,486)	(18,945)	(8,768)
Change in fair value derivative contracts	506	(941)	(941)	(941)
Total comprehensive income (loss)	**$ 4,753**	**$ (10,746)**	**$ (14,229)**	**$ 3,963**
Comprehensive loss (income) attributable to non-controlling interest	52	144	97	(30)
Total comprehensive income (loss) attributable to parent	**$ 4,805**	**$ (10,602)**	**$ (14,132)**	**$ 3,933**
Basic income (loss) per share	$ 0.18	$ (0.03)	$ 0.12	$ 0.31
Diluted income (loss) per share	$ 0.18	$ (0.03)	$ 0.12	$ 0.31
Basic weighted average common shares outstanding	46,117,631	46,291,032	46,117,631	44,395,504
Diluted weighted average common shares outstanding	46,117,631	46,291,032	46,117,631	44,395,504

The accompanying notes are an integral part of these condensed consolidated financial statements.

Tecnoglass Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(Amounts in thousands)
(Unaudited)

	Nine months ended September 30,	
	2020	**2019**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income	$ 5,657	$ 13,672
Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities:		
Provision for bad debts	1,035	1,046
Depreciation and amortization	15,421	17,189
Deferred income taxes	(7,612)	(5,140)
Equity method (loss) income	(789)	(273)
Deferred cost of financing	1,306	1,213
Other non-cash adjustments	158	41
Unrealized currency translation losses (gains)	24,197	13,812
Changes in operating assets and liabilities:		
Trade accounts receivables	6,353	(29,779)
Inventories	(5,127)	3,939
Prepaid expenses	(686)	(3,013)
Other assets	12,455	(4,829)
Trade accounts payable and accrued expenses	(14,612)	3,576
Accrued interest expense	(4,678)	(4,362)
Taxes payable	(569)	3,645
Labor liabilities	5	626
Contract assets and liabilities	18,851	(5,099)
Related parties	(341)	2,965
CASH PROVIDED BY OPERATING ACTIVITIES	**$ 51,024**	**$ 9,229**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	470	997
Joint Venture investment	-	(34,100)
Purchase of investments	(189)	(1,172)
Acquisition of property and equipment	(13,732)	(19,887)
CASH USED IN INVESTING ACTIVITIES	**$ (13,451)**	**$ (54,162)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividend	(2,533)	(3,714)
Proceeds from equity offering		36,478
Proceeds from debt	17,747	69,059
Repayments of debt	(30,453)	(47,168)
CASH PROVIDED BY FINANCING ACTIVITIES	**$ (15,239)**	**$ 54,655**
Effect of exchange rate changes on cash and cash equivalents	$ (765)	$ (1,023)
NET INCREASE IN CASH	21,569	8,699
CASH - Beginning of period	47,862	33,040
CASH - End of period	$ 69,431	$ 41,739
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the period for:		
Interest	$ 18,650	$ 19,206
Income Tax	$ 8,318	$ 11,090
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Assets acquired under credit or debt	$ 919	$ 1,667

The accompanying notes are an integral part of these condensed consolidated financial statements.

Tecnoglass Inc. and Subsidiaries
Condensed Consolidated Statements of Shareholders' Equity
(Amounts in thousands, except share and per share data)
(Unaudited)

	Ordinary Shares, $0.0001 Par Value Shares	Ordinary Shares, $0.0001 Par Value Amount	Additional Paid in Capital	Legal Reserve	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity	Non-Controlling Interest	Total Shareholders' Equity and Non-Controlling Interest
Balance at Diciembre 31, 2019	46,117,631	5	208,283	1,367	16,213	(39,264)	186,604	606	187,210
Stock dividend	-	-	107	-	(1,344)	-	**(1,237)**	-	**(1,237)**
Financial instruments	-	-	-	-	-	(4,065)	**(4,065)**	-	**(4,065)**
Foreign currency translation	-	-	-	-	-	(19,288)	**(19,288)**	-	**(19,288)**
Net income	-	-	-	-	(18,766)	-	**(18,766)**	98	**(18,668)**
Balance at March 31, 2020	**46,117,631**	**5**	**208,390**	**1,367**	**(3,897)**	**(62,617)**	**143,248**	**704**	**143,952**
Stock dividend	-	-	-	-	(1,267)	-	**(1,267)**	-	**(1,267)**
Legal Reserve	-	-	-	906	(906)	-	-	-	-
Financial instruments	-	-	-	-	-	2,618	**2,618**	-	**2,618**
Foreign currency translation	-	-	-	-	-	4,367	**4,367**	-	**4,367**
Net income	-	-	-	-	16,197	-	**16,197**	(143)	**16,054**
Balance at June 30, 2020	**46,117,631**	**5**	**208,390**	**2,273**	**10,127**	**(55,632)**	**165,163**	**561**	**165,724**
Stock dividend	-	-	-	-	(1,269)	-	**(1,269)**	-	**(1,269)**
Financial instruments	-	-	-	-	-	506	**506**	-	**506**
Foreign currency translation	-	-	-	-	-	(4,024)	**(4,024)**	-	**(4,024)**
Net income	-	-	-	-	8,323	-	**8,323**	(52)	**8,271**
Balance at Sep 30, 2020	**46,117,631**	**5**	**208,390**	**2,273**	**17,181**	**(59,150)**	**168,699**	**509**	**169,208**

	Ordinary Shares, $0.0001 Par Value Shares	Ordinary Shares, $0.0001 Par Value Amount	Additional Paid in Capital	Legal Reserve	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity	Non-Controlling Interest	Total Shareholders' Equity and Non-Controlling Interest
Balance at December 31, 2018	38,092,996	4	157,604	1,367	10,439	(37,058)	132,356	872	133,228
Issuance of common stock	5,000,000	-	33,050	-	-	-	**33,050**	-	**33,050**
Stock dividend	538,657	-	5,162	-	(6,109)	-	**(947)**	-	**(947)**
Foreign currency translation	-	-	-	-	-	1,770	**1,770**	-	**1,770**
Net income	-	-	-	-	7,338	-	**7,338**	(7)	**7,331**
Balance at March 31, 2019	**43,631,653**	**4**	**195,816**	**1,367**	**11,668**	**(35,288)**	**173,567**	**865**	**174,432**
Issuance of common stock	551,423	-	3,428	-	-	-	**3,428**	-	**3,428**
Stock dividend	675,366	-	4,416	-	(6,280)	-	**(1,864)**	-	**(1,864)**
Foreign currency translation	-	-	-	-	-	(2,052)	**(2,052)**	-	**(2,052)**
Net income	-	-	-	-	7,479	-	**7,479**	181	**7,660**
Balance at June 30, 2019	**44,858,442**	**4**	**203,660**	**1,367**	**12,867**	**(37,340)**	**180,558**	**1,046**	**181,604**
Stock dividend	661,030	1	4,590	-	(6,372)	-	**(1,781)**	-	**(1,781)**
Derivative financial instruments	-	-	-	-	-	(941)	**(941)**	-	**(941)**
Foreign currency translation	-	-	-	-	-	(8,486)	**(8,486)**	-	**(8,486)**
Net income	-	-	-	-	(1,175)	-	**(1,175)**	(144)	**(1,319)**
Balance at September 30, 2019	**45,519,472**	**5**	**208,250**	**1,367**	**5,320**	**(46,767)**	**168,175**	**903**	**169,078**

The accompanying notes are an integral part of these condensed consolidated financial statements.

Note 1. General

Business Description

Tecnoglass Inc., a Cayman Islands exempted company (the “Company”, “Tecnoglass,” “TGI,” “we, “us” or “our”) manufactures hi-specification, architectural glass and windows for the global residential and commercial construction industries. Currently the Company offers design, production, marketing, and installation of architectural systems for buildings of high, medium and low elevation size. Products include windows and doors in glass and aluminum, office partitions and interior divisions, floating facades and commercial window showcases. The Company exports most of its production to foreign countries, selling to customers in North, Central and South America.

The Company manufactures both glass and aluminum products. Its glass products include tempered glass, laminated glass, thermo-acoustic glass, curved glass, silk-screened glass, acoustic glass and digital print glass. Its Alutions plant produces mill finished, anodized, painted aluminum profiles and rods, tubes, bars and plates. Alutions’ operations include extrusion, smelting, painting and anodizing processes, and exporting, importing and marketing aluminum products.

The Company also designs, manufactures, markets and installs architectural systems for high, medium and low-rise construction, glass and aluminum windows and doors, office dividers and interiors, floating facades and commercial display windows.

Note 2. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”) and pursuant to the accounting and disclosure rules and regulations of the Securities and Exchange Commission (“SEC”) for interim reporting purposes. The results reported in these unaudited condensed consolidated financial statements are not necessarily indicative of results that may be expected for the entire year. These unaudited condensed consolidated financial statements should be read in conjunction with the information contained in the Company’s Annual Report on Form 10-K for the year ended December 31, 2019. The year-end condensed balance sheet data was derived from audited financial statements but does not include all disclosures required by US GAAP.

The preparation of these unaudited condensed consolidated financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities at the date of the Company’s financial statements. Actual results may differ from these estimates under different assumptions and conditions. Estimates inherent in the preparation of these unaudited condensed consolidated financial statements relate to the collectability of account receivables, the valuation of inventories, estimated earnings on uncompleted contracts, useful lives and potential impairment of long-lived assets. Changes in estimates are reflected in the periods during which they become known. Actual amounts may differ from these estimates and could differ materially. These financial statements reflect all adjustments that in the opinion of management are necessary for a fair statement of the financial position, results of operations and cash flows for the period presented, and are of a normal, recurring nature.

The Company has one operating segment, Architectural Glass and Windows, which is also its reporting segment, comprising the design, manufacturing, distribution, marketing and installation of high-specification architectural glass and window product sold to the construction industry.

Principles of Consolidation

These unaudited condensed consolidated financial statements consolidate TGI, its subsidiaries Tecnoglass S.A.S ("TG"), C.I. Energía Solar S.A.S E.S. Windows ("ES"), ES Windows LLC ("ESW LLC"), Tecnoglass LLC ("Tecno LLC"), Tecno RE LLC ("Tecno RE"), GM&P Consulting and Glazing Contractors ("GM&P"), Componenti USA LLC ("Componenti") and ES Metals SAS ("ES Metals"), which are entities in which we have a controlling financial interest because we hold a majority voting interest. To determine if we hold a controlling financial interest in an entity, we first evaluate if we are required to apply the variable interest entity ("VIE") model to the entity, otherwise the entity is evaluated under the voting interest model. All significant intercompany accounts and transactions are eliminated in consolidation, including unrealized intercompany profits and losses. The equity method of accounting is used for investments in affiliates and other joint ventures over which the Company has significant influence but does not have effective control.

Derivative Financial Instruments

The Company recognizes all derivative financial instruments as either assets or liabilities at fair value on the consolidated balance sheet. The unrealized gains or losses arising from changes in fair value of derivative instruments that are designated and qualify as cash flow hedges, are recorded in the consolidated statement of comprehensive income. Amounts in accumulated other comprehensive loss on the consolidated balance sheet are reclassified into the consolidated statement of income in the same period or periods during which the hedged transactions are settled.

Impairment

We review goodwill and long-lived assets for impairment each year on December 31st or more frequently when events or significant changes in circumstances indicate that the carrying value may not be recoverable. The outbreak of COVID-19 and its associated economic impact, including a significant decrease in the market price of our ordinary shares, was considered a triggering event as of the first quarter of 2020, requiring us to reassess our goodwill and long-lived asset valuations, as well as assumptions of future income from underlying assets, and there was no new trigger in the second or third quarter of 2020.The extent of the impact of the pandemic depends on future developments which are highly uncertain. Accordingly, we will continue to evaluate in future periods whether these assumptions are reasonable and will update the forecasts and impairment analysis as appropriate.

Based on our analysis as of September 30, 2020 we concluded that no impairment needs to be recorded to our goodwill using the market approach as the market capitalization of our company, which has a single reporting unit, exceeds the book value of shareholders equity.

Based on our analysis as of September 30, 2020 we concluded that no impairment needs to be recorded to our long-lived assets as their carrying value are below their realizable values based on projected future cashflows estimated with assumptions deemed reasonable by management based on information currently available. The Company continuously monitors for events and circumstances that could negatively impact the key assumptions in determining fair value, including long-term revenue growth projections, profitability, discount rates, recent market valuations from transactions by comparable companies, volatility in the Company's market capitalization, and general industry, market and macro-economic conditions.

Recently Issued Accounting Pronouncements

In June 2016, FASB issued Accounting Standards Update (ASU) 2016-13, Financial Instruments—Credit Losses (Topic 326). This ASU represents a significant change in the allowance for credit losses accounting model by requiring immediate recognition of management's estimates of current expected credit losses. Under the prior model, losses were recognized only as they were incurred, which FASB has noted delayed recognition of expected losses that might not yet have met the threshold of being probable. The new model is applicable to all financial instruments that are not accounted for at fair value through net income, thereby bringing consistency in accounting treatment across different types of financial instruments and requiring consideration of a broader range of variables when forming loss estimates. ASU 2016-13 is effective for fiscal years beginning after December 15, 2019, (with early application permitted). The FASB issued ASU 2019-10 and ASU 2019-11 during the fourth quarter of 2019 that will postpone the effective date to the year beginning after December 15, 2022. In February 2020, the FASB issued ASU 2020-02 "Financial Instruments – Credit Losses (Topic 326) and Leases (Topic 842), which amends SEC Staff Accounting Bulletin No. 119 (SAB119) which contains interpretative guidance from the SEC aligned to the FASB's ASC 326. The Company is currently evaluating the potential effect of this ASU on its consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, "Reference Rate Reform (Topic 8485): Facilitation of the Effects of Reference Rate Reform on Financial Reporting". The amendments in this Update provide optional expedients and exceptions for contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments in this Update apply only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. The expedients and exceptions provided by the amendments do not apply to contract modifications made and hedging relationships entered into or evaluated after December 31, 2022, except for hedging relationships existing as of December 31, 2022, that an entity has elected certain optional expedients for and that are retained through the end of the hedging relationship. The amendments in this Update is effective for the Company on December 31, 2022 with early adoption permitted. The Company is currently evaluating the potential effect of this ASU on its consolidated financial statements.

Note 3. – Revised Presentation of Statement of Cash Flows

The Condensed Consolidated Statement of Cashflows for the nine months ended September 30, 2019 has been revised to correct errors in the classification of the impact of unrealized foreign currency transaction gains and losses resulting from the remeasurement of our monetary assets and liabilities denominated in any currency other than the functional currency. The Company assessed the materiality of the misstatement and concluded it was not material to any previously reported quarterly or annual period financial statements.

Unrealized foreign currency transaction gains and losses, which include currency translation differences on monetary items that form part of investing or financing activities, such as long-term loans, are presented as a reconciling item from net income to cashflow from operating activities in the Condensed Consolidated Statement of Cashflows as of September 30, 2020 and 2019 contained herein,. The effect of exchange rate changes on cash and cash equivalents denominated in currencies other than the reporting currency has been and continues to be presented in a separate line item as part of the reconciliation of the change in cash equivalents during the period.

The revisions to the Condensed Consolidated Statement of Cashflows as of September 30, 2019, which had no effect on the net change in cash and cash equivalents, are summarized in the following table:

	Nine months ended September 30, 2019		
	As previously reported	Revision adjustment	As revised
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 7,548	$ 1,680	$ 9,228
CASH USED IN INVESTING ACTIVITIES	(54,301)	138	(54,163)
CASH PROVIDED BY FINANCING ACTIVITIES	56,476	(1,821)	54,655
Effect of exchange rate changes on cash and cash equivalents	$ (1,024)	$ 2	$ (1,021)
NET INCREASE (DECREASE) IN CASH	8,699	-	8,699
CASH - Beginning of period	33,040	-	33,040
CASH - End of period	$ 41,739	$ -	$ 41,739

Note 4. – Long-term Investments

Saint-Gobain Joint Venture

On January 11, 2019, we entered into a joint venture agreement with Saint-Gobain, a world leader in the production of float glass, a key component of our manufacturing process, whereby we acquired a 25.8% minority ownership interest in Vidrio Andino Holdings S.A.S ("Vidrio Andino"), a Colombia-based subsidiary of Compagnie de Saint-Gobain S.A. ("Saint-Gobain"). The purchase price for our interest in this entity was $45 million, of which $34.1 was paid in cash, and $10.9 million is to be paid with a piece of land near our existing facility in Barranquilla, which we acquired in October 2020 from a related party and which was previously owned by members of our Chief Executive Officer´s family. In connection with this transaction, we conducted a third party valuation to ensure the transaction was on arm´s length terms. On October 28, 2020 we paid for the land through the issuance of an aggregate of 1,557,142 ordinary shares of the Company, at $7.00 per shares, which represents an approximate 33% premium based on the last sale price on October 27, 2020. The land will serve the purpose of developing a second float glass plant nearby our existing manufacturing facilities which we expect will carry significant efficiencies for us once it becomes operative. Vidrio Andino's float glass plant located in the outskirts of Bogota, Colombia, has been one of our main suppliers of raw glass. We believe this transaction will solidify our vertical integration strategy by acquiring an interest in the first stage of our production chain, while securing ample glass supply for our expected production needs.

On May 3, 2019, we consummated the joint venture agreement acquiring a 25.8% minority ownership interest in Vidrio Andino with a cash payment of $34.1 million, and the land still to be contributed once a complete assessment of the project timing is completed based on the overall market conditions in relation to the ongoing COVID-19 pandemic. As of that date, the Company recorded the investment within Long-term assets on the Company's Consolidated Balance Sheet for $45.0 million and a liability for $10.9 million within current liabilities on the Company's Consolidated Balance Sheet to be settled with the contribution of the aforementioned piece of land. Since the date of the acquisition, we have recognized the proportionate share of Vidrio Andino's net income using the equity method on the Consolidated Statement of Operations and Other Comprehensive Income as the Company is deemed to have significant influence, but does not have effective control of Vidrio Andino.

Establishment of a new subsidiary

In January 2019 we established E.S. Windows California, LLC., a wholly-owned U.S. entity to serve as a distributor of our products in certain jurisdictions within the U.S. markets.

In April 2019, ESMetals, a Colombian entity in which the Company has 70% equity interest began operations. ESMetals serves as a metalwork contractor to supply the Company with steel accessories used in the assembly of certain architectural systems as part of our vertical integration strategy. When the company owns a majority (but less than 100%) of a subsidiary's stock, the Company includes in its Consolidated Financial Statements the non-controlling interest in the subsidiary. The non-controlling interest in the Consolidated Statements of Operations and Other Comprehensive Income is equal to the non-controlling interests' proportionate share of the subsidiary's net income and, as included in Shareholders' Equity on the Consolidated Balance Sheet, is equal to the non-controlling interests' proportionate share of the subsidiary's net assets. In determining the fair value, we used the income approach and the market approach which was performed by third party valuation specialists under management.

Note 5. - Inventories, net

	September 30, 2020	December 31, 2019
Raw materials	$ 42,125	$ 44,175
Work in process	18,131	24,262
Finished goods	5,245	5,203
Stores and spares	7,614	8,130
Packing material	717	981
	73,832	**82,751**
Less: Inventory allowance	(69)	(37)
	$ 73,763	**$ 82,714**

Note 6. – Revenues, Contract Assets and Contract Liabilities

Disaggregation of Total Net Sales

The Company disaggregates its sales with customers by revenue recognition method for its only segment, as the Company believes these factors affect the nature, amount, timing, and uncertainty of the Company's revenue and cash flows.

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Fixed price contracts	$ 27,307	$ 37,352	$ 73,867	$ 126,249
Product sales	76,002	71,118	198,682	203,272
Total Revenues	$ 103,309	$ 108,470	$ 272,549	$ 329,521

The following table presents geographical information about revenues.

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Colombia	$ 5,650	$ 13,037	$ 13,942	$ 38,190
United States	95,680	92,848	253,626	284,208
Panama	20	668	850	2,344
Other	1,959	1,917	4,131	4,779
Total Revenues	$ 103,309	$ 108,470	$ 272,549	$ 329,521

Contract Assets and Liabilities

Contract assets represent accumulated incurred costs and earned profits on contracts with customers that have been recorded as sales, but have not been billed to customers and are classified as current and a portion of the amounts billed on certain fixed price contracts that are withheld by the customer as a retainage until a final good receipt of the complete project to the customers satisfaction. Contract liabilities consist of advance payments and billings in excess of costs incurred and deferred revenue, and represent amounts received in excess of sales recognized on contracts. The Company classifies advance payments and billings in excess of costs incurred as current, and deferred revenue as current or non-current based on the expected timing of sales recognition. Contract assets and contract liabilities are determined on a contract by contract basis at the end of each reporting period. The non-current portion of contract liabilities is included in other liabilities in the Company's consolidated balance sheets.

The table below presents the components of net contract assets (liabilities).

	September 30, 2020	December 31, 2019
Contract assets — current	$ 28,416	$ 42,014
Contract assets — non-current	7,814	7,059
Contract liabilities — current	(18,381)	(12,459)
Contract liabilities — non-current	(883)	(187)
Net contract assets	$ 16,966	$ 36,427

The components of contract assets are presented in the table below.

	September 30, 2020	December 31, 2019
Unbilled contract receivables, gross	$ 12,761	$ 20,729
Retainage	23,469	28,344
Total contract assets	36,230	49,073
Less: current portion	28,416	42,014
Contract Assets – non-current	$ 7,814	$ 7,059

The components of contract liabilities are presented in the table below.

	September 30, 2020	December 31, 2019
Billings in excess of costs	$ 4,421	2,077
Advances from customers on uncompleted contracts	14,843	10,569
Total contract liabilities	19,264	12,646
Less: current portion	18,381	12,459
Contract liabilities – non-current	$ 883	187

During the three and nine months ended September 30, 2020, the Company recognized $330 and 1,979 of sales related to its contract liabilities on January 1, 2020, respectively. During the three and nine months ended September 30, 2019, the Company recognized $1,903 and $6,381 of sales related to its contract liabilities on January 1, 2019, respectively.

Remaining Performance Obligations

As of September 30, 2020, the Company had $260.8 million of remaining performance obligations, which represents the transaction price of firm orders minus sales recognized from inception to date. Remaining performance obligations exclude unexercised contract options, verbal commitments, Letters of Intent or written mandates, and potential orders under basic ordering agreements. The Company expects to recognize 100% of sales relating to existing performance obligations within three years, of which $86.2 million are expected to be recognized during the year ending December 31, 2020, $156.6 million during the year ending December 31, 2021 and the remaining $19.4 million thereafter.

Note 7. Intangible Assets

Intangible assets include Miami-Dade County Notices of Acceptances (NOA's), which are certificates issued for approved products and required to market hurricane-resistant glass in Florida. Also, it includes the intangibles acquired during the acquisition of GM&P.

	September 30, 2020		
	Gross	Acc. Amort.	Net
Trade Names	$ 980	$ (702)	$ 278
Notice of Acceptances (NOAs), product designs and other intellectual property	8,924	(4,974)	3,950
Non-compete Agreement	165	(118)	47
Customer Relationships	4,140	(3,092)	1,048
Total	$ 14,209	$ (8,886)	$ 5,323

	December 31, 2019		
	Gross	Acc. Amort.	Net
Trade Names	$ 980	$ (555)	$ 425
Notice of Acceptances (NOAs), product designs and other intellectual property	8,903	(4,323)	4,580
Non-compete Agreement	165	(94)	71
Contract Backlog	3,090	(3,090)	-
Customer Relationships	4,140	(2,513)	1,627
Total	$ 17,278	$ (10,575)	$ 6,703

The weighted average amortization period is 5.4 years.

During the nine months ended September 30, 2020 and 2019, the amortization expense amounted to $1,635 and $2,088, respectively, and was included within the general and administrative expenses in our Condensed Consolidated Statement of Operations. Amortization expense for the three months ended September 30, 2020 and 2019, the amortization expense amounted to $536 and $603, respectively

The estimated aggregate amortization expense for each of the five succeeding years as of September 30, 2020 is as follows:

Year ending	(in thousands)
2020	$ 556
2021	2,108
2022	1,105
2023	794
2024	482
Thereafter	278
	$ 5,323

Note 8. Debt

The Company’s debt is comprised of the following:

	September 30, 2020	December 31, 2019
Revolving lines of credit	$ 9,493	$ 17,455
Finance lease	383	493
Unsecured senior note	210,000	210,000
Other loans	13,405	15,578
Syndicated loan	14,999	19,999
Less: Deferred cost of financing	(1,900)	(3,714)
Total obligations under borrowing arrangements	246,380	259,811
Less: Current portion of long-term debt and other current borrowings	174	16,084
Long-term debt	$ 246,206	$ 243,727

As a subsequent event, on October 30, 2020, we entered into a new $300 million Senior Secured Credit Facility, consisting of a $250 million delayed draw term loan and a $50 million committed revolving credit facility, with a maturity date of October 31, 2025. The Credit Facility has an accordion feature allowing the Company to increase the borrowing capacity to $325 million. We intend to use the net proceeds to repay all outstanding borrowings under our previous credit facilities. The Company's existing $210 million unsecured senior notes, which bear interest at a rate of 8.2% and mature in 2022, are expected to be redeemed in full following a step down in redemption price at the end of January 2021. We plan to use the remaining proceeds and available cash for ongoing working capital needs and general corporate purposes. This new facility, with its improved pricing, should significantly reduce our cost of capital, including anticipated annual cash interest savings of approximately $11 million on current outstanding borrowings.

The Company's consolidated balance sheets as of September 30, 2020 reflects the effect of this refinancing of the Company's current portion of long term debt and other current borrowings into long term debt based on the Company's intent as of that date, as per guidance of ASC 470, which states that a short-term obligation shall be excluded from current liabilities if the entity intends to refinance the obligation on a long-term basis and the intent to refinance the short-term obligation on a long-term basis is supported by a post-balance-sheet-date closing of this credit agreement.

As of September 30, 2020, and December 31, 2019, the Company had $245,943 and $259,574, respectively, of debt denominated in US Dollars with the remaining amounts denominated in Colombian Pesos.

The Company had $6,430 and $6,979 of property, plant and equipment pledged as collateral for various lines of credit as of September 30, 2020 and December 31, 2019, respectively.

The Company was obligated under various finance leases under which the aggregate present value of the minimum lease payments amounted to $383 and $493 as of September 30, 2020 and December 31, 2019, respectively. In line with this, the Company recorded right-of-use assets related to computing equipment for $199 and $378 as of September 30, 2020 and December 31, 2019, respectively. The lease agreements include terms to extend the lease, however the Company does not intend to extend its current leases. The weighted average remaining lease term approximates 2 years. The right-of-use assets' depreciation and interest expense from the lease liability are recorded on our Condensed Consolidated Statement of Operations.

Additionally, as of September 30, 2020, the Company had a commitment for $11 under operating leases related to short term apartment leases, installation equipment and computing equipment which expire during the current year that have not been capitalized due to their short-term nature. Rental expense from these leases is recognized on our Condensed Consolidated Statement of Operations as incurred.

Maturities of long-term debt and other current borrowings, without the impact of repayments intended with proceed from the above described new $300 million Senior Secured Credit Facility, are as follows as of September 30, 2020:

2021	$	3,276
2022		216,465
2023		14,176
2024		10,578
2025		2,389
Thereafter		1,396
Total	$	248,280

The Company's loans have maturities ranging from a few weeks to 10 years. Our credit facilities bear interest at a weighted average of rate 7.37%.

Note 9. Hedging Activity and Fair Value Measurements

Hedging Activity

During the quarter ended September 30, 2019, we entered into several foreign currency non-delivery forward and collar contracts to hedge the fluctuations in the exchange rate between the Colombian Peso and the U.S. Dollar. Our contracts are designated as cash flow hedges since they are highly effective in offsetting changes in the cash flows attributable to forecasted Colombian Peso denominated costs and expenses.

Guidance under the Financial Instruments Topic 825 of the Codification requires us to record our hedge contracts at fair value and consider our credit risk for contracts in a liability position, and our counter-party's credit risk for contracts in an asset position, in determining fair value. We assess our counter-party's risk of non-performance when measuring the fair value of financial instruments in an asset position by evaluating their financial position, including cash on hand, as well as their credit ratings.

As of September 30, 2020, the fair value of foreign currency collar contracts was in a net liability position of $635. We had 14 outstanding collar contracts to exchange 14 million U.S. Dollars to Colombian Pesos through February 2021. We assessed the risk of non-performance of the Company to these contracts and determined it was insignificant and, therefore, did not record any adjustment to fair value as of September 30, 2020.

We assess the effectiveness of our foreign currency collar contracts by comparing the change in the fair value of the collar contracts to the change in the expected cash to be paid for the hedged item. The effective portion of the gain or loss on our foreign currency collar contracts is reported as a component of accumulated other comprehensive loss and is reclassified into earnings in the same line item in the income statement as the hedged item in the same period or periods during which the transaction affects earnings. The amount of losses, net, recognized in the "accumulated other comprehensive loss" line item in the accompanying condensed consolidated balance sheet as of September 30, 2020, that we expect will be reclassified to earnings within the next eight months, is $635.

The fair value of our foreign currency hedges is classified in the accompanying consolidated balance sheets as of September 30, 2020, are as follows:

	Derivative Assets		Derivative Liabilities	
	September 30, 2020		September 30, 2020	
Derivatives designated as hedging instruments under Subtopic 815-20:	**Balance Sheet Location**	**Fair Value**	**Balance Sheet Location**	**Fair Value**
Derivative instruments:				
Non-Delivery Collar Contracts	Other current assets	$ -	Accrued liabilities	$ (635)
Total derivative instruments	Total derivative assets	$ -	Total derivative liabilities	$ (635)

The fair value of our foreign currency hedges is classified in the accompanying consolidated balance sheets as of December 31, 2019, are as follows:

	Derivative Assets		Derivative Liabilities	
	December 31, 2019		December 31, 2019	
Derivatives designated as hedging instruments under Subtopic 815-20:	**Balance Sheet Location**	**Fair Value**	**Balance Sheet Location**	**Fair Value**
Derivative instruments:				
Non-Delivery forward and collar contracts	Other current assets	$ 749	Accrued liabilities	$ -
Total derivative instruments	Total derivative assets	$ 749	Total derivative liabilities	$ -

The ending accumulated balance for the foreign currency collar contracts included in accumulated other comprehensive losses, net of tax, was $435 as of September 30, 2020, comprised of a derivative loss of $635 and an associated net tax benefit of $203.

The following table presents the gains (losses) on derivative financial instruments, and their classifications within the accompanying condensed consolidated financial statements, for the three and nine months ended September 2020:

	Derivatives in Cash Flow Hedging Relationships				
	Amount of Gain or (Loss) Recognized in OCI (Loss) on Derivatives		Location of Gain or (Loss) Reclassified from Accumulated OCI (Loss) into Income	Amount of Gain or (Loss) Reclassified from Accumulated OCI (Loss) into Income	
	Three Months Ended			Three Months Ended	
	September 30, 2020	September 30, 2019		September 30, 2020	September 30, 2019
Non-delivery Collar Contracts	$ (635)	$ (1,390)	Operating Revenues	$ (610)	$ (28)

	Derivatives in Cash Flow Hedging Relationships				
	Amount of Gain or (Loss) Recognized in OCI (Loss) on Derivatives		Location of Gain or (Loss) Reclassified from Accumulated OCI (Loss) into Income	Amount of Gain or (Loss) Reclassified from Accumulated OCI (Loss) into Income	
	Nine months Ended			Nine months Ended	
	September 30, 2020	September 30, 2019		September 30, 2020	September 30, 2019
Non-delivery Collar Contracts	$ (7,242)	$ (1,390)	Operating Revenues	$ 1,397	$ (28)

Fair Value Measurements

The Company accounts for financial assets and liabilities in accordance with accounting standards that define fair value and establish a framework for measuring fair value. The hierarchy prioritizes the inputs into three broad levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument. Level 3 inputs are unobservable inputs based on the Company's assumptions used to measure assets and liabilities at fair value. A financial asset's or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

The carrying amounts of the Company's financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and advances from customers approximate their fair value due to their relatively short-term maturities. The Company bases its fair value estimate for long term debt obligations on its internal valuation that all debt is floating rate debt based on current interest rates in Colombia.

As of September 30, 2020, financial instruments carried at amortized cost that do not approximate fair value consist of long-term debt. See Note 8 - Debt. The fair value of long-term debt was calculated based on an analysis of future cash flows discounted with our average cost of debt, which is based on market rates, which are level 2 inputs.

The following table summarizes the fair value and carrying amounts of our long-term debt:

	September 30, 2020	December 31, 2019
Fair Value	256,631	259,814
Carrying Value	246,207	243,727

Note 10. Income Taxes

The Company files income tax returns for TG, ES and ES Metals in the Republic of Colombia. GM&P, Componenti and ESW LLC are U.S. entities based in Florida subject to U.S. federal and state income taxes. The estimated combined state and federal income tax rate is estimated at a rate of 26.5% based on the recently enacted U.S. Tax Reform. Tecnoglass Inc. as well as all the other subsidiaries in the Cayman Islands do not currently have any tax obligations.

The components of income tax expense are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Current income tax				
United States	$ (338)	$ (146)	$ (682)	$ (1,561)
Colombia	(4,069)	(4,411)	(10,945)	(12,169)
	(4,407)	(4,557)	(11,627)	(13,730)
Deferred income Tax				
United States	218	349	(38)	1,475
Colombia	910	4,474	7,644	3,665
	1,128	4,823	7,606	5,140
Total income tax (provision) benefit	$ (3,279)	$ 266	$ (4,021)	$ (8,590)
Effective tax rate	28%	17%	42%	39%

The weighted average statutory income tax rate for the three months ended September 30, 2020 and 2019 was 28% and 17%, respectively. The effective income tax rates of 42% and 39% for the nine months ended September 30, 2020 and 2019, respectively, reflect the impact of unrealized foreign currency transaction losses related to the remeasurement of long-term liabilities of our Colombian subsidiaries which are expected to be realized at a later year in which a lower income tax rate is expected to apply. The Company's effective income tax rate of 17% for the quarter ended September 30, 2019 differs from the weighted average statutory rate primarily as a result of a 17.3% decrease related to permanent differences, a 10.8% decrease related to non-deductible expense, partially offset by unrealized foreign currency transaction losses which contribute to an increase of 12.1% in the reconciliation of effective income tax rate to statutory rate.

Note 11. Related Parties

The following is a summary of assets, liabilities, and income and expense transactions with all related parties, shareholders, directors and managers:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Sales to related parties	$ 329	$ 1,729	$ 1,873	$ 5,713
Fees paid to directors and officers	$ 1,010	$ 836	$ 3,189	$ 2,658
Payments to other related parties	$ 1,114	$ 964	$ 2,831	$ 2,797

	September 30, 2020		December 31, 2019	
Current Assets:				
Due from VS	$	6,717	$	4,203
Due from other related parties		1,950		3,854
	$	8,667	$	8,057
Long Term due from VS		726		1,786
Liabilities:				
Due to related parties - current	$	4,056	$	4,415
Due to related parties – Non-current	$	639	$	622

As of December 31, 2019, the Company also had a note payable which matured in 2022 related to the acquisition GM&P for $8,500 due to the former owner ("the Seller"), who holds shares of the Company and a management position within the Company. In August 2020, the outstanding balance of $9,605, including $1,105 accrued interest, was fully settled. Subsequently, the Company agreed to sell certain receivables of GM&P through a factoring agreement on a non-recourse basis to the Seller, receiving cash netted by a financial discount over the notional amount of the receivables sold.

Ventana Solar S.A. ("VS"), a Panama S*ociedad anónima*, is an importer and installer of the Company's products in Panama. Family members of the Company's CEO and COO and other related parties own 100% of the equity in VS. The Company's sales to VS for the three months ended September 30, 2020 and 2019 were $16 and $631, respectively. The Company's sales to VS for the nine months ended September 30, 2020 and 2019 were $810 and $1,119, respectively.

Payments to other related parties during the three and nine months ended September 30, 2020 and 2019 include the following:

	Three months ended September 30,				Nine months ended September 30,			
	2020		2019		2020		2019	
Charitable contributions	$	255	$	354	$	817	$	959
Sales commissions	$	364	$	357	$	911	$	1,119

Charitable contributions are donations made to the Company's foundation, Fundación Tecnoglass-ESW.

Note 12. Shareholders' Equity

Dividends

On September 14, 2020, the Company declared a regular quarterly dividend of $0.0275 per share, or $0.11 per share on an annualized basis, for the third quarter of 2020. The quarterly dividend will be paid in cash on October 20, 2020 to shareholders of record as of the close of business on September 30, 2020.

Follow-on Equity Offering

On March 25, 2019, the Company closed an underwritten follow-on public offering of 5,000,000 ordinary shares at a price to the public of $7.00 per share. As a result of this offering, the Company received net proceeds of $33,050 after deducting underwriting and other related fees, which were credited to share capital and additional paid in capital. Additionally, the Company granted the underwriters a 30-day option to purchase up to an additional 750,000 ordinary shares at the public offering price, less the underwriting discount, which option was exercised on April 3, 2019 with respect to 551,423 ordinary shares.

Proceeds from the offering were subsequently used to complete the joint venture transaction with Saint-Gobain discussed in "Note 4. Long-term Investments – Saint-Gobain Joint Venture."

Earnings per Share

The following table sets forth the computation of the basic and diluted earnings per share for the three and nine months ended September 30, 2020 and 2019:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Numerator for basic and diluted earnings per shares				
Net Income (loss)	$ 8,271	$ (1,319)	$ 5,657	$ 13,672
Denominator				
Denominator for basic earnings per ordinary share - weighted average shares outstanding	46,117,631	46,291,032	46,117,631	44,395,504
Effect of dilutive securities and stock dividend	-	-	-	-
Denominator for diluted earnings per ordinary share - weighted average shares outstanding	46,117,631	46,291,032	46,117,631	44,395,504
Basic earnings (loss) per ordinary share	$ 0.18	$ (0.03)	$ 0.12	$ 0.31
Diluted earnings (loss) per ordinary share	$ 0.18	$ (0.03)	$ 0.12	$ 0.31

Note 13. Commitments and Contingencies

Commitments

As of September 30, 2020, the Company had an outstanding obligation to purchase an aggregate of at least $12,215 of certain raw materials from a specific supplier before May 2026.

On May 3, 2019, we consummated the joint venture agreement with Saint-Gobain whereby we acquired a 25.8% minority ownership interest in Vidrio Andino. The purchase price for our interest in this entity was $45 million, of which $34.1 was paid in cash, and $10.9 million is to be paid with a piece of land near our existing facility in Barranquilla, which we acquired in October 2020 from a related party and which was previously owned by members of our Chief Executive Officer´s family with a third party valuation was conducted to ensure arm´s length terms. On October 28, 2020 the land was paid for through the issuance of an aggregate of 1,557,142 ordinary shares of the Company, at $7.00 per share, which represented an approximate 33% premium based on last sale price on October 27, 2020.The land will be contributed once a complete assessment of the project timing is completed based on the overall market conditions as they relate to the ongoing COVID-19 pandemic. The joint venture agreement includes plans to build a new plant in Galapa, Colombia that will be located approximately 20 miles from our primary manufacturing facility, in which we will also have a 25.8% interest. The new plant will be funded with proceeds from the original cash contribution made by the Company, operating cashflows from the Bogota plant, debt incurred at the joint venture level that will not consolidate into the Company and an additional contribution by us of approximately $12.5 million to be paid between 2020 and 2021 if needed (based on debt availability).

General Legal Matters

From time to time, the Company is involved in legal matters arising in the regular course of business. Some disputes are derived directly from our construction projects, related to supply and installation, and even though deemed ordinary, they may involve significant monetary damages. We are also subject to other type of litigations arising from employment practices, worker's compensation, automobile claims and general liability. It is very difficult to predict precisely what the outcome of these litigations might be. However, with the information at our disposition as this time, there are no indications that such claims will result in a material adverse effect on the business, financial condition or results of operations of the Company.

Note 14. Subsequent Events

On October 30, 2020, the Company entered into a new $300 million Senior Secured Credit Facility, consisting of a $250 million delayed draw term loan and a $50 million committed revolving credit facility, with a maturity date on October 31, 2025. The Credit Facility has an accordion feature allowing the Company to increase the borrowing capacity to $325 million. Until March 31, 2021, the Credit Facility will bear interest at a rate of LIBOR, with a 0.75% floor, plus a spread of 3.00%. Thereafter, the applicable spread will have a range between 2.50% and 3.50%, based on the Company's net leverage ratio.

The Company's consolidated balance sheets as of September 30, 2020 reflects the effect of this refinance of the Company's current portion of long term debt and other current borrowings into long term debt based on the Company's intent as of that date, as per guidance of ASC 470, which states that a short-term obligation shall be excluded from current liabilities if the entity intends to refinance the obligation on a long-term basis and the intent to refinance the short-term obligation on a long-term basis is supported by a post-balance-sheet-date closing of this credit agreement.

On October 28, 2020 the Company acquired a lot of land from a related party owned by members of our Chief Executive Officer´s family to be contributed as payment for the Saint Gobain Joint Venture further discussed in Note 3. The land was paid for through the issuance of 1,557,142 ordinary shares of the Company, at $7.00 per share, which represented an approximate 33% premium based on the last sale price on October 27, 2020.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Forward-Looking Statements

This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions about us that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may," "should," "could," "would," "expect," "plan," "anticipate," "believe," "estimate," "continue," or the negative of such terms or other similar expressions. Factors that might cause or contribute to such a discrepancy include, but are not limited to, those described in our other Securities and Exchange Commission ("SEC") filings. References to "we", "us" or "our" are to Tecnoglass Inc. (formerly Andina Acquisition Corporation), except where the context requires otherwise. The following discussion should be read in conjunction with our unaudited condensed consolidated financial statements and related notes thereto included elsewhere in this report.

Overview

We are a vertically integrated manufacturer, supplier and installer of architectural glass, windows and associated aluminum products for the global commercial and residential construction markets. With a focus on innovation, combined with providing highly specified products with the highest quality standards at competitive prices, we have developed a leadership position in each of our core markets. In the United States, which is our largest market, we were ranked as the second largest glass fabricator in 2019 by Glass Magazine. In addition, we believe we are the leading glass transformation company in Colombia. Based on our analysis of third-party industry sources we had an estimated market share of over 49% of the Colombian market in 2019. Our customers, which include developers, general contractors or installers for hotels, office buildings, shopping centers, airports, universities, hospitals and multi-family and residential buildings, look to us as a value-added partner based on our product development capabilities, our high-quality products and our unwavering commitment to exceptional service.

We have more than 30 years of experience in architectural glass and aluminum profile structure assembly, we transform a variety of glass products, including tempered safety, double thermo-acoustic and laminated glass. Our finished glass products are installed in a wide variety of buildings across a number of different applications, including floating facades, curtain walls, windows, doors, handrails, interior and bathroom spatial dividers. We also produce aluminum products such as profiles, rods, bars, plates and other hardware used in the manufacturing of windows.

Our products are manufactured in a 2.7 million square foot, state-of-the-art manufacturing complex in Barranquilla, Colombia that provides easy access to North, Central and South America, the Caribbean and the Pacific. Our products can be found on some of the most distinctive buildings in these regions including El Dorado Airport (Bogota), 50 United Nations Plaza (New York), Trump Plaza (Panama), Icon Bay (Miami), and Salesforce Tower (San Francisco). Our track record of successfully delivering high profile projects has earned us an increasing number of opportunities across the United States, evidenced by our expanding backlog and overall revenue growth.

Our structural competitive advantage is underpinned by our low-cost manufacturing footprint, vertically integrated business model and geographic location. Our integrated facilities in Colombia and distribution and services operations in Florida provide us with a significant cost advantage in both manufacturing and distribution, and we continue to invest in these operations to expand our operational capabilities. Our lower cost manufacturing footprint allows us to offer competitive prices for our customers, while also providing innovative, high quality and high value-added products, together with consistent and reliable service. We have historically generated high margin organic growth based on our position as a value-added solutions provider for our customers.

We have a strong presence in the Florida market, which represents a substantial portion of our revenue stream and backlog. Our success in Florida has primarily been achieved through sustained organic growth, with further penetration now taking place into other highly populated areas of the United States. As part of our strategy to become a fully vertically integrated company, we have supplemented our organic growth with some acquisitions that have allowed us added control over our supply chain allowed for further vertical integration of our business and will act as a platform for our future expansion in the United States. In 2016, we completed the acquisition of ESW, which gave us control over the distribution of products into the United States from our manufacturing facilities in Colombia. In March 2017, we completed the acquisition of GM&P, a consulting and glazing installation business that was previously our largest installation customer.

On May 3, 2019, we consummated the joint venture agreement with Saint-Gobain, acquiring a 25.8% minority ownership interest in Vidrio Andino, a Colombia-based subsidiary of Saint-Gobain, solidifying our vertical integration strategy by acquiring an interest in the first stage of our production chain, while securing ample glass supply for our expected production needs. Additionally, in April 2019, ESMetals, a Colombian entity in which the Company has 70% equity interest began operations. ESMetals serves as a metalwork contractor to supply the Company with steel accessories used in the assembly of certain architectural systems as part of our vertical integration strategy.

The continued diversification of the group’s presence and product portfolio is a core component of our strategy. In particular, we are actively seeking to expand our presence in United States outside of Florida. We also launched a residential windows offering which, we believe, will help us expand our presence in the United States and generate additional organic growth. We believe that the quality of our products, coupled with our ability to price competitively given our structural advantages on cost, will allow us to generate further growth in the future.

On March 24, 2020, Colombia went into a mandatory lockdown as a result of the novel coronavirus outbreak. As a result, the Company temporarily suspended production at its facilities in Colombia through April 13, 2020 during the initial phase of the nationwide shelter-in-place order. While the shelter-in-place order was subsequently extended to May 25, 2020, the Company resumed full operations at its facilities on April 14, 2020 given its exempted designation as a supplier of critical products to essential business sectors such as infrastructure and construction. At the same time as most of our customers in the United States and Colombia are resuming their activities. During the period that production was suspended, vacation days were used to retain eligible employees and the Company used the time to implement broad safety measures before returning to normal operations. The Company entered the pandemic with a strong financial position along with the flexibility required to support its global operations during this volatile period. We have implemented strict cost controls, reduced operating expenses and limited all non-critical capital expenditures beyond the completion of initiatives started in 2019. We anticipate that working capital will continue to be a net benefit to cash flow for the full year 2020.

As of September 30, 2020, we had had cash of $69.4 million and sufficient access to credit, providing sufficient access to capital. On October 30, 2020, we entered into a new $300 million Senior Secured Credit Facility, consisting of a $250 million delayed draw term loan and a $50 million committed revolving credit facility, with a maturity date in 2025. The Credit Facility has an accordion feature allowing the Company to increase the borrowing capacity to $325 million. We intend to use the net proceeds to repay all outstanding borrowings under its previous credit facilities. The Company’s existing $210 million unsecured senior notes, which bear interest at a rate of 8.2% and mature in 2022, are expected to be redeemed in full following a step down in redemption price at the end of January 2021. We plan to use the remaining proceeds and available cash for ongoing working capital needs and general corporate purposes. This new facility, with its improved pricing, should significantly reduce our cost of capital, including anticipated annual cash interest savings of approximately $11 million on current outstanding borrowings.

RESULTS OF OPERATIONS

	Three months ended September 30,		Nine months ended September 30,	
	2020	**2019**	**2020**	**2019**
Operating Revenues	$ 103,309	$ 108,470	$ 272,549	$ 329,521
Cost of sales	63,188	72,729	170,205	223,051
Gross profit	**40,121**	**35,741**	**102,344**	**106,470**
Operating expenses	(19,915)	(20,189)	(53,764)	(58,418)
Operating income	**20,206**	**15,552**	**48,580**	**48,052**
Non-operating income and expenses, net	(138)	450	(232)	1,078
Foreign currency transactions losses	(3,066)	(12,006)	(22,223)	(9,921)
Equity method income	695	295	789	273
Interest Expense and deferred cost of financing	(6,147)	(5,876)	(17,236)	(17,220)
Income tax provision	(3,279)	266	(4,021)	(8,590)
Net income(loss)	**8,271**	**(1,319)**	**5,657**	**13,672**
Loss (Income) attributable to non-controlling interest	52	144	97	(30)
Income (Loss) attributable to parent	**$ 8,323**	**$ (1,175)**	**$ 5,754**	**$ 13,642**

Comparison of quarterly periods ended September 30, 2020 and 2019

Revenues

The Company's operating revenues decreased $5.2 million or 4.8% to $103.3 million from $108.5 million for the quarter ended September 30, 2020 compared with the quarter ended September 30, 2019. Since the outbreak of COVID-19 in early 2020, lockdowns and other preventive measures slowed down our business, especially in Latin America where sales decreased $8.0 million, or 51.1%, from $15.6 million to $7.6 million. In contrast, stronger activity in US markets turned positive growth year over year, with $95.7 million in sales during the quarter ended September 30, 2020, up $2.8 million, or 3.0%, from $92.8 million in the prior year quarter. U.S. Sales growth was driven by increase in Single Family Residential sales, which increased $0.8 million, or 4.0%, from $18.2 million to $19.0 million, as well as multi-family and commercial market sales.

Since the initial impact of COVID-19 in early 2020, our invoicing increased sequentially month-to-month through the third quarter of 2020. Sales for the quarter ended September 30, 2020 increased $21.4 million, or 26.1%, over $81.9 million in sales during the immediately preceding quarter ended June 30, 2020.

Gross profit

Gross profit increased $4.4 million, or 12.3%, to $40.1 million during the three months ended September 30, 2020, compared with $35.7 million during the same period of 2019 despite decreasing sales. This resulted in gross profit margin reaching 38.8% during the third quarter of 2020, up from 33.0% during the third quarter of 2019.

The margin enhancement was the result of increased raw material efficiency derived from advantageous aluminum commodity prices, waste reduction benefit from our automation initiatives and better control efforts, a reduction in cost of installation work as manufacturing represented a higher portion of our revenue mix, and a reduction of labor costs driven by the automation of manufacturing processes paired with favorable foreign currency exchange rates. These margin improvements were partially offset by a negative effect of fixed cost being diluted over a lower revenue base.

Expenses

Operating expenses decreased $0.3 million, or 1.4%, from $20.2 million to $19.9 million for the quarters ended September 30, 2019 and 2020, respectively. The decrease was the result of our efforts to enhance our lean administrative structure and tight cost controls paired with favorable exchange rates as a significant portion of our general and administrative expenses are denominated in Coombian Pesos which experienced a significant depreciation during the period.

Non-operating income and expenses, net

During the three months ended September 30, 2020 and 2019, the Company recorded a non-operating expense of $0.1 million and non-operating income of $0.5 million, respectively. Non-operating income is comprised primarily of income from rental properties and gains on sale of scrap materials as well as non-operating expenses related to certain charitable contributions outside of the Company's direct sphere of influence.

Foreign currency transaction gains and losses

During the quarter ended September 30, 2020, the Company recorded a non-cash loss of $3.1 million associated with foreign currency transactions. Most of this impact is associated with the remeasurement of a net liability position of $109.2 million U.S. dollar denominated monetary assets and liabilities held by the Company's subsidiaries with the Colombian peso as their functional currency while the Colombian peso depreciated 3.2% during the quarter. Comparatively, the Company recorded a net loss of $12.0 million during the three months ended September 30, 2019.

Interest Expense

Interest expense and deferred cost of financing increased $0.3 million to $6.1 million during the quarter ended September 30, 2020 from $5.9 million during the quarters ended September 30, 2019.

Income Taxes

During the quarters ended September 30, 2020 and 2019, the Company recorded an income tax provision of $3.3 million and a net income tax benefit of $0.3 million, respectively, reflecting an effective income tax rate of 28% and 17%, respectively. The Company's effective income tax rate of 17% for the quarter ended September 30, 2020 differs from the weighted average statutory rate of 32%, related to unrealized non-deductible expenses, which given the net loss, decrease effective tax rate and permanent differences, was partially offset by foreign currency transaction losses.

As a result of the foregoing, the Company recorded a net income for the three months ended September 30, 2020 of $8.3 million compared to net loss of $1.3 million in the three months ended September 30, 2019.

Comparison of nine-month periods ended September 30, 2020 and 2019

Revenues

The Company's operating revenues decreased $57.0 million or 17.3% to $272.5 million from $329.5 million for the nine months ended September 30, 2020 compared with the nine months ended September 30, 2019. The decrease in sales was impacted by three weeks less of work in March and April as we shut down our manufacturing facility in Colombia during the initial stages of the COVID-19 nationwide shelter-in-place order. Additionally, our Latin American markets have been impacted by a slow return to operations as job sites are getting prepared to operate on a safely manner given COVID-19 restrictions.

Sales in the U.S. markets decreased $30.6 million or 10.8% in the first nine months of 2020 to $253.6 million compared with $284.2 during the same period of 2019. US Single Family residential sales decreased $2.5 million, or 5%, from $51.0 million in 2019 to $48.5 million in 2020 mainly as a result of having three full weeks of less work related to the aforementioned mandatory shelter in place.

Sales in Latin American markets, including Colombia, have been slow to return to activity after mandatory Coronavirus lockdowns in March and April. Despite construction having been deemed essential businesses, construction sites have been slow to prepare to operate under new safety standards, sales to these regions decreased $26.4 million, or 58.2%, from $45.3 million in the first nine months of 2019 to $18.9 million in 2020.

Gross profit

Gross profit decreased $4.1 million, or 3.9% to $102.3 million during the nine months ended September 30, 2020, compared with $106.5 million during the same period of 2019. Gross profit margins increased notoriously to 37.5% during the first nine months of 2020, from 32.3% during the first nine months of 2019. The margin enhancement was the result of increased raw material efficiency derived from advantageous aluminum commodity prices, waste reduction benefit from our automation initiatives and better control efforts, a reduction in cost of installation work as manufacturing represented a higher portion of our revenue mix, and a reduction of labor costs driven by the automation of manufacturing processes paired with favorable foreign currency exchange rates. These margin improvements were partially offset by a negative effect of fixed cost being diluted over a lower revenue base.

Expenses

Operating expenses decreased $4.7 million, or 8%, from $58.4 million to $53.8 million for the nine months ended September 30, 2019 and 2020, respectively. The decrease has been the result of our efforts to enhance our lean administrative structure and tight cost controls paired with favorable exchange rates as a significant portion of our general and administrative expenses are denominated in Colombian Pesos.

Non-operating income and expenses, net

During the nine months ended September 30, 2020 and 2019, the Company recorded net a non-operating expense of $0.2 million and non-operating income of $1.1 million, respectively. Non-operating income is comprised primarily of income from rental properties and gains on sale of scrap materials as well as non-operating expenses related to certain charitable contributions outside of the Company's direct sphere of influence.

Foreign currency transaction gains and losses

During the nine months ended September 30, 2020, the Company recorded a non-cash loss of $22.2 million associated with foreign currency transactions. Most of this impact is associated with the remeasurement of a net liability position of $109.2 million U.S. dollar denominated monetary assets and liabilities held by the Company's subsidiaries with the Colombian peso as their functional currency while the Colombian peso depreciated by 18.4% during the nine-month period. Comparatively, the Company recorded a foreign currency transaction loss of $9.9 million during the nine months ended September 30, 2019.

Interest Expense

Interest expense and deferred cost of financing remained stable at $17.2 million during both nine-month periods ended September 30, 2020 and 2019.

Income Taxes

During the nine months ended September 30, 2020 and 2019, the Company recorded an income tax provision of $4.0 million and $8.6 million, respectively. The effective rate of 42% is related to the large loss on foreign currency transactions during the period.

As a result of the foregoing, the Company recorded net income of $5.7 million and $13.7 million for the nine months ended September 30, 2020 and September 30, 2019, respectively.

Liquidity

As of September 30, 2020, and December 31, 2019, we had cash and cash equivalents of approximately $69.4 million and $47.9 million, respectively.

On October 28, 2020, we entered into a new $300 million Senior Secured Credit Facility, consisting of a $250 million delayed draw term loan and a $50 million committed revolving credit facility, with a maturity date of October 31, 2025. The Credit Facility has an accordion feature allowing the Company to increase the borrowing capacity to $325 million. We intend to use the net proceeds to repay all outstanding borrowings under our previous credit facilities. The Company's existing $210 million unsecured senior notes, which bear interest at a rate of 8.2% and mature in 2022, are expected to be redeemed in full following a step down in redemption price at the end of January 2021. We plan to use the remaining proceeds and available cash for ongoing working capital needs and general corporate purposes. This new facility, with its improved pricing, should significantly reduce our cost of capital, including anticipated annual cash interest savings of approximately $11 million on current outstanding borrowings.

We anticipate that working capital will continue be a net benefit to cash flow for the full year 2020, which in addition to our current liquidity position, provides ample flexibility to service our obligations through the next twelve months.

Capital Resources

We transform glass and aluminum into high specification architectural glass and custom-made aluminum profiles which require significant investments in state-of-the-art technology. During the nine months ended September 30, 2020 and 2019, we made investments primarily in building and construction, and machinery and equipment in the amounts of $14.7 million, and $21.4 million, respectively.

In 2019, we carried out enhancements at our glass and aluminum facilities to increase production capacity and automate operations. The Company completed this aluminum capacity expansion in July 2019 and implemented its glass transformation process automation initiative in the first quarter of 2020.

On May 3, 2019, we consummated a joint venture agreement with Saint-Gobain, a world leader in the production of float glass, a key component of our manufacturing process, whereby we acquired a 25.8% minority ownership interest in Vidrio Andino, a Colombia-based subsidiary of Saint-Gobain. The purchase price for our interest in Vidrio Andino was $45 million, of which $34.1 million was paid in cash and $10.9 million to be paid through the contribution of land once a complete assessment of the project timing is completed based on the overall market conditions as they relate to the ongoing COVID-19 pandemic. On October 28, 2020 the land was paid for through the issuance of an aggregate of 1,557,142 ordinary shares of the Company, at $7.00 per share, which represented an approximate 33% premium based on last sale price as of October 27, 2020.

The joint venture agreement includes plans to build a new plant in Galapa, Colombia that will be located approximately 20 miles from our primary manufacturing facility, in which we will also have a 25.8% interest. The new plant will be funded with proceeds from the original cash contribution made by the Company, operating cashflows from the Bogota plant, debt incurred at the joint venture level that will not consolidate into the Company and an additional contribution by us of approximately $12.5 million to be paid between 2020 and 2021 if needed (based on debt availability).

Cash Flow from Operations, Investing and Financing Activities

	Nine months ended September 30,	
	2020	**2019**
Cash Flow provided by Operating Activities	$ 51,024	$ 9,229
Cash Flow used in Investing Activities	(13,451)	(54,162)
Cash Flow (used in) provided by Financing Activities	(15,239)	54,655
Effect of exchange rates on cash and cash equivalents	(765)	(1,023)
Cash Balance - Beginning of Period	47,862	33,040
Cash Balance - End of Period	$ 69,431	$ 41,739

During the nine months ended September 30, 2020 and 2019, operating activities generated $51.0 million and $9.2 million, respectively. The positive cashflow from operations during 2020 has been related to a much higher profitability year over year, enhanced working capital efforts, easing working capital requirements to serve tapered sales during the period, and our efforts to preserve cash and solidify our liquidity position and preparedness as we continue to weather through the pandemic.

The main source of operating cash during the nine months ended September 30, 2020 were contract assets and liabilities which generated $20.5 million, resulting from a combination of a decrease in retainage as several jobs in the US were finalized, a reduction of unbilled receivables tied to our advance on projects currently in execution, and increase advances received from customers on fixed price contracts. In contrast, Contract assets and liabilities used $5.0 million during the nine months ended September 30, 2019.

Trade accounts receivables generated $6.4 million and used $29.8 million during the nine months ended September 30, 2020, and 2019, respectively. The change in trend from a steep use in 2019 to a positive cashflow in 2020 generated is related to accelerated sales growth in the previous year in contrast with tapered sales during the current year. Additionally, the cashflow from Trade Accounts receivable does not reflect the impact of a $9.6 million reduction of trade accounts receivable that were sold to the previous owner of GM&P on a non-recourse basis to the Seller, receiving cash netted by a financial discount over the notional amount.. The largest use of cash in operating activities was trade accounts payable, which used $16.3 million during the nine months ended September 30, 2020, compared with $3.6 million generated during the nine months ended September 30, 2019.

For the period ended September 30, 2019 we have modified the way we present the impact of foreign currency transactions on our Statement of Cash Flows as there has been volatility and significant fluctuations in the exchange rates between the U.S. Dollar and the Colombian Peso, which is the functional currency of our subsidiaries that carry most of our operations. Previously, the impact of unrealized non-cash foreign currency transaction gains and losses resulting from the remeasurement of our monetary assets and liabilities denominated in any currency other than the functional currency have been included within the individual line item affected within cashflows from operating activities, investing activities or financing activities, as appropriate. As of September 30, 2020, unrealized foreign currency transaction gains and losses, which include currency translation differences on monetary items that form part of investing or financing activities, such as long-term loans, are presented as a reconciling item from net income to cashflow from operating activities. While during prior periods, unrealized currency translation differences on monetary items that form part of operating activities, such as trade accounts receivables and payables, were presented within each line item, we are now presenting them within the reconciliation of net income to cashflow from operations, so as to better present the economic reality of the cashflows during the period. As a result of this, we have revised the cash flows from operating activities for the nine months ended September 30, 2019 and are currently reporting cashflow of $9.2 million generated, compared with an originally reported cashflow of $7.5 million generated.

We used $13.4 million and $54.2 million in investing activities during the nine months ended September 30, 2020 and 2019, respectively. The main use of cash in investing activities during the nine months ended September 30, 2020 was related to scheduled maintenance Capex and the completion of our previously announced expansion and automation initiatives that are now mostly completed. During 2019, the main use of cash in investing activities was a payment for the acquisition of 25.8% equity interest in Vidrio Andino Holding, a joint venture with Saint-Gobain described above under Capital Resources. Additionally, during the first nine months of 2019, the company paid $19.9 million to acquire property plant and equipment, which in combination with $1.5 million acquired under credit, amount to total Capital Expenditures of $21.4 million. During 2020, we used $13.7 million for the acquisition or property and equipment. Including assets acquired with debt or supplier credit, total capital expenditures during the period were $14.7 million.

Financing activities used $15.2 million, mainly due to repayments of debt. During the nine months ended September 30, 2019, financing activities generated $54.7 million as a result of an underwritten follow-on public offering of 5,551,423 ordinary shares, including the underwriters' over-allotment option, for net proceeds of $36.5 million, in addition to net proceeds from debt minus repayments amounting to $21.9 million, mostly related to a $30 million five-year term facility, proceeds which were mostly used to repay then existing short-term debt we had accumulated to fund working capital required to support sales growth over fiscal year 2018.

Off-Balance Sheet Arrangements

None

Item 3. Quantitative and Qualitative Disclosures about Market Risk

None

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We performed an evaluation required by Rules 13a-15 and 15d-15 of the Securities Exchange Act of 1934, as amended, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of Tecnoglass, Inc.´s design and operating effectiveness of the internal controls over financial reporting as of the end of the period covered by this Quarterly Report. Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, were effective as of September 30, 2020, in order to provide reasonable assurance that the information disclosed in our reports is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms and to provide reasonable assurance that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

For the quarter ended September 30, 2020, there has been no change in our internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

General Legal Matters

From time to time, the Company is involved in legal matters arising in the ordinary course of business. While management believes that such matters are currently not material, there can be no assurance that matters arising in the ordinary course of business for which the Company is, or could be, involved in litigation, will not have a material adverse effect on its business, financial condition or results of operations.

Item 6. Exhibits

Exhibit No.	Description
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification of Chief Executive Officers pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	Financial statements from the Quarterly Report on Form 10-Q of Tecnoglass Inc. for the quarter ended September 30, 2020, formatted in XBRL: (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations, (iii) Condensed Consolidated Statement of Changes in Stockholders' Equity, (iv) Condensed Consolidated Statement of Cash Flows and (v) Notes to Unaudited Condensed Consolidated Financial Statements, as blocks of text and in detail.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TECNOGLASS INC.

By: */s/ Jose M. Daes*
Jose M. Daes
Chief Executive Officer
(Principal executive officer)

By: */s/ Santiago Giraldo*
Santiago Giraldo
Chief Financial Officer
(Principal financial and accounting officer)

Date: November 6, 2020

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jose M. Daes, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Tecnoglass Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2020

/s/ Jose M. Daes
Jose M. Daes
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Santiago Giraldo, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Tecnoglass Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2020

/s/ Santiago Giraldo
Santiago Giraldo
Chief Financial Officer
(Principal financial and accounting officer)

EXHIBIT 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Tecnoglass Inc. (the "Company") on Form 10-Q, for the period ended September 30, 2020 as filed with the Securities and Exchange Commission (the "Report"), the undersigned, in the capacities and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated November 6, 2020

By: */s/ Jose M. Daes*
Jose M. Daes
Chief Executive Officer
(Principal executive officer)

By: */s/ Santiago Giraldo*
Santiago Giraldo
Chief Financial Officer
(Principal financial and accounting officer)